

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND STATUTORY FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Registration No.

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**AXIATA GROUP BERHAD**  
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**REPORTS AND STATUTORY FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

| CONTENTS                                    | PAGE(S)   |
|---|-----------|
| DIRECTORS' REPORT                           | 1 - 7     |
| STATEMENTS OF COMPREHENSIVE INCOME          | 8 - 10    |
| STATEMENTS OF FINANCIAL POSITION            | 11 - 12   |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 13 - 14   |
| COMPANY STATEMENT OF CHANGES IN EQUITY      | 15        |
| STATEMENTS OF CASH FLOWS                    | 16        |
| NOTES TO THE FINANCIAL STATEMENTS           | 17 - 246  |
| STATEMENT BY DIRECTORS                      | 247       |
| STATUTORY DECLARATION                       | 247       |
| INDEPENDENT AUDITORS' REPORT                | 248 – 260 |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2023.

**PRINCIPAL ACTIVITIES**

The principal activities of the Group are the provision of mobile communication services, fixed broadband services, telecommunication infrastructure and related services, and digital services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale.

The principal activities of the subsidiaries are set out in Note 41 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

**FINANCIAL RESULTS**

The results of the operations of the Group and the Company for the financial year were as follows:

|   | <u>Group</u><br>RM'000 | <u>Company</u><br>RM'000 |
|---|------------------------|--------------------------|
| (Loss)/Profit for the financial year attributable to: |                        |                          |
| - owners of the Company:                              |                        |                          |
| - continuing operations                               | (125,195)              | (533,594)                |
| - discontinued operations                             | (1,869,605)            | -                        |
|   | (1,994,800)            | (533,594)                |
| - non-controlling interests:                          |                        |                          |
| - continuing operations                               | 267,392                | -                        |
| - discontinued operations                             | (729,750)              | -                        |
|   | (462,358)              | -                        |
|   | <u>(2,457,158)</u>     | <u>(533,594)</u>         |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**SHARE CAPITAL**

During the financial year, the paid-up capital of the Company increased from 9,177.2 million ordinary shares to 9,179.1 million ordinary shares. The increase in paid-up capital of the Company was in line with the vesting of shares granted under the Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements.

The above mentioned ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

**DIVIDENDS**

The dividends paid or declared or proposed since the end of the previous financial year were as follows:

|   | <u>Tax exempt dividend under single tier system</u> |                     |               |
|---|---|---------------------|---------------|
|   |   | <u>Per ordinary</u> | <u>Total</u>  |
|   |   | <u>share</u>        | <u>RM'000</u> |
|   |   | Sen                 |               |
| In respect of financial year ended 31 December: |   |                     |               |
| - 2022*   | Interim   | 5.0                 | 458,862       |
| - 2022*   | Interim #   | 4.0                 | 367,090       |
| - 2022  | Interim   | 5.0                 | 458,948       |
| - 2023  | Interim   | 5.0                 | 458,954       |

\* The dividends were subsequently paid by the Company on 20 January 2023.

# Being special tax exempt dividend under single tier system.

The Board of Directors had on 22 February 2024, declared a tax exempt dividend under single tier system of 5.0 sen per ordinary share of the Company in respect of the financial year ended 31 December 2023 amounting to RM458.9 million.

**RESERVES AND PROVISIONS**

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

## DIRECTORS' REPORT (CONTINUED)

### SHARE-BASED COMPENSATION PLANS

- (a) On 25 May 2016, shareholders of the Company approved the Axiata PBLTIP and the plan was implemented on 30 September 2016.

Details of the Axiata PBLTIP are disclosed in Note 14(a) to the financial statements.

- (b) On 19 September 2023, shareholders of the Company approved the Axiata Group Long Term Incentive Plan ("Axiata LTIP") and the plan was implemented on 10 November 2023.

Details of the Axiata LTIP are disclosed in Note 14(b) to the financial statements.

### DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

|  |                               |
|--|-------------------------------|
| Tan Sri Shahril Ridza Ridzuan                      |                               |
| Dato Dr Nik Ramlah Nik Mahmood                     |                               |
| Dr David Robert Dean                               |                               |
| Khoo Gaik Bee                                      |                               |
| Thayaparan S Sangarapillai                         |                               |
| Ong King How                                       |                               |
| Shahin Farouque Jammal Ahmad                       |                               |
| Eysa Zulkifli (Alternate Director to Ong King How) |                               |
| Maya Hari  | Appointed on 11 January 2023  |
| Vivek Sood   | Appointed on 24 March 2023    |
| Dr Shridhir Sariputta Hansa Wijayasuriya           | Appointed on 24 March 2023    |
| Mohamad Hafiz Kassim                               | Appointed on 27 October 2023  |
| Tan Sri Dr Halim Shafie                            | Retired on 26 May 2023        |
| Nurhisham Hussein                                  | Resigned on 30 September 2023 |

By way of relief order dated 8 March 2024, granted by the Companies Commission of Malaysia, the names of Directors of subsidiaries as required under Section 253(2) of the Companies Act 2016 are not disclosed in this Report. The names of Directors of subsidiaries are set out in the respective subsidiaries' audited financial statements and the said information is deemed incorporated herein by such reference and shall form part thereof.

In accordance with Clause 104 of the Constitution of the Company ("Constitution"), Tan Sri Shahril Ridza Ridzuan, Thayaparan S Sangarapillai and Shahin Farouque Jammal Ahmad retire from the Board of Directors at the Thirty-two ("32<sup>nd</sup>") Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

In accordance with Clause 110(ii) of the Constitution, Mohamad Hafiz Kassim retires from the Board of Directors at the 32<sup>nd</sup> AGM and being eligible, offers himself for election.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

|   | Number of ordinary shares of the Company |                      |             |                     |
|---|--|----------------------|-------------|---------------------|
|   | As at<br>1.1.2023                        | Addition             | Transferred | As at<br>31.12.2023 |
| <u>Direct interest</u>                      |  |                      |             |                     |
| Vivek Sood                                  | 475,500                                  | 290,300 <sup>1</sup> | -           | 765,800             |
| Dr Shridhir Sariputta Hansa<br>Wijayasuriya | 686,473                                  | 290,300 <sup>1</sup> | -           | 976,773             |

<sup>1</sup> Allotment of shares pursuant to vesting of shares granted under Axiata PBLTIP.

|   | Number of ordinary shares of a subsidiary, Dialog Axiata PLC |          |             |                     |
|---|--|----------|-------------|---------------------|
|   | As at<br>1.1.2023  | Addition | Transferred | As at<br>31.12.2023 |
| Dr Shridhir Sariputta Hansa<br>Wijayasuriya |  |          |             |                     |
| - Direct interest                           | 2,408,470  | -        | -           | 2,408,470           |
| - Indirect interest                         | 440  | -        | -           | 440 <sup>2</sup>    |

<sup>2</sup> Shares held through his spouse.

|   | Number of shares granted under the Company's<br>share-based compensation plans |                        |                      |           |                     |
|---|--|------------------------|----------------------|-----------|---------------------|
|   | As at<br>1.1.2023  | Granted                | Adjusted             | Vested    | As at<br>31.12.2023 |
| Vivek Sood                                  | 599,950  | 1,539,100 <sup>3</sup> | 130,400 <sup>4</sup> | (290,300) | 1,979,150           |
| Dr Shridhir Sariputta Hansa<br>Wijayasuriya | 736,850  | -                      | 130,400 <sup>4</sup> | (290,300) | 576,950             |

<sup>3</sup> The number of Axiata LTIP shares that may vest is 1,539,100 provided that the performance targets for vesting are met. Otherwise, the number of shares that may vest could be a portion of the full amount. However, if the super stretched Group's performance targets at the point of vesting are met, up to 2,419,600 ordinary shares of the Company may be vested.

<sup>4</sup> Being additional number of shares vested due to multiplier effect from achieving performance targets.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' INTERESTS (CONTINUED)

Other than as disclosed above, in accordance with the Register of Directors' Shareholdings, none of the Directors in office at the end of the financial year have any direct or indirect interest in any shares and options over ordinary shares in the Company or its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (except for the Directors' remunerations) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate other than the share-based compensation plans of the Company, details as disclosed in Note 14(a) and Note 14(b) to the financial statements.

### DIRECTORS' REMUNERATION

Total Directors' remuneration incurred by the Group and the Company for the financial year ended 31 December 2023 were RM15,409,000 (2022: RM11,222,000) and RM14,518,000 (2022: RM9,959,000) respectively. Further details are disclosed in Note 7(e) to the financial statements.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT (CONTINUED)**

**OTHER STATUTORY INFORMATION (CONTINUED)**

At the date of this report, the Directors are not aware of any circumstances: (continued)

- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company, which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and
- (b) except as disclosed in Note 47 to the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

**AUDITORS' REMUNERATION**

Total fees for statutory audits provided by the auditors amounted to RM 15,069,000 (2022: RM 14,916,000) and RM 2,350,000 (2022: RM 2,866,000) for the Group and the Company respectively, while total fees for audit related and non-audit services amounted to RM 7,509,000 (2022: RM 8,742,000) and RM 3,296,000 (2022: RM 4,192,000) for the Group and the Company respectively. Further details are disclosed in Note 7(c) to the financial statements.

**INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS**

The Company maintains a group corporate liability insurance for the Directors and officers of the Group throughout the financial year. The Group's liability insurance provides appropriate insurance cover for the Directors and officers of the Group. The insurance premium paid by the Company in respect of the group corporate liability insurance for the financial year amounted to RM509,358 (2022: RM377,496).



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

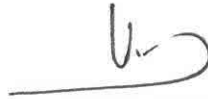
AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 27 March 2024. Signed on behalf of the Board of Directors:



TAN SRI SHAHRIL RIDZA RIDZUAN  
DIRECTOR



VIVEK SOOD  
DIRECTOR

Kuala Lumpur

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

|  | Note | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| <u>Continuing operations</u>   |      |                |                |                |                |
| Revenue  | 6    | 22,002,269     | 20,020,280     | 1,115,164      | 1,360,470      |
| Operating costs:   |      |                |                |                |                |
| - depreciation, impairment and amortisation                              | 7(a) | (7,199,986)    | (7,878,003)    | (908,055)      | (2,419,477)    |
| - foreign exchange gains/(losses)  |      | 143,947        | (388,816)      | 86,378         | (8,630)        |
| - domestic interconnect, international outpayment and other direct costs |      | (2,479,354)    | (2,227,676)    | -              | -              |
| - marketing, advertising and promotion                                   |      | (1,774,327)    | (1,757,810)    | (10,459)       | (10,297)       |
| - other operating costs  | 7(b) | (6,128,716)    | (5,747,014)    | (161,485)      | (139,128)      |
| - staff costs  | 7(d) | (1,719,190)    | (1,570,643)    | (159,971)      | (161,663)      |
| - provision for impairment on financial assets                           |      | (271,810)      | (97,223)       | (110,465)      | (138,865)      |
| Other (losses)/gains - net   | 8    | (5,342)        | 5,348          | (310,025)      | (148,463)      |
| Other income/(expense) - net   | 9    | 91,067         | (104)          | 406,245        | 13,565,047     |
|  |      | 2,658,558      | 358,339        | (52,673)       | 11,898,994     |
| Finance income   | 10   | 248,363        | 223,805        | 120,825        | 167,597        |
| Finance costs  | 10   | (2,287,869)    | (1,702,229)    | (507,585)      | (420,064)      |
| Foreign exchange losses on financing activities                          |      | (357,443)      | (622,879)      | (94,161)       | (32,445)       |
|  |      | (2,645,312)    | (2,325,108)    | (601,746)      | (452,509)      |
| Associates   |      |                |                |                |                |
| - share of results (net of tax)  |      | 530,743        | (56,817)       | -              | -              |
| - gain on dilution of equity interest                                    |      | 110            | -              | -              | -              |
| Joint ventures   |      |                |                |                |                |
| - share of results (net of tax)  |      | 903            | (9,709)        | -              | -              |
| Profit/(Loss) before taxation from continuing operations                 |      | 793,365        | (1,809,490)    | (533,594)      | 11,614,082     |
| Taxation   | 11   | (651,168)      | (604,860)      | -              | -              |
| Profit/(Loss) for the financial year from continuing operations          |      | 142,197        | (2,414,350)    | (533,594)      | 11,614,082     |
| <u>Discontinued operations</u>   |      |                |                |                |                |
| (Loss)/Profit for the financial year from discontinued operations        | (i)  | (2,599,355)    | 12,433,764     | -              | -              |
| (Loss)/Profit for the financial year                                     |      | (2,457,158)    | 10,019,414     | (533,594)      | 11,614,082     |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

|  | Group       |             | Company     |             |
|--|-------------|-------------|-------------|-------------|
|  | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
|  | RM'000      | RM'000      | RM'000      | RM'000      |
| Other comprehensive income/<br>(expense) (net of tax):   |             |             |             |             |
| <u>Continuing operations</u>   |             |             |             |             |
| Items that will not be reclassified<br>to profit or loss:  |             |             |             |             |
| - actuarial gains on defined<br>benefit plans (net of tax)   | 16,948      | 656         | -           | -           |
| - fair value through other<br>comprehensive income   | (81,084)    | (47,698)    | -           | -           |
| Items that may be reclassified<br>subsequently to profit or loss:                                      |             |             |             |             |
| - currency translation differences   | 687,775     | (1,629,252) | -           | -           |
| - net cash flow hedge  | 55,737      | (341,266)   | (12,456)    | 11,593      |
| - net cost of hedging  | 32,741      | 63,913      | (454)       | 4,515       |
| <u>Discontinued operations</u>   |             |             |             |             |
| - currency translation differences   | 171,351     | (210,974)   | -           | -           |
| - realisation of other<br>comprehensive expense<br>arising from disposal of a<br>group of subsidiaries | 362,433     | -           | -           | -           |
| Other comprehensive income/<br>(expense) for the financial year<br>(net of tax)                        | 1,245,901   | (2,164,621) | (12,910)    | 16,108      |
| Total comprehensive (expense)/<br>income for the financial year  | (1,211,257) | 7,854,793   | (546,504)   | 11,630,190  |
| (Loss)/Profit for the financial year<br>attributable to:   |             |             |             |             |
| - owners of the Company  |             |             |             |             |
| - continuing operations  | (125,195)   | (2,619,309) | (533,594)   | 11,614,082  |
| - discontinued operations  | (1,869,605) | 12,370,386  | -           | -           |
|  | (1,994,800) | 9,751,077   | (533,594)   | 11,614,082  |
| - non-controlling interests  |             |             |             |             |
| - continuing operations  | 267,392     | 204,959     | -           | -           |
| - discontinued operations  | (729,750)   | 63,378      | -           | -           |
|  | (462,358)   | 268,337     | -           | -           |
|  | (2,457,158) | 10,019,414  | (533,594)   | 11,614,082  |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

|   | Note  | Group              |                  | Company          |                   |
|---|-------|--------------------|------------------|------------------|-------------------|
|   |       | 2023<br>RM'000     | 2022<br>RM'000   | 2023<br>RM'000   | 2022<br>RM'000    |
| Total comprehensive (expense)/<br>income for the financial year<br>attributable to: |       |                    |                  |                  |                   |
| - owners of the Company   |       |                    |                  |                  |                   |
| - continuing operations   |       | 414,603            | (4,101,683)      | (546,504)        | 11,630,190        |
| - discontinued operations   |       | (1,367,231)        | 12,145,984       | -                | -                 |
|   |       | (952,628)          | 8,044,301        | (546,504)        | 11,630,190        |
| - non-controlling interests   |       |                    |                  |                  |                   |
| - continuing operations   |       | 439,711            | (266,314)        | -                | -                 |
| - discontinued operations   |       | (698,340)          | 76,806           | -                | -                 |
|   |       | (258,629)          | (189,508)        | -                | -                 |
|   |       | <u>(1,211,257)</u> | <u>7,854,793</u> | <u>(546,504)</u> | <u>11,630,190</u> |
| Basic earnings per share (sen)  |       |                    |                  |                  |                   |
| - continuing operations   | 12(a) | (1.3)              | (28.5)           | -                | -                 |
| - discontinued operations   | 12(a) | (20.4)             | 134.8            | -                | -                 |
|   |       | (21.7)             | 106.3            | -                | -                 |
| Diluted earnings per share (sen)  |       |                    |                  |                  |                   |
| - continuing operations   | 12(b) | (1.3)              | (28.5)           | -                | -                 |
| - discontinued operations   | 12(b) | (20.4)             | 134.7            | -                | -                 |
|   |       | (21.7)             | 106.2            | -                | -                 |

- (i) Included in (loss)/profit for the financial year from discontinued operations are results of the following subsidiaries:

|   | Note     | Group              |                   |
|---|----------|--------------------|-------------------|
|   |          | 2023<br>RM'000     | 2022<br>RM'000    |
| Celcom Berhad and its subsidiaries                                | 5(b)(ii) | 402,000            | 14,896,289        |
| Reynolds Holdings Limited and its subsidiary                      | 5(a)(i)  | (2,204,431)        | (2,557,392)       |
| edotco Investments Singapore Pte Ltd and its subsidiaries         | 37       | (796,924)          | 94,867            |
| (Loss)/Profit for the financial year from discontinued operations |          | <u>(2,599,355)</u> | <u>12,433,764</u> |

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 17 to 246.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

|   | Note | Group             |                   | Company           |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   |      | 2023<br>RM'000    | 2022<br>RM'000    | 2023<br>RM'000    | 2022<br>RM'000    |
| <b>CAPITAL AND RESERVES</b>                                       |      |                   |                   |                   |                   |
| <b>ATTRIBUTABLE TO OWNERS</b>                                     |      |                   |                   |                   |                   |
| <b>OF THE COMPANY</b>   |      |                   |                   |                   |                   |
| Share capital   | 13   | 13,920,649        | 13,914,272        | 13,920,649        | 13,914,272        |
| Reserves  | 15   | 8,143,492         | 10,020,787        | 8,179,174         | 9,641,173         |
| Total equity attributable to owners of the Company                |      | 22,064,141        | 23,935,059        | 22,099,823        | 23,555,445        |
| Non-controlling interests   |      | 6,171,169         | 6,745,291         | -                 | -                 |
| <b>Total equity</b>   |      | <b>28,235,310</b> | <b>30,680,350</b> | <b>22,099,823</b> | <b>23,555,445</b> |
| <b>NON-CURRENT LIABILITIES</b>                                    |      |                   |                   |                   |                   |
| Borrowings  | 16   | 22,171,987        | 18,347,504        | 1,829,870         | 1,993,956         |
| Derivative financial instruments                                  | 18   | -                 | 168,717           | -                 | 6,363             |
| Deferred income   | 19   | 4,984             | 3,403             | -                 | -                 |
| Deferred gain on sale and leaseback assets                        |      | 63,128            | 176,950           | -                 | -                 |
| Trade and other payables  | 20   | 1,365,047         | 805,965           | 493,327           | -                 |
| Provision for asset retirement                                    | 21   | 751,400           | 846,488           | 135               | 101               |
| Amounts due to subsidiaries                                       | 33   | -                 | -                 | 8,104,248         | 7,941,380         |
| Deferred tax liabilities  | 22   | 637,130           | 933,812           | -                 | -                 |
| Lease liabilities   | 23   | 10,015,513        | 8,604,274         | -                 | -                 |
| <b>Total non-current liabilities</b>                              |      | <b>35,009,189</b> | <b>29,887,113</b> | <b>10,427,580</b> | <b>9,941,800</b>  |
|   |      | <b>63,244,499</b> | <b>60,567,463</b> | <b>32,527,403</b> | <b>33,497,245</b> |
| <b>NON-CURRENT ASSETS</b>   |      |                   |                   |                   |                   |
| Intangible assets   | 24   | 12,237,545        | 13,442,150        | -                 | -                 |
| Contract cost assets  | 25   | 208,903           | 138,210           | -                 | -                 |
| Property, plant and equipment                                     | 26   | 27,439,783        | 27,200,975        | 8,668             | 16,869            |
| Right-of-use assets   | 27   | 10,942,472        | 9,313,782         | -                 | 1,759             |
| Subsidiaries  | 28   | -                 | -                 | 15,184,812        | 16,794,053        |
| Associates  | 29   | 15,636,033        | 15,596,891        | 15,532,517        | 15,532,517        |
| Joint ventures  | 30   | 16,585            | 15,682            | -                 | -                 |
| Financial assets at fair value through other comprehensive income | 31   | 114,247           | 179,180           | -                 | -                 |
| Financial assets at fair value through profit or loss             |      | 10,842            | 5,758             | -                 | -                 |
| Derivative financial instruments                                  | 18   | 182,478           | 25,945            | 20,510            | 3,010             |
| Trade and other receivables                                       | 34   | 912,173           | 852,513           | -                 | -                 |
| Amounts due from subsidiaries                                     | 33   | -                 | -                 | 101,243           | 518,252           |
| Deferred tax assets   | 22   | 133,002           | 175,638           | -                 | -                 |
| <b>Total non-current assets</b>                                   |      | <b>67,834,063</b> | <b>66,946,724</b> | <b>30,847,750</b> | <b>32,866,460</b> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023 (CONTINUED)**

|   | Note | Group                     |                           | Company                  |                          |
|---|------|---------------------------|---------------------------|--------------------------|--------------------------|
|   |      | 2023<br>RM'000            | 2022<br>RM'000            | 2023<br>RM'000           | 2022<br>RM'000           |
| <b>CURRENT ASSETS</b>                                 |      |                           |                           |                          |                          |
| Inventories   | 32   | 218,889                   | 216,351                   | -                        | -                        |
| Amounts due from subsidiaries                         | 33   | -                         | -                         | 529,197                  | 327,894                  |
| Trade and other receivables                           | 34   | 4,784,460                 | 6,943,592                 | 8,305                    | 2,461,042                |
| Derivative financial instruments                      | 18   | 699                       | 14,931                    | 699                      | 14,931                   |
| Financial assets at fair value through profit or loss |      | 35                        | 34                        | -                        | -                        |
| Tax recoverable                                       |      | 86,065                    | 67,356                    | -                        | -                        |
| Deposits, cash and bank balances                      | 35   | 4,612,134                 | 7,451,743                 | 1,426,660                | 2,124,105                |
|   |      | <u>9,702,282</u>          | <u>14,694,007</u>         | <u>1,964,861</u>         | <u>4,927,972</u>         |
| Assets classified as held for sale                    | 37   | 881,436                   | -                         | -                        | -                        |
| <b>Total current assets</b>                           |      | <u><u>10,583,718</u></u>  | <u><u>14,694,007</u></u>  | <u><u>1,964,861</u></u>  | <u><u>4,927,972</u></u>  |
| <b>LESS: CURRENT LIABILITIES</b>                      |      |                           |                           |                          |                          |
| Trade and other payables                              | 20   | 9,293,164                 | 10,579,565                | 225,961                  | 339,825                  |
| Deferred income                                       | 19   | 17,389                    | 1,728                     | -                        | -                        |
| Deferred gain on sale and leaseback assets            |      | 123,861                   | 119,251                   | -                        | -                        |
| Borrowings  | 16   | 2,670,161                 | 7,088,128                 | 3,996                    | 2,162,987                |
| Lease liabilities                                     | 23   | 2,086,495                 | 1,839,617                 | -                        | 1,881                    |
| Derivative financial instruments                      | 18   | 16,015                    | 17,925                    | -                        | 52                       |
| Amounts due to subsidiaries                           | 33   | -                         | -                         | 55,251                   | 966,490                  |
| Current tax liabilities                               |      | 597,619                   | 601,102                   | -                        | -                        |
| Dividend payable                                      |      | -                         | 825,952                   | -                        | 825,952                  |
|   |      | <u>14,804,704</u>         | <u>21,073,268</u>         | <u>285,208</u>           | <u>4,297,187</u>         |
| Liabilities classified as held for sale               | 37   | 368,578                   | -                         | -                        | -                        |
| <b>Total current liabilities</b>                      |      | <u><u>15,173,282</u></u>  | <u><u>21,073,268</u></u>  | <u><u>285,208</u></u>    | <u><u>4,297,187</u></u>  |
| <b>Net current liabilities</b>                        |      | <u><u>(4,589,564)</u></u> | <u><u>(6,379,261)</u></u> | <u><u>1,679,653</u></u>  | <u><u>630,785</u></u>    |
|   |      | <u><u>63,244,499</u></u>  | <u><u>60,567,463</u></u>  | <u><u>32,527,403</u></u> | <u><u>33,497,245</u></u> |

The above Statements of Financial Position are to be read in conjunction with the notes to the financial statements on pages 17 to 246.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

| Note  | Share      | Currency    | Reserves    | Retained    | Total       | NCI       | Total equity |
|---|------------|-------------|-------------|-------------|-------------|-----------|--------------|
|   | capital    | translation |             | earnings    |             |           |              |
|   | RM'000     | differences | RM'000      | RM'000      | RM'000      | RM'000    | RM'000       |
| At 1 January 2023   | 13,914,272 | (2,167,219) | (2,235,379) | 14,423,385  | 23,935,059  | 6,745,291 | 30,680,350   |
| Loss for the financial year   | -          | -           | -           | (1,994,800) | (1,994,800) | (462,358) | (2,457,158)  |
| Other comprehensive income/(expense):   |            |             |             |             |             |           |              |
| - Currency translation differences of subsidiaries  | -          | 658,667     | -           | -           | 658,667     | 200,459   | 859,126      |
| - Net cash flow hedge   | -          | -           | 57,704      | -           | 57,704      | (1,967)   | 55,737       |
| - Net cost of hedging   | -          | -           | 31,081      | -           | 31,081      | 1,660     | 32,741       |
| - Actuarial gains (net of tax)  | -          | -           | 14,004      | -           | 14,004      | 2,944     | 16,948       |
| - Revaluation of financial assets at FVTOCI   | -          | -           | (81,717)    | -           | (81,717)    | 633       | (81,084)     |
| - Realisation of other comprehensive expense arising from disposal of a group of subsidiaries | -          | 362,433     | -           | -           | 362,433     | -         | 362,433      |
| Total comprehensive income/(expense) for the financial year                                   | -          | 1,021,100   | 21,072      | (1,994,800) | (952,628)   | (258,629) | (1,211,257)  |
| Transactions with owners:   |            |             |             |             |             |           |              |
| - Dilutions/Accretions of equity interests in subsidiaries                                    | -          | (4,572)     | 53          | (2,798)     | (7,317)     | 7,280     | (37)         |
| - New investments in subsidiaries   | -          | -           | -           | -           | -           | 43        | 43           |
| - Capital injection in a subsidiary   | -          | -           | -           | -           | -           | 74,000    | 74,000       |
| - Rights issues of subsidiaries   | -          | -           | -           | -           | -           | 25,770    | 25,770       |
| - Disposal of a group of subsidiaries   | -          | -           | -           | -           | -           | (190,292) | (190,292)    |
| - Dividends declared to:  |            |             |             |             |             |           |              |
| - shareholders of the Company   | 45         | -           | -           | (917,902)   | (917,902)   | -         | (917,902)    |
| - NCI   | -          | -           | -           | -           | -           | (231,894) | (231,894)    |
| - Share-based compensation expense  | -          | -           | 6,929       | -           | 6,929       | (400)     | 6,529        |
| - Transferred from share-based payment reserve upon vesting/forfeiture                        | -          | -           | (7,164)     | 787         | -           | -         | -            |
| Total transactions with owners  | 6,377      | (4,572)     | (182)       | (919,913)   | (918,290)   | (315,493) | (1,233,783)  |
| At 31 December 2023   | 13,920,649 | (1,150,691) | (2,214,489) | 11,508,672  | 22,064,141  | 6,171,169 | 28,235,310   |

Other comprehensive income ("OCI"), Non-controlling interests ("NCI"), Fair value through other comprehensive income ("FVTOCI")

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

| <u>Note</u>  | <u>Share capital</u><br>RM'000 | <u>Currency translation differences</u><br>RM'000 | <u>Reserves</u><br>RM'000 | <u>Retained earnings</u><br>RM'000 | <u>Total</u><br>RM'000 | <u>NCI</u><br>RM'000 | <u>Total equity</u><br>RM'000 |
|--|--------------------------------|---|---------------------------|------------------------------------|------------------------|----------------------|-------------------------------|
| At 1 January 2022  | 13,905,207                     | (741,705)   | (1,913,128)               | 6,754,950                          | 18,005,324             | 7,060,505            | 25,065,829                    |
| Profit for the financial year  | -                              | -   | -                         | 9,751,077                          | 9,751,077              | 268,337              | 10,019,414                    |
| Other comprehensive (expense)/income:                                  |                                |   |                           |                                    |                        |                      |                               |
| - Currency translation differences of subsidiaries                     | -                              | (1,378,827)                                       | -                         | -                                  | (1,378,827)            | (461,399)            | (1,840,226)                   |
| - Net cash flow hedge  | -                              | -   | (341,810)                 | -                                  | (341,810)              | 544                  | (341,266)                     |
| - Net cost of hedging  | -                              | -   | 64,044                    | -                                  | 64,044                 | (131)                | 63,913                        |
| - Actuarial (losses)/gains (net of tax)                                | -                              | -   | (2,421)                   | -                                  | (2,421)                | 3,077                | 656                           |
| - Revaluation of financial assets at FVTOCI                            | -                              | -   | (47,762)                  | -                                  | (47,762)               | 64                   | (47,698)                      |
| Total comprehensive (expense)/income for the financial year            | -                              | (1,378,827)                                       | (327,949)                 | 9,751,077                          | 8,044,301              | (189,508)            | 7,854,793                     |
| Transactions with owners:  |                                |   |                           |                                    |                        |                      |                               |
| - Dilutions/Accretion of equity interests in subsidiaries              | -                              | 20,410  | (417)                     | (704,295)                          | (684,302)              | (664,627)            | (1,348,929)                   |
| - New/Additional investments in subsidiaries                           | -                              | -   | -                         | (74,616)                           | (74,616)               | 669,085              | 594,469                       |
| - Disposal of a group of subsidiaries                                  | -                              | (273)   | -                         | -                                  | (273)                  | (102,572)            | (102,845)                     |
| - Rights issues of subsidiaries  | -                              | (66,824)  | 1,918                     | 26,945                             | (37,961)               | 205,958              | 167,997                       |
| - Dividends declared to:   |                                |   |                           |                                    |                        |                      |                               |
| - shareholders of the Company  | 45                             | -   | -                         | (1,330,676)                        | (1,330,676)            | -                    | (1,330,676)                   |
| - NCI  | -                              | -   | -                         | -                                  | -                      | (234,088)            | (234,088)                     |
| - Share-based compensation expense                                     | -                              | -   | 13,262                    | -                                  | 13,262                 | 538                  | 13,800                        |
| - Transferred from share-based payment reserve upon vesting/forfeiture | 9,065                          | -   | (9,065)                   | -                                  | -                      | -                    | -                             |
| Total transactions with owners   | 9,065                          | (46,687)  | 5,698                     | (2,082,642)                        | (2,114,566)            | (125,706)            | (2,240,272)                   |
| At 31 December 2022  | <u>13,914,272</u>              | <u>(2,167,219)</u>                                | <u>(2,235,379)</u>        | <u>14,423,385</u>                  | <u>23,935,059</u>      | <u>6,745,291</u>     | <u>30,680,350</u>             |

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 17 to 246.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

|  | Note | Share capital<br>RM'000 | Capital contribution<br>reserve<br>RM'000 | Share-based<br>payment<br>reserve<br>RM'000 | Other<br>reserve<br>RM'000 | Retained earnings/<br>(Accumulated<br>losses)<br>RM'000 | Total<br>RM'000   |
|--|------|-------------------------|---|---|----------------------------|---|-------------------|
| At 1 January 2023  |      | 13,914,272              | 16,598                                    | 21,970                                      | 16,108                     | 9,586,497   | 23,555,445        |
| Loss for the financial year  |      | -                       | -   | -   | -                          | (533,594)   | (533,594)         |
| Other comprehensive expense:   |      |                         |   |   |                            |   |                   |
| - Net cash flow hedge  |      | -                       | -   | -   | (12,456)                   | -   | (12,456)          |
| - Net cost of hedging  |      | -                       | -   | -   | (454)                      | -   | (454)             |
| Total comprehensive expense for the financial year                     |      | -                       | -   | -   | (12,910)                   | (533,594)   | (546,504)         |
| Transactions with owners:  |      |                         |   |   |                            |   |                   |
| - Dividends declared to shareholders                                   | 45   | -                       | -   | -   | -                          | (917,902)   | (917,902)         |
| - Share-based compensation expense                                     |      | -                       | -   | 8,784                                       | -                          | -   | 8,784             |
| - Transferred from share-based payment reserve upon vesting/forfeiture |      | 6,377                   | -   | (7,164)                                     | -                          | 787   | -                 |
| Total transactions with owners   |      | 6,377                   | -   | 1,620                                       | -                          | (917,115)   | (909,118)         |
| At 31 December 2023  |      | <u>13,920,649</u>       | <u>16,598</u>                             | <u>23,590</u>                               | <u>3,198</u>               | <u>8,135,788</u>  | <u>22,099,823</u> |
| At 1 January 2022  |      | 13,905,207              | 16,598                                    | 20,344                                      | -                          | (696,909)   | 13,245,240        |
| Profit for the financial year  |      | -                       | -   | -   | -                          | 11,614,082  | 11,614,082        |
| Other comprehensive income:  |      |                         |   |   |                            |   |                   |
| - Net cash flow hedge  |      | -                       | -   | -   | 11,593                     | -   | 11,593            |
| - Net cost of hedging  |      | -                       | -   | -   | 4,515                      | -   | 4,515             |
| Total comprehensive income for the financial year                      |      | -                       | -   | -   | 16,108                     | 11,614,082  | 11,630,190        |
| Transactions with owners:  |      |                         |   |   |                            |   |                   |
| - Dividends declared to shareholders                                   | 45   | -                       | -   | -   | -                          | (1,330,676)   | (1,330,676)       |
| - Share-based compensation expense                                     |      | -                       | -   | 10,691                                      | -                          | -   | 10,691            |
| - Transferred from share-based payment reserve upon vesting/forfeiture |      | 9,065                   | -   | (9,065)                                     | -                          | -   | -                 |
| Total transactions with owners   |      | 9,065                   | -   | 1,626                                       | -                          | (1,330,676)   | (1,319,985)       |
| At 31 December 2022  |      | <u>13,914,272</u>       | <u>16,598</u>                             | <u>21,970</u>                               | <u>16,108</u>              | <u>9,586,497</u>  | <u>23,555,445</u> |

The above Company Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 17 to 246.

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

|  | <u>Note</u> | <u>Group</u>          |                       | <u>Company</u>        |                       |
|--|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  |             | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 |
| Cash flows from/(used in) operating activities                   | 36          | 7,863,037             | 8,934,834             | (799,820)             | (621,927)             |
| Cash flows (used in)/from investing activities                   | 36          | (4,914,237)           | (11,584,996)          | 4,869,031             | (1,121,619)           |
| Cash flows (used in)/from financing activities                   | 36          | (5,295,659)           | 3,412,330             | (4,086,485)           | 2,317,009             |
| Net (decrease)/increase in cash and cash equivalents             |             | (2,346,859)           | 762,168               | (17,274)              | 573,463               |
| Effect of exchange losses on cash and cash equivalents           |             | (266,167)             | (729,603)             | (9,968)               | (5,948)               |
| Net decrease/(increase) in restricted cash and cash equivalents  |             | 65,681                | (18,701)              | -                     | -                     |
| Cash and cash equivalent classified as held for sale             | 37          | (390,270)             | -                     | -                     | -                     |
| Cash and cash equivalents at the beginning of the financial year |             | 6,326,194             | 6,312,330             | 1,453,902             | 886,387               |
| Cash and cash equivalents at the end of the financial year       |             | <u>3,388,579</u>      | <u>6,326,194</u>      | <u>1,426,660</u>      | <u>1,453,902</u>      |

Cash and cash equivalents at the end of the financial year consist of the following:

|  |    |                  |                  |                  |                  |
|--|----|------------------|------------------|------------------|------------------|
| Cash and cash equivalents in banks                         | 35 | 3,872,156        | 6,468,675        | 1,426,660        | 1,453,902        |
| Bank overdraft   |    | (483,577)        | (142,481)        | -                | -                |
| Cash and cash equivalents at the end of the financial year |    | <u>3,388,579</u> | <u>6,326,194</u> | <u>1,426,660</u> | <u>1,453,902</u> |

The above Statements of Cash Flows are to be read in conjunction with the notes to the financial statements on pages 17 to 246.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

### **1. GENERAL INFORMATION**

The principal activities of the Group are the provision of mobile communication services, fixed broadband services, telecommunication infrastructure and related services, and digital services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale.

The principal activities of the subsidiaries are set out in Note 41 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

The address of the registered office and principal place of business of the Company is Level 30, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 27 March 2024.

### **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in Note 3 to the financial statements.

The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The preparation of financial statements of the Group and the Company in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenues and expenses during the reported period. It also requires Board of Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Board of Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (a) Amendments to published standards that are applicable to the Group and the Company that are effective

The following amendments and annual improvements to published standards have been adopted by the Group and the Company for the first time for the financial year beginning on 1 January 2023:

- Amendments to MFRS 101 “Presentation of Financial Statements” and MFRS Practice Statement 2: Amendments on Disclosure of Accounting Policies
- Amendments to MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors”: Redefinition of Accounting Estimates
- Amendments to MFRS 112 “Income Taxes”:
  - (i) Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
  - (ii) International Tax Reform – Pillar Two Model Rules

The adoption of the above has no significant impact to the Group and the Company during the financial year, except for the Amendments to MFRS 112. Following the adoption of the Amendment to MFRS 112 related to Assets and Liabilities arising from a single transaction, the Group has represented the comparatives of deferred taxation balances related to ROU assets and lease liabilities as disclosed in Note 22 to the financial statements. The Group and the Company have also disclosed the impact of the adoption of the amendment to MFRS 112 related to International Tax Reform – Pillar Two Model Rules as disclosed in Note 11 to the financial statements.

- (b) Amendments to published standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the following amendments to standards in the financial year beginning on/after 1 January 2024:

- Amendments to MFRS 101

There are two amendments to MFRS 101. The first amendments, “Classification of liabilities as current or non-current” clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 “Financial Instruments: Presentation” does not impact the current or non-current classification of the convertible instrument.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (b) Amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

The Group and the Company will apply the following amendments to standards in the financial year beginning on/after 1 January 2024: (continued)

- Amendments to MFRS 101 (continued)

The second amendments, “Non-current Liabilities with Covenants” specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

Both amendments are effective for annual reporting periods beginning on or after 1 January 2024 and shall be applied retrospectively.

The amendments to MFRS 101 are being assessed by the Group and the Company.

- Amendments to MFRS 16 “Leases” – Lease Liability in a Sale and Leaseback specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the “lease payments” or “revised lease payments” in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

The amendments to MFRS 16 are not expected to have material impact to the Group.

- Amendments to MFRS 107 “Statement of Cash Flows” and MFRS 7 “Financial Instruments: Disclosures” – Supplier Finance Arrangements require entities to disclose information about the supplier finance arrangements (“SFA”) that enable the users to understand the effects of SFA on an entity’s liabilities, cash flows and exposure to liquidity risk.

The amendments require the following information about SFA to be disclosed in the annual period in which the amendments are first applied:

- (a) the terms and conditions of SFAs;
- (b) the carrying amount of financial liabilities that are part of SFAs and the line items in which those liabilities are presented;

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (b) Amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

The Group and the Company will apply the following amendments to standards in the financial year beginning on/after 1 January 2024: (continued)

- The amendments require the following information about SFA to be disclosed in the annual period in which the amendments are first applied: (continued)
  - (c) the carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers;
  - (d) the range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements;
  - (e) the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of SFAs; and
  - (f) liquidity risk information (e.g. concentration of risks; access to SFA facilities for liquidity requirement).

The amendments to MFRS 107 and MFRS 7 are not expected to have material impact to the Group.

The Group and the Company will apply the following amendments to standards in the financial year beginning on/after 1 January 2025:

- Amendments to MFRS 121 “The Effects of Changes in Foreign Exchange Rates” – Lack of Exchangeability clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how an entity estimates the spot exchange rate but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

The amendments to MFRS 121 are being assessed by the Group and the Company.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information in the preparation of these financial statements are set out below:

(a) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the NCI's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any NCI in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year's results. The comparative information is restated to reflect the combined results of both entities.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Economic entities in the Group (continued)

(ii) Associates and joint arrangements

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Joint arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Investments in associates and joint arrangements are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Changes in ownership interests

The Group treats transactions with NCI that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and NCI to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to NCI and any consideration paid or received is recognised in retained earnings within equity attributable to owners.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Economic entities in the Group (continued)

(iii) Changes in ownership interests (continued)

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Intangible assets

(i) Goodwill

The Group recognised goodwill based on partial goodwill method. Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries at the date of acquisition and fair value of any pre-existing equity interest in the subsidiaries. Any shortfall is recognised in profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units ("CGU") or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

As the Group recognises goodwill based on a partial goodwill method, for the purposes of impairment testing, goodwill includes the portion attributable to the NCI. The Group adopted the method of using NCI based on the current ownership interests as at the date of the goodwill impairment test.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Intangible assets (continued)

(ii) Licences

The Group's licences mainly consist of acquired telecommunication licences with allocated spectrum rights and tower operating licences. Acquired licences are shown at cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line method, from the effective date of commercialisation of services, subject to impairment, to the end of the assignment period. Licences are not revalued. The estimated useful lives of the acquired telecommunication licences with allocated spectrum rights and tower operating licence of the Group are as follows:

|            |               |
|------------|---------------|
| Indonesia  | 4 - 10 years  |
| Sri Lanka  | 5 - 10 years  |
| Bangladesh | 10 - 18 years |
| Cambodia   | 25 years      |

(iii) Customer contracts and the related relationship

Customer contracts and the related customer relationship arose from the acquisition of subsidiaries. The customer contracts and the related relationships are shown at fair value on acquisition of a subsidiary and subsequently subject to amortisation over the useful life. The customer contracts and the related customer relationships are tested for impairment whenever indication of impairment exists. The estimated useful lives of the customer contracts and related relationship are as follows:

|                        |          |
|------------------------|----------|
| Infrastructure segment | 20 years |
|------------------------|----------|

(iv) Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands have a finite useful life and are carried at cost less accumulated amortisation and accumulated losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives as follows:

|                         |          |
|-------------------------|----------|
| Mobile segment:         |          |
| - Cambodia              | 25 years |
| Fixed broadband segment | 9 years  |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Intangible assets (continued)

(v) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Software under development is capitalised only after technical and commercial feasibility of the asset has been completed and able to generate future economic benefits.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives, which does not exceed five (5) years.

(c) Property, plant and equipment ("PPE")

PPE is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

PPE are depreciated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives in years, summarised as follows:

|                                     |              |
|-------------------------------------|--------------|
| Buildings                           | 8 - 40 years |
| Telecommunication network equipment | 2 - 25 years |
| Movable plant and equipment         | 3 - 10 years |
| Computer support systems            | 2 - 10 years |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Property, plant and equipment ("PPE") (continued)

Depreciation on assets under construction or capital work-in-progress commence when the assets are ready for their intended use. Depreciation on PPE ceases at the earlier of derecognition or classification as held for sale.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(d) Investments in subsidiaries, associates and joint ventures in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are stated at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is disclosed in Note 3(e) to the financial statements.

On disposal of investments in subsidiaries, associates and joint ventures, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. Disposal-related costs are expensed as incurred.

The amounts due from subsidiaries of which the Company does not expect repayment are considered as quasi-investments as part of the Company's investments in the subsidiaries. Upon classification as quasi-investments, the subsidiaries do not have contractual obligation to repay the Company.

(e) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCTS") and value in use ("VIU"). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets

(i) Classification

The Group and the Company classify the financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through OCI or through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the Group's and the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition account for the equity investment at FVTOCI.

The Group and the Company reclassify debt investments when business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed off in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets (continued)

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify the debt instruments at amortised cost which are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line in statements of comprehensive income.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments.

Changes in the fair value of financial assets at FVTPL are recognised in the profit or loss within "Other (losses)/gains – net" as applicable whereas changes in the fair value of financial assets at FVTOCI are recognised in OCI. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has five (5) types of financial instruments that are subject to the ECL model:

- Trade receivables
- Finance lease receivables
- Accrued lease receivables
- Contract assets
- Other receivables (including deposits)

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets (continued)

(iv) Impairment of financial assets (continued)

The Company has four (4) types of financial instruments that are subject to the ECL model:

- Trade receivable
- Other receivables (including deposits)
- Amount due from subsidiaries
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to the contracts and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instruments.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Simplified approach - accrued lease receivables, finance lease receivables, trade receivables and contract assets within the scope of MFRS 15

The Group applies the MFRS 9 simplified approach to measure ECL, which uses a lifetime ECL for accrued lease receivables, finance lease receivables, trade receivables and contract assets within the scope of MFRS 15. The measurement details of ECL are disclosed in Note 34(g) to the financial statements.

General 3-stage approach for all other financial instruments

At each reporting date, the Group and the Company measure loss allowance at an amount equal to twelve (12) months ECL if credit risks of the financial assets have not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. The measurement details of ECL are disclosed in Note 33 and Note 34(g) to the financial statements.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets (continued)

(iv) Impairment of financial assets (continued)

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than thirty (30) to ninety (90) days past due in making a contractual payment.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial assets (continued)

(iv) Impairment of financial assets (continued)

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria: When the counterparty fails to make contractual payments within ninety (90) days to three hundred and sixty-five (365) days after they fall due.

Qualitative criteria: The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments of ECL:

• Collective assessment

To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and of customer's behaviour and the days past due. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

• Individual assessment

Trade receivables, contract assets, accrued lease receivables, finance lease receivables and other receivables which are in default or credit-impaired or have individually significant balances, are assessed separately for ECL measurement.

Amounts due from subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on individual balances.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At inception of the hedge relationship, the Group and the Company document the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Company document its risk management objective and strategy for undertaking its hedge transactions.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 18 to the financial statements.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in OCI and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within "Other (losses)/gains – net".

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity (including the cost of hedging reserve) are reclassified to profit or loss in the periods when the hedged cash flows affect the profit or loss.

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Derivatives and hedging activities (continued)

(i) Cash flow hedge (continued)

When a hedging instrument expires or is sold, or when a hedge no longer meets the effectiveness criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows affect profit or loss.

(ii) Certain derivative instruments do not qualify for hedge accounting.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in "Other (losses)/gains – net".

(h) Inventories

Inventories are stated at lower of cost and net realisable value. Certain items such as spare parts, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE under MFRS 116. Otherwise, the items are classified as inventory. Cost is determined on a weighted average basis and comprises all cost of purchase and other direct costs incurred in bringing the inventories to their present location. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs to completion and applicable variable selling expenses. In arriving at the net realisable value, due allowance is made for all obsolete and slow-moving items.

(i) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company. If collection is expected in one (1) year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Deposits paid to avoid possible penalties in relation to litigation and arbitration cases where provisions have not been recognised are accounted for as assets on the basis that there is a right to obtain future economic benefits, either by receiving a cash refund or by using the payment to settle future liabilities. At initial recognition, the Group and the Company measures the deposits at fair value. Subsequent to initial recognition, the Group and the Company measures the deposits at FVTPL at each reporting period taking into account the probability of any outflow of future economic benefits for the disputed amount.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Cash and cash equivalents

Cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are included within "Borrowings" in current liabilities in the statements of financial position.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within twelve (12) months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Borrowings (continued)

When the basis to determine the future contractual cash flows of the borrowings are modified entirely as a result of interbank lending rate (“IBOR”) reform, the Group and the Company apply the practical expedient provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate of the borrowings, with no immediate gain or loss is recognised.

The practical expedient is only applicable to changes to the basis for determining the contractual cash flows that are required by IBOR reform when both of these conditions are met:

- (a) the change is necessary as a direct consequence of IBOR reform; and
- (b) the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change).

In situations where some or all of a change in the basis for determining the contractual cash flows of the borrowings does not meet the criteria of the Phase 2 amendments, the Group and the Company first apply the practical expedient to the changes required by IBOR reform, including updating the effective interest rate of the borrowings. Any additional changes are accounted for as modification of borrowings in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the borrowings are not derecognised).

(m) Income tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Certain jurisdiction of which the Group operates in specifies a minimum amount of tax that is payable, calculated based on the higher of a percentage of gross receipt, tax deductible at source and current income tax charge. The Group recognises the current income tax charge as tax expenses and treats any excess as other taxes within “Other income/(expense) – net”.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Provision for asset retirement refers to provisions for dismantling, removal or restoration of identified sites recorded as PPE or right-of-use ("ROU") assets. Provisions are reviewed at the end of the reporting period and adjusted to PPE or ROU assets or profit or loss to reflect the current best estimation. Where the time value of money is material, the amount of a provision is the present value of the future period expenditure expected to be required to settle the obligation.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Share capital

(i) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the contractual arrangement of the particular instrument.

(ii) Share issue expenses

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, from the proceeds.

(iii) Dividends to shareholders of the Company

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(p) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price of a purchase option if the group is reasonably certain to exercise that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(p) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar term, security and conditions.

ROU assets are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Short-term leases are leases with a lease term of twelve (12) months or less. Low-value assets comprise information technology ("IT") equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(q) Revenue

(i) Revenue from contracts with customers

The Group principally generates revenue from mobile services such as call time, messaging, data services, activation fee and sales of prepaid starter packs, interconnect services, sale of devices and others such as pay television transmission, broadband and infrastructure management services.

Mobile and interconnect services and sale of devices

The Group recognises revenue when a contractual performance obligation is fulfilled by transferring control over the promised services or products to a customer provided that collectability of the consideration is probable. Revenue is measured based on the transaction price i.e. the consideration agreed in the contract with the customer excluding amounts collected on behalf of third parties such as sales taxes. In determining the transaction price, the Group considers variable and non-cash consideration such as rebates or discounts and consideration payable to a customer such as refunds to the extent that it is highly probable that a significant reversal will not occur.

The Group recognises mobile and interconnect services revenue when services are rendered.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(q) Revenue (continued)

(i) Revenue from contracts with customers (continued)

Mobile and interconnect services and sale of devices (continued)

Customer activation fees that are not considered as a separate performance obligation are recognised as contract liabilities and are recognised as revenue over the contracted period or period where services are transferred to customers.

Sales of prepaid starter packs with a SIM card and preloaded credits are accounted for as one performance obligation as the SIM card cannot be used on its own. Consideration received for prepaid credits is initially recognised as contract liability and recognised as revenue upon usage by the customer. Any credits not used are recognised in full upon expiry or customer churn, whichever is earlier.

Revenue from sales of device is recognised at the point of time upon delivery and acceptance of the device by the customers where the control is being transferred to the customers.

Mobile services are offered separately and/or as a bundle along with other services and/or devices. The length of bundled contracts is usually between twelve (12) to twenty-four (24) months. For bundled contracts, the Group accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled contract and if customers can benefit from it. Revenue is recognised on fulfilment of the individual obligations to the customer.

The total transaction price of bundled contracts is allocated among the individual performance obligations based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a stand-alone basis. For products and services that are not sold separately, the Group estimates stand-alone selling prices using other methods such as adjusted market assessment approach, cost plus margin approach or residual approach. As a result, revenue to be recognised for products (often delivered in advance) such as mobile devices that are sold at a subsidised price in a bundled contract with services is higher than the amount billed for the device, resulting in the recognition of contract assets. Contract assets are reversed and reduced over the remaining contract period.

For devices sold in bundled contracts, the consideration for the device can either be paid upfront or by instalments over the contract period. If the consideration is to be paid by instalment, the contract contains a significant financing component. The consideration will be adjusted for the effects of the financing component as finance income. For contracts with a length of less than twelve (12) months, the Group applies the practical expedient to not adjust the promised amount of consideration for the effects of significant financing component.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(q) Revenue (continued)

(i) Revenue from contracts with customers (continued)

Digital business

*Mobile advertising*

The Group offers mobile advertising through SMS, MMS and display channel. The Group sells the mobile advertising slots to the customers. Revenue is recognised as a single performance obligation at a point in time when the advertising slots are transferred to the customer.

*Web channel network income*

Web channel network income consists of media buying and campaign management.

Under media buying, the Group purchases advertising slots or space from media companies and provide them to customers for their advertising requirements. Performance obligations are satisfied and revenue is recognised at a point in time when the advertising slots are successfully transferred to the customers.

Under campaign management, the Group provides consultation services to manage customers' advertising mix based on the insights generated from different digital platforms. Performance obligations are satisfied and revenue is recognised over time as customers simultaneously consume the benefits of the data analysis and insights provided by the Group and the Company over the respective contract periods.

Billings are typically issued to customers on a periodic basis based on intervals agreed within each customer contract, with credit terms of thirty (30) days. Certain contracts require customers to pay consideration in advance of the Group and the Company fulfilling the performance obligations, for which contract liabilities will be recognised.

Some contracts include multiple deliverables, such as content creation, content strategy and campaigns, which may include both media buying and campaign management performance obligations. In most cases, the customer can benefit from each content deliverable on its own and each deliverable could also be performed separately by another party, therefore it is accounted for as a separate performance obligation. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices and recognised accordingly when the performance obligations are satisfied.

Television transmission and broadband services

Each subscription to a contract for television transmission or broadband includes the provision of services, connection and devices such as set-top boxes and routers. The provision of set-top boxes, routers and connection fees are for the exclusive use of the Group's services and do not represent distinct services or goods. Therefore, the services and devices are accounted for as a single performance obligation satisfied over time. Revenue is recognised over the period the service is rendered or contract period whichever is earlier.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(q) Revenue (continued)

(i) Revenue from contracts with customers (continued)

Technical and management services fees

Technical and management services fees comprise fees for provision of support services to certain subsidiaries, which are recognised over the period the service is rendered.

Infrastructure services

The Group generally enters into master services agreements with its customers for infrastructure leasing and related services which comprise multiple elements that are distinct and delivered separately. The total transaction price is allocated to the tower leasing, maintenance and energy services based on the relative stand-alone selling prices. For provision of services including maintenance and energy services, other services and technical and operations support services, the Group recognises as revenue as and when services are rendered. These performance obligations are generally met over time as customer simultaneously receives and consumes benefits of services as and when the services are performed by the Group.

Managed services

Managed services comprise fees for provision of managed and information technology services, which are recognised over the period the services are rendered. Revenue from the managed services is recognised monthly on a straight-line basis based on agreements with customers. Revenue received in advance is recorded as deferred revenue and is recognised as revenue when the services are provided.

(ii) Lease of passive infrastructure

Revenue comprises the fair value of the consideration received or receivable for the sale of products and rendering of services net of returns, duties, sales discounts and sales taxes paid, after eliminating sales within the Group.

Lease revenue is generated from the leasing of space on the Group's telecommunication towers, where the customers install and maintain their individual communication network equipment. Lease revenue from operating lease is recognised on a straight-line basis over the fixed and non-cancellable term of the lease agreement, irrespective of when payments are due.

(iii) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets after deduction of the loss allowance, if any.

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(q) Revenue (continued)

(iv) Dividend income

Dividend income from investments in subsidiaries, joint ventures, associates and other investments is recognised in the profit or loss in separate financial statements when a right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Dividend income from financial assets at FVTPL is recognised in the profit or loss within "Other (losses)/gains – net". Dividend income from financial assets at FVTOCI is recognised in the profit or loss within "Other income – net".

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within "Trade and other payables" in the statements of financial position.

(ii) Contribution to Employees Provident Fund ("EPF")

The Group's and the Company's contributions to EPF are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to their present value.

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Employee benefits (continued)

(iv) Share-based compensation

The Group and the Company operate a number of equity-settled and cash-settled share-based compensation plans. For equity-settled share-based compensation plans, the entity receives services from employees as consideration for equity instruments of the Company and certain subsidiaries. The fair value of the shares granted in exchange for the services of the employees are recognised as equity-settled share-based compensation expense within "Staff costs" in profit or loss with a corresponding increase to share-based payment reserve within equity. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market vesting conditions and service conditions are included in assumptions about the number of shares that are expected to vest.

The fair value of shares granted to employees under the equity-settled share-based compensation plans of the Group and the Company is recognised as an expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group and the Company revise its estimates of the number of shares that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share-based payment reserve within equity. On vesting date, the Group and the Company revise the estimate to equal the number of shares that ultimately vested based on the non-market vesting conditions and service conditions.

Having recognised the services received, the Group and the Company make no subsequent adjustment to total equity after vesting date. If the shares are later forfeited by an employee or lapse in accordance with the terms of the share-based compensation plans, the Group and the Company recognise a transfer from the share-based payment reserve to retained earnings within equity.

For cash settled share-based compensation plans, the Group measures the employee services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

In the separate financial statements of the Company, the grant by the Company of its shares to the employees of subsidiaries in the Group is treated as services provided to the subsidiaries. The fair value of shares granted to employees of the subsidiaries in exchange for the services of the employees to the subsidiaries are recognised as payables by subsidiaries, with a corresponding credit to the share-based payment reserve in equity.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Employee benefits (continued)

(v) Post-employment benefit obligations

The Group operates various defined benefit plans in accordance with local conditions and practices in the countries in which it operates. The plans are generally funded through payments to insurance companies or trustee-administrated funds, determined by periodic actuarial calculations. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statements of financial position in respect of defined benefit pension plans is the present value of the defined obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains or losses and unrecognised past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately to the terms of related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are charged or credited in OCI in the period in which they arise and will not be reclassified to profit or loss.

Past-service costs are recognised immediately in profit or loss within "Staff costs".

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in profit or loss in employee benefit expense, except where included in the cost of an asset.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in profit or loss within "Finance costs".

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(vi) Cash-Based Long-Term Incentive ("LTI") compensation

The Group recognises a liability and an expense for LTI and over the vesting period, based on a formula that takes into consideration the number of employees, a performance multiplier and discount rate. Provision is recognised when the Group has a present legal or constructive obligation as a result of past events.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(s) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RM, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within "Other (losses)/ gains – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies (Consolidated financial statements)

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.



**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(s) Foreign currencies (continued)

(iii) Group companies (Consolidated financial statements) (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions for the Group and the Company.

(u) Government grants

As a Universal Service Provider ("USP"), the Group is entitled to claim certain qualified expenses from the relevant authorities in relation to USP projects. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in the profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the profit or loss on the straight-line basis over the expected life of the related assets.

(v) Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

- (v) Non-current assets (or disposal groups) classified as held for sale and discontinued operations (continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

- (w) Contract cost assets

Contract cost assets comprise the incremental costs of obtaining a contract (mainly sales commission paid to dealers) and the costs to fulfil a contract. These costs are capitalised if it can be assumed that the costs will be compensated by future revenue from the contract. Incremental costs of obtaining a contract are additional costs that would have not been incurred had the contract not been concluded. Costs to fulfil a contract are costs relating directly to a contract that are incurred after contract inception and serve the purpose of fulfilling the contract but are incurred prior to fulfilment and cannot be capitalised under any other standard. The Group has elected the practical expedient to recognise contract costs incurred related to contracts with an amortisation period of less than one year as an expense when incurred.

The capitalised contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

- (x) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under MFRS 9, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(x) Financial guarantee contracts (continued)

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Changes in the fair value of the financial guarantees are recognised in the profit or loss within "Other (losses)/gains – net" as applicable.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(y) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise a contingent asset but disclose its existence where inflow of economic benefit is probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisition.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 15.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the Group's and the Company's accounting policies**

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group and the Company. The following accounting policies require subjective judgements, often as a result of the effect of matters that are inherently uncertain.

(i) **Intangible assets – estimated useful life of telecommunication licences with allocated spectrum rights**

The telecommunication licences with allocated spectrum rights acquired by a subsidiary via business combination are not subject to amortisation and are tested annually for impairment as the Group is of the opinion that the licences can be renewed in perpetuity at negligible cost and the associated spectrum rights, have an indefinite economic useful life. The estimated indefinite economic useful life reflects the Group's expectation of the period over which the Group will continuously recover the benefits from the licences.

(ii) **Legal, regulatory and taxation claims and disputes across the Group**

There are a number of ongoing legal, regulatory and taxation claims and disputes across the Group. The accounting treatment of these matters is based on the Group's view of the expected outcome of these contingencies. These outcomes are assessed in consultation with legal counsel for litigation cases and internal and external experts of the Group for matters in the ordinary course of business. Provisions are recorded if it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably.

The outcome of ongoing legal, regulatory and taxation claims and disputes are dependent on future events and the Group makes estimates and judgements concerning these future events. The Group may be required to increase or decrease provisions for such matters due to unanticipated events and circumstances that occur during the financial year.

The ongoing legal, regulatory and taxation claims and disputes of the Group as at reporting date are disclosed in Note 38(d) to the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. (continued)

(a) **Critical judgements in applying the Group's and the Company's accounting policies (continued)**

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group and the Company. The following accounting policies require subjective judgements, often as a result of the effect of matters that are inherently uncertain. (continued)

(iii) **Classification of assets and liabilities as held for sale**

The Group has assessed and concluded that the proposed intention to exit from the infrastructure segment in Myanmar met the discontinued operations requirements under MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", after having considered the progress and the status of the proposal as well as the outcome of regular engagements with the related stakeholders including the relevant regulators.

The details are disclosed in Note 37 to the financial statements.

(b) **Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The Group, and to a large extent its activities, are governed by the legal, regulatory and business environment in the countries which the Group operates in and which the Group has investments in. The business of the Group is subject to a number of risks, many of which are beyond the Group's control.

The main risks relating to the Group's business in the countries or regions the Group operates in are as follows:

- Increasing competition in the countries
- Challenges in expanding business in certain emerging markets
- Political, regulatory and social developments in the region
- Significant expansion of capital investments required
- Increasing substitution of traditional voice by data

To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. These estimates are based on the Group's best knowledge of current events, historical experience, actions that the Group may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may be different from these estimates.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are mentioned below:

(i) Impairment assessment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy or more frequently if events or change in circumstances indicate that this is necessary within the financial year. Recoverable amount is measured at the higher of the FVLCTS for that asset and its VIU.

These calculations require the use of estimates. The calculations are inherently judgemental and susceptible to change from period to period because they require the Group to make assumptions about revenue growth, Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") margin, capital expenditure ("capex") to revenue ratio, colocation ratio average, an appropriate discount rate and terminal growth rate.

The assumptions used, results and sensitivity analysis of the impairment assessment of goodwill are disclosed in Note 24 to the financial statements.

(ii) Impairment assessment on non-financial assets (excluding goodwill)

The Group and the Company assess impairment of the assets or CGUs whenever the events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the FVLCTS for that asset or CGU and its VIU.

Projected future cash flows used in impairment testing of the assets or CGUs are based on Group's and Company's estimates calculated using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The recoverable amounts of the asset or CGUs are determined based on VIU or FVLCTS calculations. These calculations require the use of estimates. The calculations are inherently judgemental and susceptible to change from period to period because they require the Group and the Company to make assumptions about revenue growth rate, an appropriate discount rate and terminal growth rate.

The assumptions used and results of the impairment assessment of non-financial assets (excluding goodwill) are disclosed in Note 5(a)(i), Note 24(e)(iii) and Note 26(d) to the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are mentioned below:  
(continued)

(iii) Estimated useful lives of PPE

The Group reviews the estimated useful lives of PPE, particularly on its telecommunication network equipment, based on approved network and IT modernisation plans. The network and IT modernisation involve estimating when the telecommunication network equipment will be replaced. Useful lives of assets are revised accordingly. Future operational results could be materially affected by changes in useful lives.

A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

(iv) Taxation

The Group and the Company are subject to income tax in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are mentioned below:  
(continued)

(v) Fair value of deposits paid in relation to ongoing legal, regulatory and taxation claims and disputes of the Group

The Group estimates the fair value of deposits paid in relation to ongoing legal, regulatory and taxation claims and disputes across the Group using the expected present value technique. The Group applies judgement in arriving at key assumptions to the probability-weighted average of possible future cash flows. These judgements are based on available information at each financial reporting period.

The fair value assessments are inherently judgemental and susceptible to changes depending on the circumstances surrounding the ongoing legal, regulatory and taxation claims and disputes. The Group, in consultation with legal counsel, is required to make assumptions on timing, amounts and probability of expected future cash flows and discount rate that are based on conditions existing at the end of each financial reporting period.

The ongoing legal, regulatory and taxation claims and disputes of the Group as at reporting date are disclosed in Note 38(d) to the financial statements.

(vi) Determination of lease term

In determining the lease term, the Group and the Company consider all the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is exercised (or not exercised) or the Group and the Company become obligated to exercise (not to exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurred, which affect this assessment, and that is within the lessee.



**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are mentioned below: (continued)

(vii) Provision for asset retirement

Fair value estimates of provision for asset retirement for dismantling, removal or restoration generally involve discounted future cash flows, and periodic accretion of such liabilities due to the passage of time are recorded as finance costs. The significant assumptions used in estimating the provision are timing of assets removals, costs of restorations, expected inflation rates and the discount rates. There can be no assurances that actual costs and the probability of incurring obligations will not differ from these estimates.

(viii) Measurement of ECL assessment

The measurement of ECL allowance for financial assets measured at amortised cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour of the customers. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL are disclosed in Note 34 to the financial statements. Areas of significant judgements involved in the measurement of ECL are detailed as follows:

- Determining the number and relative weightage of forward-looking scenarios for the general 3 stage approach

The Group and the Company measure loss allowance at the probability-weighted amount that reflects the possibility of credit loss occurring. This requires forecasts of economic variables and their associated impact on PD ('probability of default'), LGD ('loss given default') and EAD ('exposure at default') which are provided in possible scenarios along with scenario weightings. Probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group and the Company consider these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios.

- Establishing the groupings of similar financial assets and the forwarding looking information for the purpose of measuring ECL on collective basis

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. customer type and rating).

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP

(a) Significant changes in composition of the Group during the financial year

(i) Disposal of equity interest in Reynolds Holding Limited and its subsidiary (“Reynolds Group”)

On 1 December 2023, Axiata Investments (UK) Limited (“AIUK”), a wholly owned subsidiary of the Company entered into an unconditional sale and purchase agreement with Spectrlite UK Limited (“Spectrlite”) for the sale of Reynolds Group (“Agreement”) which owns an approximately 80.00% ordinary shares in issue of Ncell Axiata Limited (“Ncell”) for the following consideration:

(A) Fixed consideration of USD50.0 million (RM233.1 million) payable in two tranches of:

- USD5.0 million (RM23.3 million) on or before the date that is 6 months after completion; and
- USD45.0 million (RM209.8 million) on or before the date that is 48 months after completion.

The fixed consideration is interest free and secured via a pledge of certain shares in Axiata (Cambodia) Holdings Limited which are owned by the shareholder of Spectrlite.

(B) Conditional consideration which is contingent upon the future business performance and distributions declared by Ncell and is subject to Ncell receiving relevant regulatory clearances for the payment of the relevant distribution to Reynolds.

Following the disposal of Reynolds Group, the Group does not expect any claims on the legal matters of Ncell.

Accordingly, Reynolds Group ceased to be subsidiaries of the Group and the financial results for the financial period ended 30 November 2023 of Reynolds Group were classified as discontinued operations as Reynolds Group represented a separate major geographical area of operations of the Group.

The comparative figures in the consolidated statement of comprehensive income and its related notes have been re-presented to show Reynolds Group as discontinued operations in the previous financial year.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(a) Significant changes in composition of the Group during the financial year (continued)

(i) Disposal of equity interest in Reynolds Holding Limited and its subsidiary ("Reynolds Group") (continued)

Details of the disposal of Reynolds Group upon completion are as follows:

|  | <u>Group</u><br>RM'000 |
|--|------------------------|
| Present value of fixed consideration receivable          | 164,324                |
| Transaction costs  | (19,073)               |
| Total net disposal consideration                         | <u>145,251</u>         |
| Carrying amount of net assets of Reynolds Group disposed | (139,247)              |
| Reclassification of foreign currency translation reserve | (362,433)              |
| Net loss on disposal of Reynolds Group                   | <u>(356,429)</u>       |

The carrying amount of assets and liabilities as at the date of disposal was:

|   | <u>Group</u><br>RM'000 |
|---|------------------------|
| Intangible assets   | 373,232                |
| PPE   | 572,598                |
| ROU assets  | 46,830                 |
| Trade and other receivables   | 191,074                |
| Cash and bank balances  | 528,010                |
| Deferred tax assets   | 151,048                |
| Others  | 30,520                 |
| Total assets  | <u>1,893,312</u>       |
| Trade and other payables  | (872,004)              |
| Borrowings  | (511,582)              |
| Lease liabilities   | (123,538)              |
| Others  | (56,649)               |
| Total liabilities   | <u>(1,563,773)</u>     |
| Total net assets of Reynolds Group disposed   | 329,539                |
| Less: NCI   | (190,292)              |
| Total net assets of Reynolds Group disposed attributable to the owners of the Company | <u>139,247</u>         |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(a) Significant changes in composition of the Group during the financial year (continued)

(i) Disposal of equity interest in Reynolds Holding Limited and its subsidiary ("Reynolds Group") (continued)

The financial performance and cash flow information presented are for the financial period ended 30 November 2023 and the financial year ended 31 December 2022.

|   | <u>Group</u>       |                    |
|---|--------------------|--------------------|
|   | <u>2023</u>        | <u>2022</u>        |
|   | RM'000             | RM'000             |
| Revenue   | 1,171,153          | 1,373,855          |
| Expenses  | (3,418,014)        | (3,922,078)        |
| Loss before tax from discontinued operations  | (2,246,861)        | (2,548,223)        |
| Taxation  | 398,859            | (9,169)            |
| Loss after tax from discontinued operations   | (1,848,002)        | (2,557,392)        |
| Loss on disposal of Reynolds Group, net of tax  | (356,429)          | -                  |
| Total loss for the financial period/year from discontinued operations                       | <u>(2,204,431)</u> | <u>(2,557,392)</u> |
| Currency translation differences  | 124,022            | (257,674)          |
| Realisation of other comprehensive expense arising from disposal of a group of subsidiaries | 362,433            | -                  |
| Total comprehensive expense from discontinued operations                                    | <u>(1,717,976)</u> | <u>(2,815,066)</u> |

Net cash flows from/(used in) discontinued operations are as follows:

|  | <u>Group</u>     |                |
|--|------------------|----------------|
|  | <u>2023</u>      | <u>2022</u>    |
|  | RM'000           | RM'000         |
| Cash flows from operating activities                 | 369,253          | 563,887        |
| Cash flows used in investing activities              | (159,903)        | (260,405)      |
| Cash flows used in financing activities              | (355,583)        | (41,603)       |
| Net (decrease)/increase in cash and cash equivalents | <u>(146,233)</u> | <u>261,879</u> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(a) Significant changes in composition of the Group during the financial year (continued)

(i) Disposal of equity interest in Reynolds Holding Limited and its subsidiary ("Reynolds Group") (continued)

During the financial year and prior to the disposal of Reynolds Group, the Group has recorded the following impairment on Nepal CGU:

(A) In the previous financial year, management had assumed that GSM licence allocated to the Nepal CGU would be extended in perpetuity as it was expected that the Group would be able to negotiate an extension or appropriate buyback mechanism with the Government of Nepal. Hence, management assumed that the cost of buyback was nil in 2029 as disclosed in Note 24(d) to the financial statements.

Following the unfavourable outcome from the Bilateral Investment Treaty ("BIT") Arbitration proceedings between AIUK, Ncell against Nepal on 9 June 2023, the Group had reassessed the recoverable amount of the Nepal CGU after considering the probability of the estimated cash outflow for GSM licence renewal in 2029 based on the expected net book value of the fixed assets of Nepal CGU and the fair value of Nepal CGU business in 2029. The Group also considered cash flow projections assuming that GSM licence was not renewed by the Group in 2029.

The other key assumptions used in the cash flows projections in determining the recoverable amount of Nepal CGU were consistent with the key assumptions used as disclosed in Note 24(d) to the financial statements.

Based on the assessment above, the Group has impaired total assets of Nepal CGU amounting to RM702.6 million which consist of intangible assets of RM356.3 million, PPE of RM321.2 million and ROU assets of RM25.1 million as at 30 June 2023.

The outcome of the BIT proceedings also resulted in the Group writing off capital gains tax related receivables amounting to RM396.1 million.

(B) As of 30 September 2023, the Group was in an advanced stage of discussion with potential buyers to sell its entire equity interest in Reynolds Group. Accordingly, the criteria of assets held for sale under MFRS 5 were met and the assets and liabilities of Nepal CGU had been measured at the FVLCTS, determined based on a probability-weighted average of the indicative selling prices. Accordingly, the Group has further impaired total assets of Nepal CGU amounting to RM1,227.3 million, which consist of intangible assets of RM711.9 million, PPE of RM477.7 million and ROU assets of RM37.7 million, in writing down the Nepal CGU classified as held for sale to its FVLCTS.

Both (A) and (B) resulted in total impairment loss of certain Nepal CGU assets amounting to RM2,326.0 million.

Subsequently, the Group completed the disposal of Nepal CGU on 1 December 2023.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(a) Significant changes in composition of the Group during the financial year (continued)

(ii) Acquisition of equity interest in ADA Digital Analytics Private Limited (formerly known as Dhiomics Analytics Solutions Private Limited) (“ADAPL”)

ADA Digital Singapore Pte Ltd (“ADADS”) had on 5 April 2023, completed its acquisition of 81,182 ordinary shares representing 100.00% interest in ADAPL held by two individuals, Prabhat Agarwal and Nilesh Gupta (“Sellers”), for a total purchase consideration of INR1,214.5 million (RM67.0 million), of which INR1,042.5 million (RM57.5 million) was paid for 99.00% shareholding in ADAPL. The remaining consideration on 1.00% shareholding in ADAPL amounting to INR172.0 million (RM9.5 million) being the contingent consideration, is payable over the next twelve (12) to thirty-six (36) months after the acquisition date with the condition the Sellers remained as employees of the Group.

Effectively, ADAPL became a subsidiary of the Group.

During the financial year, the Group recognised goodwill of INR593.2 million (RM31.8 million) arising from the acquisition.

(iii) Acquisition of equity interest in Vista Bumira Sdn Bhd (“VBSB”)

Touch Mindscape Sdn Bhd (“Touch Mindscape”), had on 27 June 2023 entered into a Share Sale Agreement with Dato’ Emil Rinaldi bin Sjaiful, Elizabeth Ken Tzu Ying and En Vogue Media Sdn Bhd for the acquisition of 500,000 ordinary shares representing 100.00% of the issued and paid-up share capital of VBSB for a cash consideration of RM0.7million. The acquisition was completed on 31 July 2023.

The acquisition above did not have material impact to the Group during the financial year.

(iv) Acquisition of equity interest in ADA Digital Analytics Kabushiki Kaisha (“ADA JP”)

ADADS, had on 22 December 2023 entered into a Share Purchase Agreement for the acquisition of 100.00% equity interest in ADA JP comprising 1 ordinary share representing the entire issued and paid-up share capital of ADA JP held by Hive IQ Co. at a cash consideration of JPY10,000 (RM325).

The acquisition above did not have material impact to the Group during the financial year.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(a) Significant changes in composition of the Group during the financial year (continued)

(v) Accretion of equity interests in subsidiaries

- Dialog Axiata Digital Innovation Fund (Private) Limited (“DADIF”), a subsidiary of Digital Holdings Lanka (Private) Limited (“DHL”) issued 30,141 (2022: 307,555) preference shares, of which 30,000 (2022: 302,423) were issued to DHL and the remaining shares were issued to an individual shareholder. Subsequently, 34,000 of DADIF’s preference shares were redeemed, out of which 31,193 shares were redeemed by DHL and the remaining were redeemed by individual shareholders. Accordingly, the Group’s effective equity interest in DADIF increased from 76.45% to 76.72% (2022: from 73.67% to 76.45%) during the financial year.
- Axiata Digital Services Sdn Bhd (“ADS”), had on 10 March 2023 and 2 May 2023 issued an additional 196,067 and 94,012 ordinary shares to the Company for a total consideration of RM92.0 million and RM43.2 million respectively by way of conversion of the net payable intercompany balances to the Company. Accordingly, the Company’s equity interest in ADS increased from 96.56% to 96.71%.

The accretion of equity interests above did not have a material impact to the Group during the financial year.

(vi) Dilution of equity interests in subsidiaries

- Axiata Digital & Analytics Sdn Bhd (“ADA”), had on 30 January 2023 completed the acquisition of 2,524,873 ordinary shares representing 99.99% equity interest in Axiata Digital Bangladesh (Private) Limited (“ADB”) from ADS at a purchase consideration of BDT241.1 million (RM9.7 million). As a result, the Group’s effective equity interest in ADB decreased from 96.56% to 61.39%.
- PT Axiata Digital Analytics Indonesia (“ADAI”), had on 15 March 2023 issued an additional 5,016 ordinary shares to ADA for a cash consideration of IDR6,673.8 million (RM1.9 million). Accordingly, the Group’s effective equity interest in ADAI decreased from 61.64% to 61.50%.

The dilution of equity interests above did not have a material impact to the Group during the financial year.

(vii) Incorporation of subsidiaries

- Boost Holdings Sdn Bhd (“Boost Holdings”), had on 1 March 2023 incorporated a new subsidiary, named Boost Bank Berhad (formerly known as Boost Berhad) (“Boost Bank”) with RHB Bank Berhad (“RHB Bank”). Boost Holdings and RHB Bank holds 60.00% and 40.00% of equity interest in Boost Bank respectively, with an issued and paid-up share capital of RM100. As at 31 December 2023, Boost Bank has an issued and paid-up share capital of RM185.0 million.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(a) Significant changes in composition of the Group during the financial year (continued)

(vii) Incorporation of subsidiaries (continued)

- Robi Axiata Limited (“Robi”), had on 25 June 2023 completed the incorporation of AxEnTec PLC (“AxEnTec”) under the Bangladesh Companies Act 1994. AxEnTec was incorporated with an issued and paid-up share capital of BDT10.0 million (RM0.4 million).
- Robi, had on 24 July 2023 completed the incorporation of r ventures PLC (“r ventures”) under the Bangladesh Companies Act 1994. r ventures was incorporated with an issued and paid-up share capital of BDT150.0 million (RM6.5 million).

The incorporations above did not have a material impact to the Group during the financial year.

(viii) Voluntary liquidation of a subsidiary

Xpand Investments (Labuan) Limited, had on 4 July 2023 completed the voluntary liquidation of Suvitech Co., Ltd.

The voluntary liquidation above did not have a material impact to the Group during the financial year.

(ix) Acquisition of equity interest in an associate

Smart Axiata Co., Ltd., had on 4 July 2023 completed its acquisition of 128,247 ordinary shares in Milvik (Cambodia) Micro Insurance Plc (“Milvik”), representing 30.00% interest in Milvik at USD1.9 million (RM9.0 million) via a non-cash consideration in the form of a reduction in the existing revenue share under the Insurance Agency Agreement effective from 1 June 2022. Effectively, Milvik became an associate of the Group.

The acquisition above did not have a material impact to the Group during the financial year.

(x) Dilution of equity interest in an associate

On 14 July 2023 (2022: 4 August 2022), PT XL Axiata Tbk (“XL”)’s equity interest in PT Princeton Digital Group Data Centres (“PDGDC”) decreased from 14.82% to 10.71% (2022: from 30.00% to 14.82%) following the issuance of new ordinary shares by PDGDC to Princeton Digital Group (Indonesia Alpha) Pte Ltd. Accordingly, the Group’s effective equity interest in PDGDC decreased from 9.86% to 7.13%.

The dilution of equity interest above did not have a material impact to the Group during the financial year.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP

(b) Significant changes in composition of the Group in the previous the financial year

(i) Acquisition of equity interest in PT Link Net Tbk ("Link Net") and its subsidiaries

On 27 January 2022, Axiata Investments Indonesia Sdn Bhd ("AI"), an indirect wholly owned subsidiary of the Company, and XL an indirect 61.48% owned subsidiary of the Company, signed a conditional share purchase agreement to jointly acquire an aggregate 1,816,735,484 ordinary shares representing 46.03% and 20.00% respectively equity interest in Link Net and its subsidiaries from Asia Link Dewa Pte Ltd and PT First Media Tbk at IDR4,800 per ordinary share in Link Net for a total consideration of IDR8,720.3 billion (RM2,590.0 million). The acquisition was completed on 22 June 2022 and Link Net became an effective owned 58.33% subsidiary of the Group.

The following summarises the purchase consideration, the fair value of the identifiable assets acquired, liabilities assumed and NCI at the acquisition date on a consolidated basis.

|  | RM'000                  |
|--|-------------------------|
| PPE  | 2,587,174               |
| Intangible assets                              | 490,895                 |
| ROU assets                                     | 199,407                 |
| Trade and other receivables                    | 274,814                 |
| Cash and bank balances                         | 48,310                  |
| Trade and other payables                       | (532,975)               |
| Borrowings                                     | (885,504)               |
| Lease liabilities                              | (146,680)               |
| Current tax liabilities                        | (13,530)                |
| Deferred tax liabilities                       | (65,111)                |
| Fair value of net identifiable assets acquired | <u>1,956,800</u>        |
| Less: NCI                                      | <u>(664,726)</u>        |
|  | 1,292,074               |
| Goodwill on acquisition                        | 1,297,864               |
| Purchase consideration                         | <u>2,589,938</u>        |
| Less:  |                         |
| Cash and bank balances acquired                | (48,310)                |
| Purchase consideration paid in cash            | <u><u>2,541,628</u></u> |

The Group had assessed the fair value of the identified assets acquired and liabilities assumed on the date of acquisition via a purchase price allocation ("PPA") exercise.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(b) Significant changes in composition of the Group in the previous the financial year (continued)

(i) Acquisition of equity interest in PT Link Net Tbk ("Link Net") and its subsidiaries (continued)

The acquisition was to reinforce the Group's strategic move into the underpenetrated fixed broadband market and fuels its expansion in Indonesia, create significant synergies for Link Net and XL through their combined position in wireless communication services, sharing of backbone and transmission networks and extensive relationships with customers in Indonesia and strong strategic alignment between the two businesses.

Goodwill arising from the acquisition was attributable to the market share of fixed broadband in Indonesia.

Acquisition-related costs of RM31.9 million had been recognised in profit or loss within "Other operating costs" in the previous financial year.

If the acquisition had occurred at the beginning of the previous financial year, the Group's pro forma revenue and loss for the financial year ended 31 December 2022 from continuing operations would have been RM22,324.5 million and RM4,833.0 million respectively.

(ii) Merger between Celcom Berhad ("Celcom") [formerly known as Celcom Axiata Berhad] and CelcomDigi Berhad ("Digi") [formerly known as Digi.Com Berhad]

On 21 June 2021, the Company, Digi, Telenor ASA and Telenor Asia Pte Ltd ("Telenor Asia") entered into several definitive agreements to combine respective telecommunications businesses in Malaysia ("Merger"). On 30 November 2022, the Merger was completed. Accordingly, Celcom and its subsidiaries ("Celcom Group") ceased to be subsidiaries of the Group and the financial results for the period ended 30 November 2022 of Celcom Group were classified as discontinued operations as Celcom Group represented a separate major line of business of the Group.

As part of completion of the Merger, Celcom and Digi were merged by way of a transfer of the Company's entire equity interest in Celcom to Digi, where the Company received:

(A) the Consideration Shares, comprising 3,883,129,144 new ordinary shares in Digi ("Digi Shares") representing 33.10% of the enlarged issued Digi Shares issued by Digi, valued at RM15,532.5 million based on the closing price of Digi as at 30 November 2022 of RM4.00 per ordinary share;

(B) the Digi Cash Consideration, comprising cash consideration of RM2,468.9 million from Digi and completion adjustments of RM402.0 million which was finalised on 7 August 2023; and

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(b) Significant changes in composition of the Group in the previous financial year (continued)

(ii) Merger between Celcom Berhad (“Celcom”) [formerly known as Celcom Axiata Berhad] and CelcomDigi Berhad (“Digi”) [formerly known as Digi.Com Berhad] (continued)

As part of completion of the Merger, Celcom and Digi were merged by way of a transfer of the Company’s entire equity interest in Celcom to Digi, where the Company received: (continued)

(C) the Digi Shares Cash Consideration of RM297.9 million from Telenor Asia as consideration for the subscription of 73,378,844 new Digi Shares representing 0.63% of the enlarged issued share capital of Digi in accordance with the terms of the master transaction agreement to facilitate the equalisation of the Merger between Telenor Asia and the Company. Upon completion of the Merger, Telenor Asia and the Company have equal shareholding of 33.10% in Digi.

Details of the disposal of Celcom Group upon completion were as follows:

|  | <u>Group</u> |             | <u>Company</u> |             |
|--|--------------|-------------|----------------|-------------|
|  | <u>2023</u>  | <u>2022</u> | <u>2023</u>    | <u>2022</u> |
|  | RM'000       | RM'000      | RM'000         | RM'000      |
| Consideration received:                                  |              |             |                |             |
| - Consideration Shares                                   | -            | 15,532,517  | -              | 15,532,517  |
| - Digi Cash Consideration                                | 402,000      | 2,468,900   | 402,000        | 2,468,900   |
| - Digi Shares Cash Consideration                         | -            | 297,918     | -              | 297,918     |
| Transaction costs  | -            | (78,878)    | -              | (78,878)    |
| Total net disposal consideration                         | 402,000      | 18,220,457  | 402,000        | 18,220,457  |
| Carrying amount of net assets of Celcom Group disposed   | -            | (4,690,649) | -              | (4,677,000) |
| Reclassification of foreign currency translation reserve | -            | 273         | -              | -           |
| Net gain on disposal of Celcom Group                     | 402,000      | 13,530,081  | 402,000        | 13,543,457  |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(b) Significant changes in composition of the Group in the previous financial year (continued)

(ii) Merger between Celcom Berhad (“Celcom”) [formerly known as Celcom Axiata Berhad] and CelcomDigi Berhad (“Digi”) [formerly known as Digi.Com Berhad] (continued)

The carrying amount of assets and liabilities as at the date of disposal was:

|  | Group              | Company          |
|--|--------------------|------------------|
|  | RM'000             | RM'000           |
| Intangible assets  | 4,669,964          | -                |
| PPE  | 4,539,071          | -                |
| ROU assets   | 1,163,119          | -                |
| Investment in a subsidiary   | -                  | 4,677,000        |
| Trade and other receivables  | 1,905,017          | -                |
| Cash and bank balances   | 934,900            | -                |
| Deferred tax assets  | 45,507             | -                |
| Others   | 420,432            | -                |
| <b>Total assets</b>  | <b>13,678,010</b>  | <b>4,677,000</b> |
| Trade and other payables   | (4,644,806)        | -                |
| Borrowings   | (1,628,635)        | -                |
| Lease liabilities  | (1,208,155)        | -                |
| Deferred income  | (590,608)          | -                |
| Deferred tax liabilities   | (612,270)          | -                |
| Others   | (200,315)          | -                |
| <b>Total liabilities</b>   | <b>(8,884,789)</b> | <b>-</b>         |
| <b>Total net assets of Celcom Group disposed</b>   | <b>4,793,221</b>   | <b>4,677,000</b> |
| Less: NCI  | (102,572)          | -                |
| <b>Total net assets of Celcom Group disposed attributable to the owners of the Company</b> | <b>4,690,649</b>   | <b>4,677,000</b> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(b) Significant changes in composition of the Group in the previous financial year (continued)

(ii) Merger between Celcom Berhad (“Celcom”) [formerly known as Celcom Axiata Berhad] and CelcomDigi Berhad (“Digi”) [formerly known as Digi.Com Berhad] (continued)

The financial performance and cash flow information presented are for the financial year ended 31 December 2023 and the financial period ended 30 November 2022.

|  | <u>Group</u> |             |
|--|--------------|-------------|
|  | <u>2023</u>  | <u>2022</u> |
|  | RM'000       | RM'000      |
| Revenue  | -            | 5,795,919   |
| Expenses   | -            | (3,982,971) |
| Profit before tax from discontinued operations                   | -            | 1,812,948   |
| Taxation and zakat   | -            | (446,740)   |
| Profit after tax from discontinued operations                    | -            | 1,366,208   |
| Gain on disposal of Celcom Group, net of tax                     | 402,000      | 13,530,081  |
| Total profit for the financial year from discontinued operations | 402,000      | 14,896,289  |
| Currency translation differences                                 | -            | 273         |
| Total comprehensive income from discontinued operations          | 402,000      | 14,896,562  |

Net cash flows from/(used in) discontinued operations are as follows:

|   | <u>Group</u> |             |
|---|--------------|-------------|
|   | <u>2023</u>  | <u>2022</u> |
|   | RM'000       | RM'000      |
| Cash flows from operating activities      | -            | 2,145,880   |
| Cash flows from investing activities*     | 402,000      | 1,649,693   |
| Cash flows used in financing activities   | -            | (579,500)   |
| Net increase in cash and cash equivalents | 402,000      | 3,216,073   |

\* Includes gross inflow of RM402.0 million (2022: RM2,687.9 million) from the disposal of Celcom Group.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(b) Significant changes in composition of the Group in the previous financial year (continued)

(iii) Acquisition of equity interest in PT Hipernet Indodata (“Hypernet”)

On 2 June 2022, XL completed the acquisition of 2,805 ordinary shares in Hypernet representing 51.00% of the issued and paid-up share capital of Hypernet for a cash consideration of IDR335.3 billion (RM100.9 million). Effectively, Hypernet became a subsidiary of the Group.

In the previous financial year, the Group recognised goodwill of RM66.1 million arising from the acquisition.

(iv) Additional investment in a subsidiary

edotco Investments (Labuan) Limited had on 13 April 2022 completed the subscription of 250,000,000 common shares of Philippine Peso (“PHP”) 1.00 each, representing 49.00% of the issued and paid-up share capital of Edotco Towers, Inc. [formerly known as ISOC edotco Towers, Inc.] (“ISOC”) for a cash consideration of PHP1,398.0 million (RM113.6 million). Accordingly, the Group’s effective equity interest in ISOC increased from 32.13% to 63.00%.

Accordingly, the Group recognised a decrease in the consolidated retained earnings and NCI of RM74.6 million and RM53.4 million respectively in the previous financial year.

(v) Accretion of equity interests in subsidiaries

- Headstart Private Limited (“Headstart”), a subsidiary of DHL, issued 608 ordinary shares to DHL on 24 May 2022 pursuant to the conversion of intercompany loan granted by Dialog Axiata Plc (“Dialog”) to Headstart as equity. Accordingly, the Group’s effective equity interest in Headstart increased from 41.86% to 51.31%.

On 7 October 2022, the existing shareholders of Headstart, Messrs. S W W M R H Dela, S A D K H Senadheera and RAC Human Capital (Private) Limited transferred their ordinary shares held in Headstart to DADIF, at a consideration of LKR51,120,460 (RM0.6 million). Accordingly, the Group’s effective equity interest in Headstart increased from 51.02% (post dilution of equity interest in Dialog) to 80.06%.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(b) Significant changes in composition of the Group in the previous financial year (continued)

(v) Accretion of equity interests in subsidiaries (continued)

- In conjunction with the acquisition of Link Net as disclosed in Note 5(b)(i) to the financial statements, All was obligated to undertake a mandatory tender offer (“MTO”) to acquire the remaining 33.97% of equity interest in Link Net pursuant to regulatory requirements in Indonesia. The MTO began on 30 August 2022 and ended on 28 September 2022. On 6 October 2022, All completed the settlement for the additional acquisition of 921,503,429 ordinary shares representing 33.49% of equity interest of Link Net pursuant to the MTO at IDR4,800 per ordinary share for a total of IDR4,423.2 billion (RM1,349.1 million). As a result, the Group’s effective equity interest increased from 58.33% to 91.82%.

The Group recognised an increase in consolidated currency translation differences of RM14.0 million, consolidated actuarial reserve of RM4.8 million and decrease of RM695.0 million and RM672.9 million in consolidated retained earnings and NCI respectively.

- ADS issued an additional 166,386 ordinary shares to the Company on 30 September 2022 by way of conversion of the shareholder loan made by the Company to ADS to equity. Accordingly, the Company’s equity interest in ADS increased from 96.47% to 96.56%.
- In December 2022, XL carried out a rights issue exercise by issuing 2,403,755,889 new shares with a nominal value of IDR100 per share at the exercise price of IDR2,080 per share. All had subscribed to 2,137,916,499 of XL’s shares under the rights issue exercise for a total consideration of RM1,255.7 million. The remaining 265,839,390 of XL’s new shares have been fully subscribed at a total consideration of RM137.0 million. As a result, the Group’s effective equity interest in XL increased from 61.48% to 66.53%.

The Group recognised a decrease in consolidated currency translation differences of RM66.8 million and increase of RM1.9 million, RM26.9 million and RM174.9 million in consolidated actuarial reserve, consolidated retained earnings and NCI respectively.

- In conjunction with the accretion of equity interest in XL via XL’s rights issue as disclosed above, the Group’s effective shareholding in Link Net increased from 91.82% to 92.83%.

Other than as stated above, the accretion of equity interests in other subsidiaries did not have a material impact to the Group in the previous financial year.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

5. SIGNIFICANT CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

(b) Significant changes in composition of the Group in the previous financial year (continued)

(vi) Dilution of equity interests in subsidiaries

- Boost Holdings had on 9 August 2022, completed the acquisition of 100 ordinary shares, representing the entire share capital of Boost Biz Sdn Bhd ("Boost Biz") [formerly known as ADS Digital Ventures Sdn Bhd] from ADS at a purchase consideration of RM1,000. As the result, the Group's effective shareholding in Boost Biz decreased from 96.47% to 75.43%.
- On 30 September 2022, the Group's equity interest in Dialog decreased from 82.74% to 82.27% following the issuance of new ordinary shares under its Performance Based Restricted Share Plan as disclosed in Note 14(d) to the financial statements.

The dilution of equity interests above did not have a material impact to the Group in the previous financial year.

(vii) Incorporation of a subsidiary

Robi, had on 3 October 2022 completed the incorporation of Smart Pay Limited ("Smart Pay") (Registration No. C-184259/2022), a private company limited by shares, under the Bangladesh Companies Act 1994. Smart Pay was incorporated with an issued and paid-up share capital of BDT200.0 million (RM9.2 million).

The incorporation above did not have a material impact to the Group in the previous financial year.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

6. REVENUE

|   | <u>Group</u>      |                   | <u>Company</u>   |                  |
|---|-------------------|-------------------|------------------|------------------|
|   | <u>2023</u>       | <u>2022</u>       | <u>2023</u>      | <u>2022</u>      |
|   | RM'000            | RM'000            | RM'000           | RM'000           |
| Revenue from contracts with customers:          |                   |                   |                  |                  |
| Mobile services                                 | 15,010,817        | 14,123,160        | -                | -                |
| Interconnect services                           | 875,600           | 880,659           | -                | -                |
| Sale of devices                                 | 86,137            | 243,080           | -                | -                |
| Digital business                                | 1,451,908         | 1,409,096         | -                | -                |
| Television transmission and broadband services  | 1,656,612         | 1,062,590         | -                | -                |
| Managed services                                | 323,567           | 113,365           | -                | -                |
| Infrastructure services                         | 435,228           | 225,190           | -                | -                |
| Others  | 786,555           | 756,188           | -                | -                |
| Technical and management services fees ("TMSA") | -                 | -                 | 60,123           | 67,704           |
|   | <u>20,626,424</u> | <u>18,813,328</u> | <u>60,123</u>    | <u>67,704</u>    |
| Revenue under other MFRSs:                      |                   |                   |                  |                  |
| Dividend income                                 | -                 | -                 | 1,055,041        | 1,292,766        |
| Lease of passive infrastructure                 | 1,321,179         | 1,165,932         | -                | -                |
| Interest income from financial services         | 54,666            | 41,020            | -                | -                |
| Total   | <u>22,002,269</u> | <u>20,020,280</u> | <u>1,115,164</u> | <u>1,360,470</u> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

6. REVENUE (CONTINUED)

Disaggregation of revenue of the Group and the Company accounted for under MFRS 15 by timing of revenue recognition are as follows:

|   | Group                           |                     |                 | By categories       |
|---|---------------------------------|---------------------|-----------------|---------------------|
|   | Group                           |                     |                 | Company             |
|   | At a<br>point in time<br>RM'000 | Over time<br>RM'000 | Total<br>RM'000 | Over time<br>RM'000 |
| <u>2023</u>                                       |                                 |                     |                 |                     |
| Mobile services                                   | -                               | 15,010,817          | 15,010,817      | -                   |
| Interconnect services                             | -                               | 875,600             | 875,600         | -                   |
| Sale of devices                                   | 86,137                          | -                   | 86,137          | -                   |
| Digital business                                  | 732,404                         | 719,504             | 1,451,908       | -                   |
| Television transmission<br>and broadband services | -                               | 1,656,612           | 1,656,612       | -                   |
| Managed services                                  | -                               | 323,567             | 323,567         | -                   |
| Infrastructure services                           | -                               | 435,228             | 435,228         | -                   |
| Others  | 241,756                         | 544,799             | 786,555         | -                   |
| TMSA  | -                               | -                   | -               | 60,123              |
| Total   | 1,060,297                       | 19,566,127          | 20,626,424      | 60,123              |
| <u>2022</u>                                       |                                 |                     |                 |                     |
| Mobile services                                   | -                               | 14,123,160          | 14,123,160      | -                   |
| Interconnect services                             | 3,434                           | 877,225             | 880,659         | -                   |
| Sale of devices                                   | 243,080                         | -                   | 243,080         | -                   |
| Digital business                                  | 910,581                         | 498,515             | 1,409,096       | -                   |
| Television transmission<br>and broadband services | -                               | 1,062,590           | 1,062,590       | -                   |
| Managed Services                                  | -                               | 113,365             | 113,365         | -                   |
| Infrastructure Services                           | -                               | 225,190             | 225,190         | -                   |
| Others  | 185,173                         | 571,015             | 756,188         | -                   |
| TMSA  | -                               | -                   | -               | 67,704              |
| Total   | 1,342,268                       | 17,471,060          | 18,813,328      | 67,704              |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

6. REVENUE (CONTINUED)

Disaggregation of revenue of the Group and the Company accounted for under MFRS 15 by timing of revenue recognition are as follows: (continued)

|                             | Group            |                   |                   | By segments   |
|-----------------------------|------------------|-------------------|-------------------|---------------|
|                             | At a             |                   | Total             | Company       |
|                             | point in time    | Over time         |                   | Over time     |
|                             | RM'000           | RM'000            | RM'000            | RM'000        |
| <u>2023</u>                 |                  |                   |                   |               |
| Mobile:                     |                  |                   |                   |               |
| - Indonesia                 | 147,203          | 9,426,488         | 9,573,691         | -             |
| - Bangladesh                | 40,911           | 4,050,064         | 4,090,975         | -             |
| - Sri Lanka                 | 94,193           | 2,404,023         | 2,498,216         | -             |
| - Cambodia                  | 11,616           | 1,672,481         | 1,684,097         | -             |
| Fixed broadband (Indonesia) | 35,072           | 1,136,945         | 1,172,017         | -             |
| Infrastructure              | -                | 680,056           | 680,056           | -             |
| Others                      | 731,302          | 196,070           | 927,372           | 60,123        |
| Total                       | <u>1,060,297</u> | <u>19,566,127</u> | <u>20,626,424</u> | <u>60,123</u> |
| <u>2022</u>                 |                  |                   |                   |               |
| Mobile:                     |                  |                   |                   |               |
| - Indonesia                 | 311,250          | 8,300,950         | 8,612,200         | -             |
| - Bangladesh                | 21,666           | 3,921,662         | 3,943,328         | -             |
| - Sri Lanka                 | 9,611            | 2,393,186         | 2,402,797         | -             |
| - Cambodia                  | 14,073           | 1,593,579         | 1,607,652         | -             |
| Fixed broadband (Indonesia) | 78,809           | 590,461           | 669,270           | -             |
| Infrastructure              | -                | 499,926           | 499,926           | -             |
| Others                      | 906,859          | 171,296           | 1,078,155         | 67,704        |
| Total                       | <u>1,342,268</u> | <u>17,471,060</u> | <u>18,813,328</u> | <u>67,704</u> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

6. REVENUE (CONTINUED)

The transaction price allocated to the performance obligations that are unsatisfied as at reporting date are as follows:

|                  | <u>Group</u> |             |
|------------------|--------------|-------------|
|                  | <u>2023</u>  | <u>2022</u> |
|                  | RM'000       | RM'000      |
| Mobile services  | 306,587      | 1,213,498   |
| Digital business | 3,195,955    | 1,352,141   |
| Others           | 110,335      | 99,895      |

The Group expects the transaction price allocated to the performance obligations that are unsatisfied as at reporting date to be recognised as revenue within the following periods:

|                  | <u>Group</u> |             |
|------------------|--------------|-------------|
|                  | <u>2023</u>  | <u>2022</u> |
| Mobile services  | 1-3 years    | 1-3 years   |
| Digital business | 19 years     | 19 years    |
| Others           | 1-4 years    | 1-12 years  |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7(a). DEPRECIATION, IMPAIRMENT AND AMORTISATION

|                               | <u>Group</u>     |                  | <u>Company</u> |                  |
|-------------------------------|------------------|------------------|----------------|------------------|
|                               | <u>2023</u>      | <u>2022</u>      | <u>2023</u>    | <u>2022</u>      |
|                               | RM'000           | RM'000           | RM'000         | RM'000           |
| Amortisation of:              |                  |                  |                |                  |
| - contract cost assets        | 126,763          | 108,348          | -              | -                |
| - intangible assets           | 736,706          | 547,735          | -              | -                |
| Depreciation of:              |                  |                  |                |                  |
| - PPE                         | 4,385,252        | 3,836,293        | 4,746          | 5,224            |
| - ROU assets                  | 1,844,962        | 1,702,414        | 1,759          | 4,104            |
| Impairment of:                |                  |                  |                |                  |
| - intangible assets           | 40,459           | 1,553,802        | -              | -                |
| - PPE                         | 55,799           | 117,101          | 5,382          | -                |
| - associates                  | 889              | -                | -              | -                |
| - subsidiaries                | -                | -                | 896,168        | 2,410,018        |
| Reversal of impairment of PPE | (6,849)          | -                | -              | -                |
| Write-off of:                 |                  |                  |                |                  |
| - PPE                         | 16,005           | 12,195           | -              | 7                |
| - Others                      | -                | 115              | -              | 124              |
| Total                         | <u>7,199,986</u> | <u>7,878,003</u> | <u>908,055</u> | <u>2,419,477</u> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

7(b). OTHER OPERATING COSTS

|   | Group            |                  | Company        |                |
|---|------------------|------------------|----------------|----------------|
|   | <u>2023</u>      | <u>2022</u>      | <u>2023</u>    | <u>2022</u>    |
|   | RM'000           | RM'000           | RM'000         | RM'000         |
| Repair and maintenance  | 1,585,608        | 1,581,949        | 16,741         | 14,642         |
| Business licence and spectrum fees                                | 1,462,929        | 1,552,752        | -              | -              |
| Regulatory related outpayments and contributions                  | 764,430          | 702,375          | -              | -              |
| Cost of devices and accessories including charges and commissions | 383,487          | 460,443          | -              | -              |
| Leased circuit charges  | 290,858          | 311,109          | -              | -              |
| Professional fees   | 191,282          | 192,508          | 77,793         | 87,173         |
| Outsourcing costs   | 177,194          | 105,595          | -              | -              |
| Rental:   |                  |                  |                |                |
| - network infrastructure and equipment                            | 565,234          | 308,483          | 325            | 254            |
| - land and buildings  | 110,658          | 92,249           | 16,322         | 1,697          |
| - others  | 15,698           | 16,887           | -              | -              |
| Others <sup>1</sup>   | 581,338          | 422,664          | 50,304         | 33,806         |
| Write-off of amount due from a subsidiary                         | -                | -                | -              | 1,556          |
| Total   | <u>6,128,716</u> | <u>5,747,014</u> | <u>161,485</u> | <u>139,128</u> |

<sup>1</sup> Others include fees paid to foreign channels, USP costs, transportation, satellite expenses, utilities, travelling and business licence fees.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

7(c). AUDITORS' REMUNERATION

|  | Group  |        | Company |        |
|--|--------|--------|---------|--------|
|  | 2023   | 2022   | 2023    | 2022   |
|  | RM'000 | RM'000 | RM'000  | RM'000 |
| <u>Continuing operations:</u>  |        |        |         |        |
| Audit fees:  |        |        |         |        |
| - PricewaterhouseCoopers<br>Malaysia ("PwCM"):   |        |        |         |        |
| - current year   | 5,803  | 6,223  | 2,350   | 2,786  |
| - under provision in prior year  | 236    | 190    | -       | 80     |
| - Member firms of<br>PricewaterhouseCoopers<br>International Limited ("PwCI") <sup>1</sup> | 8,236  | 6,844  | -       | -      |
| - Others   | 281    | 583    | -       | -      |
|  | 14,556 | 13,840 | 2,350   | 2,866  |
| Audit related fees <sup>2</sup> :  |        |        |         |        |
| - PwCM and PwCI  | 2,507  | 5,916  | 1,737   | 3,633  |
| Other fees paid to PwCM and<br>PwCI:   |        |        |         |        |
| - Tax and tax related services <sup>3</sup>  | 1,326  | 609    | 969     | 329    |
| - Other non-audit services <sup>4</sup>  | 3,656  | 1,173  | 590     | 230    |
| Total  | 22,045 | 21,538 | 5,646   | 7,058  |
| <u>Discontinued operations:</u>  |        |        |         |        |
| Audit fees:  |        |        |         |        |
| - PwCM   | -      | 1,076  | -       | -      |
| - PwCI <sup>1</sup>  | 441    | -      | -       | -      |
| - Others   | 72     | -      | -       | -      |
|  | 513    | 1,076  | -       | -      |
| Audit related fees <sup>2</sup> :  |        |        |         |        |
| - PwCM and PwCI  | -      | 473    | -       | -      |
| Other fees paid to PwCM and<br>PwCI:   |        |        |         |        |
| - Tax and tax related services <sup>3</sup>  | 20     | 271    | -       | -      |
| - Other non-audit services <sup>4</sup>  | -      | 300    | -       | -      |
| Total  | 533    | 2,120  | -       | -      |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

7(c). **AUDITORS' REMUNERATION (CONTINUED)**

- 1 Separate and independent legal entity from PwCM.
- 2 Fees incurred in connection with performance of quarterly reviews, audits other than statutory audits, agreed-upon procedures and regulatory compliance.
- 3 Fees incurred for assisting the Group in connection with tax compliance and advisory services.
- 4 Fees incurred primarily in connection to operational readiness review and other advisory services incurred.

In order to maintain the independence of the external auditors, the Board Audit Committee has determined policies as to what non-audit services can be provided by external auditors of the Group and the approval processes related to them. Under these policies and guidelines, non-audit services can be offered by external auditors of the Group if there are clear efficiencies and value-added benefits to the Group.

7(d). **STAFF COSTS**

|  | Note      | Group            |                  | Company        |                |
|--|-----------|------------------|------------------|----------------|----------------|
|  |           | 2023<br>RM'000   | 2022<br>RM'000   | 2023<br>RM'000 | 2022<br>RM'000 |
| Salaries, allowances, overtime and bonus           |           | 1,325,199        | 1,249,326        | 98,392         | 128,310        |
| Termination benefits/ restructuring cost           |           | 49,030           | 68,115           | 16,785         | -              |
| Contribution to EPF                                |           | 78,733           | 77,613           | 12,041         | 10,851         |
| Other staff benefits                               |           | 241,783          | 145,365          | 13,022         | 5,157          |
| Equity-settled share-based compensation expense:   |           |                  |                  |                |                |
| - scheme of the Company                            | 14(a),(b) | 7,937            | 11,361           | 7,937          | 10,486         |
| - schemes of subsidiaries                          | 14(d)     | (2,256)          | 3,111            | -              | -              |
| Cash-settled share-based compensation expense:     |           |                  |                  |                |                |
| - schemes of a subsidiary                          | 14(c),(e) | 6,970            | 8,893            | -              | -              |
| Remuneration of Executive Directors of the Company | 7(e)      | 11,794           | 6,859            | 11,794         | 6,859          |
| <b>Total</b>                                       |           | <b>1,719,190</b> | <b>1,570,643</b> | <b>159,971</b> | <b>161,663</b> |



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

7(e). DIRECTORS' REMUNERATION

|   | Note      | Group         |               | Company       |              |
|---|-----------|---------------|---------------|---------------|--------------|
|   |           | <u>2023</u>   | <u>2022</u>   | <u>2023</u>   | <u>2022</u>  |
|   |           | RM'000        | RM'000        | RM'000        | RM'000       |
| Remuneration of Executive Directors of the Company:     |           |               |               |               |              |
| - salaries, allowances and bonus                        |           | 10,948        | 6,549         | 10,948        | 6,549        |
| - contribution to EPF                                   |           | -             | 982           | -             | 982          |
| - share-based payment expense                           | 14(a),(b) | 846           | (672)         | 846           | (672)        |
|   |           | <u>11,794</u> | <u>6,859</u>  | <u>11,794</u> | <u>6,859</u> |
| Remuneration of Non-Executive Directors of the Company: |           |               |               |               |              |
| - fees and allowances                                   |           | 3,615         | 4,363         | 2,724         | 3,100        |
| Total   |           | <u>15,409</u> | <u>11,222</u> | <u>14,518</u> | <u>9,959</u> |

Estimated monetary value of benefits of Directors amounted to RM840,195 (2022: RM865,220) for the Group and the Company.

8. OTHER (LOSSES)/GAINS - NET

|                               |  | Group          |              | Company          |                  |
|-------------------------------|--|----------------|--------------|------------------|------------------|
|                               |  | <u>2023</u>    | <u>2022</u>  | <u>2023</u>      | <u>2022</u>      |
|                               |  | RM'000         | RM'000       | RM'000           | RM'000           |
| Financial assets at FVTPL     |  | 3,953          | 13           | -                | -                |
| Deposits at FVTPL             |  | (9,295)        | 5,335        | -                | -                |
| Financial guarantee contracts |  | -              | -            | (310,025)        | (148,463)        |
| Total                         |  | <u>(5,342)</u> | <u>5,348</u> | <u>(310,025)</u> | <u>(148,463)</u> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

9. OTHER INCOME/(EXPENSE) - NET

|  | <u>Note</u> | <u>Group</u>  |              | <u>Company</u> |                   |
|--|-------------|---------------|--------------|----------------|-------------------|
|  |             | <u>2023</u>   | <u>2022</u>  | <u>2023</u>    | <u>2022</u>       |
|  |             | RM'000        | RM'000       | RM'000         | RM'000            |
| Gain on disposal of PPE                                    |             | 8,828         | 5,469        | -              | -                 |
| Net gain on disposal of a group of subsidiaries            | 5(b)(ii)    | -             | -            | 402,000        | 13,543,457        |
| Deferred gain on sale and leaseback assets <sup>1</sup>    |             | 126,440       | 125,171      | -              | -                 |
| Amortised deferred income                                  |             | 16,071        | 11,736       | -              | 11,736            |
| Other taxes <sup>2</sup>                                   |             | (133,422)     | (135,105)    | -              | -                 |
| Penalty charge   |             | (2,591)       | (71,513)     | -              | -                 |
| Reversal of deferred contingent consideration <sup>3</sup> |             | 59,234        | -            | -              | -                 |
| Others   |             | 16,507        | 64,138       | 4,245          | 9,854             |
| <b>Total</b>   |             | <b>91,067</b> | <b>(104)</b> | <b>406,245</b> | <b>13,565,047</b> |

<sup>1</sup> Deferred gain arising from tower sale and finance leaseback transaction where the gain is deferred and amortised over leaseback period of ten (10) years. The remaining useful life is one (1) to three (3) years (2022: two (2) to four (4) years).

<sup>2</sup> Other taxes consist of withholding tax on dividend and minimum tax on gross receipts and interest income of certain subsidiaries which are out of scope of MFRS 112.

<sup>3</sup> Reversal of contingent consideration payable to vendor in conjunction with the acquisition of equity interest in Touch Mindscape and its subsidiaries ("Touch Mindscape Group") on 30 November 2021 due to unfulfillment of certain conditions of the SSA.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

10. FINANCE INCOME/(COSTS)

|                                  | Note  | Group              |                    | Company          |                  |
|----------------------------------|-------|--------------------|--------------------|------------------|------------------|
|                                  |       | 2023<br>RM'000     | 2022<br>RM'000     | 2023<br>RM'000   | 2022<br>RM'000   |
| <u>Finance income</u>            |       |                    |                    |                  |                  |
| Islamic financial instruments    |       | 54,718             | 21,710             | 34,753           | 12,472           |
| Deposits, cash and bank balances |       | 154,172            | 111,627            | 26,523           | 3,619            |
| Finance lease receivables        | 34(a) | 3,105              | 5,336              | -                | -                |
| Others                           |       | 36,368             | 85,132             | 35,781           | 8,145            |
| Amounts due from subsidiaries    |       | -                  | -                  | 23,768           | 143,361          |
| <b>Total</b>                     |       | <b>248,363</b>     | <b>223,805</b>     | <b>120,825</b>   | <b>167,597</b>   |
| <u>Finance costs</u>             |       |                    |                    |                  |                  |
| Borrowings                       |       | (1,168,593)        | (716,969)          | (185,798)        | (102,447)        |
| Profit on Sukuks                 |       | (219,776)          | (197,193)          | -                | -                |
| Cash flow hedge                  |       | (27,286)           | (51,081)           | 19,190           | 559              |
| Provision for asset retirement   |       | (29,534)           | (29,471)           | (35)             | (27)             |
| Lease liabilities                |       | (773,233)          | (683,771)          | (24)             | (425)            |
| Others                           |       | (69,447)           | (23,744)           | -                | -                |
| Amounts due to subsidiaries      | 33    | -                  | -                  | (340,918)        | (317,724)        |
| <b>Total</b>                     |       | <b>(2,287,869)</b> | <b>(1,702,229)</b> | <b>(507,585)</b> | <b>(420,064)</b> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

11. TAXATION

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Income taxation                            | 571,165        | 511,810        | -              | -              |
| Deferred taxation                          | 80,003         | 93,050         | -              | -              |
| Taxation                                   | <u>651,168</u> | <u>604,860</u> | <u>-</u>       | <u>-</u>       |
| Income taxation:                           |                |                |                |                |
| - Current financial year                   | 575,848        | 479,283        | -              | -              |
| - Prior financial years*                   | (4,683)        | 32,527         | -              | -              |
|  | 571,165        | 511,810        | -              | -              |
| Deferred taxation:                         |                |                |                |                |
| - Net origination of temporary differences | 80,003         | 86,884         | -              | -              |
| - Others                                   | -              | 6,166          | -              | -              |
|  | 80,003         | 93,050         | -              | -              |
| Total                                      | <u>651,168</u> | <u>604,860</u> | <u>-</u>       | <u>-</u>       |

\* In the previous financial year, the Group adjusted Surcharge Tax in Sri Lanka amounting to RM53.9 million.

The Group and the Company are within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules whereby top-up tax on profits is required in any jurisdictions in which it operates, calculated at the jurisdictional level, when the effective tax rate is lower than the minimum effective tax rate of 15%.

Malaysia will be implementing the Pillar Two model rules effective 1 January 2025. Some foreign tax jurisdictions where the Group operates (i.e. Vietnam, South Korea and Japan) will implement Pillar Two Model rules earlier in 2024.

The Group and the Company have not recorded any impact on tax expense for the financial year and apply the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to MFRS 112 issued on 2 June 2023.

The Group and the Company have assumed the commitment to apply the Pillar Two model rules and are working on the analysis of the impact of the amendments to the standard as well as to establish a system of compliance which allows to adapt to regulations in a timely manner.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

11. TAXATION (CONTINUED)

Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate:

|   | Group          |                | Company     |             |
|---|----------------|----------------|-------------|-------------|
|   | <u>2023</u>    | <u>2022</u>    | <u>2023</u> | <u>2022</u> |
|   | RM'000         | RM'000         | RM'000      | RM'000      |
| Profit/(Loss) before taxation                                   | 793,365        | (1,809,490)    | (533,594)   | 11,614,082  |
| Taxation calculated at the applicable Malaysian tax rate of 24% | 190,408        | (434,278)      | (128,063)   | 2,787,380   |
| Tax effects of:   |                |                |             |             |
| - income not subject to tax                                     | (50,934)       | (26,312)       | (379,947)   | (3,523,294) |
| - share of results of associates                                | (127,378)      | 13,636         | -           | -           |
| - gain on dilution of an associate                              | (26)           | -              | -           | -           |
| - share of results of joint ventures                            | (217)          | 2,330          | -           | -           |
| - approved tax credit of a subsidiary                           | -              | (29,107)       | -           | -           |
| - tax incentives  | (36,645)       | -              | -           | -           |
| - different tax rates in other countries                        | 53,853         | (2,049)        | -           | -           |
| - utilisation of previously unrecognised deferred tax assets    | (13,110)       | (8,950)        | -           | -           |
| - unrecognised deferred tax assets                              | 140,344        | 69,237         | 8,448       | 7,845       |
| - expenses not deductible for tax purposes                      | 499,556        | 987,826        | 499,562     | 728,069     |
| - prior financial years income tax                              | (4,683)        | 32,527         | -           | -           |
| <b>Total</b>  | <b>651,168</b> | <b>604,860</b> | <b>-</b>    | <b>-</b>    |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

12. EARNINGS PER SHARE

(a) Basic earnings per share ("EPS")

Basic EPS of the Group is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the financial year.

|  | Group         |              |
|--|---------------|--------------|
|  | <u>2023</u>   | <u>2022</u>  |
| (Loss)/Profit attributable to owners of the Company (RM'000) |               |              |
| - continuing operations                                      | (125,195)     | (2,619,309)  |
| - discontinued operations                                    | (1,869,605)   | 12,370,386   |
|  | (1,994,800)   | 9,751,077    |
| Weighted average number of ordinary shares in issue ('000)   | 9,178,671     | 9,176,331    |
| Basic EPS (sen)  |               |              |
| - continuing operations                                      | (1.3)         | (28.5)       |
| - discontinued operations                                    | (20.4)        | 134.8        |
|  | <u>(21.7)</u> | <u>106.3</u> |

(b) Diluted earnings per share

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has granted shares to employees under the Company's share-based compensation plans as disclosed in Note 14(a) and (b) to the financial statements which are dilutive potential ordinary shares and is assumed to have been converted into ordinary shares.

|   | Group         |              |
|---|---------------|--------------|
|   | <u>2023</u>   | <u>2022</u>  |
| (Loss)/Profit attributable to owners of the Company (RM'000)                        |               |              |
| - continuing operations   | (125,195)     | (2,619,309)  |
| - discontinued operations   | (1,869,605)   | 12,370,386   |
|   | (1,994,800)   | 9,751,077    |
| Weighted average number of ordinary shares in issue ('000)                          | 9,178,671     | 9,176,331    |
| Adjusted for diluted effect of share-based compensation plans of the Company ('000) | 7,967         | 7,911        |
| Adjusted weighted average number of ordinary shares ('000)                          | 9,186,638     | 9,184,242    |
| Diluted EPS (sen)   |               |              |
| - continuing operations   | (1.3)         | (28.5)       |
| - discontinued operations   | (20.4)        | 134.7        |
|   | <u>(21.7)</u> | <u>106.2</u> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

13. SHARE CAPITAL

|                                  | <u>Note</u> | <u>Group and Company</u>         |                        |                                  |                        |
|----------------------------------|-------------|----------------------------------|------------------------|----------------------------------|------------------------|
|                                  |             | <u>2023</u>                      |                        | <u>2022</u>                      |                        |
|                                  |             | <u>No. of<br/>shares</u><br>'000 | <u>Value</u><br>RM'000 | <u>No. of<br/>shares</u><br>'000 | <u>Value</u><br>RM'000 |
| Ordinary shares paid-up capital: |             |                                  |                        |                                  |                        |
| At 1 January                     |             | 9,177,237                        | 13,914,272             | 9,174,986                        | 13,905,207             |
| Additions                        | (a)         | 1,847                            | 6,377                  | 2,251                            | 9,065                  |
| At 31 December                   |             | <u>9,179,084</u>                 | <u>13,920,649</u>      | <u>9,177,237</u>                 | <u>13,914,272</u>      |

- (a) The increase in paid-up capital of the Company was in line with the vesting of shares granted under Axiata PBLTIP by the employees of the Group as disclosed in Note 14(a) to the financial statements. The above ordinary shares rank pari passu in all respects with existing ordinary shares of the Company.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS**

(a) **Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP")**

On 25 May 2016, shareholders of the Company approved the Axiata PBLTIP and it was implemented on 30 September 2016. Effectively, the Group and the Company started to offer Axiata PBLTIP shares to eligible employees.

The reference dates and prices, vesting dates, percentage ("%") of shares to be vested and number of Axiata PBLTIP shares granted are as follows:

|                               | Entitlement over the Company's shares |                          |                                       |                                       |                                    |
|-------------------------------|---------------------------------------|--------------------------|---------------------------------------|---------------------------------------|------------------------------------|
|                               | Reference date                        | Vesting date             | % of shares to be vested <sup>1</sup> | Number of shares granted <sup>3</sup> | Reference price <sup>4</sup><br>RM |
| Grant 1(a), 2017              | 28 Feb 2017                           | 28 Feb 2020 <sup>6</sup> | 100                                   | 4,680,100                             | 4.43                               |
| Grant 1(b), 2017 <sup>2</sup> | 15 Aug 2017                           | 15 Aug 2020 <sup>6</sup> | 100                                   | 496,600                               | 4.83                               |
| Grant 2, 2018                 | 28 Feb 2018                           | 28 Feb 2021 <sup>6</sup> | 100                                   | 1,992,100                             | 5.56                               |
| Grant 3(a), 2019              | 21 Feb 2019                           | 21 Feb 2020 <sup>6</sup> | 100                                   | 607,600                               | 4.12                               |
| Grant 3(b), 2019              | 21 Feb 2019                           | 21 Feb 2022 <sup>6</sup> | 100                                   | 2,295,400                             | 4.12                               |
| Grant 4(a), 2020              | 28 Feb 2020                           | 28 Feb 2023              | 100                                   | 1,796,000                             | 4.17                               |
| Grant 4(b), 2020 <sup>2</sup> | 15 Aug 2020                           | 15 Aug 2023              | 100                                   | 78,800                                | 3.15                               |
| Grant 5(a), 2021              | 28 Feb 2021                           | 28 Feb 2024              | 100                                   | 2,680,900                             | 3.45                               |
| Grant 5(b), 2021 <sup>2</sup> | 15 Aug 2021                           | 15 Aug 2024              | 100                                   | 442,800                               | 3.79                               |
| Grant 5(c), 2021 <sup>5</sup> | 28 Feb 2021                           | 10 Nov 2021              | 100                                   | 2,275,800                             | 3.50                               |
| Grant 6(a), 2022              | 28 Feb 2022                           | 28 Feb 2025              | 100                                   | 1,599,400                             | 3.85                               |
| Grant 6(b), 2022 <sup>5</sup> | 28 Feb 2022                           | 10 Nov 2022              | 100                                   | 224,500                               | 3.90                               |

<sup>1</sup> The shares granted under Axiata PBLTIP shall become vested only upon the fulfilment of certain performance conditions.

<sup>2</sup> The grant was made to newly hired employees who did not receive the main cycle grant.

<sup>3</sup> Eligible employees can only vest the Axiata PBLTIP shares at the end of the third (3<sup>rd</sup>) year except for Grant 5(c), 2021 and Grant 6(b), 2022. Number of shares initially granted excludes additional shares that may vest due to multiplier effect from achieving performance targets.

<sup>4</sup> Refers to the five-day average share price preceding reference date for the purpose of granting the number of shares to the employees except for Grant 5(c), 2021 and Grant 6(b), 2022.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS (CONTINUED)**

(a) **Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)**

The reference dates and prices, vesting dates, percentage ("%") of shares to be vested and number of Axiata PBLTIP shares granted are as follows: (continued)

- <sup>5</sup> Vesting of a subsidiary's long term incentive plan via the allotment and issuance of the Company's shares in accordance with the Bye-Laws governing the Axiata PBLTIP and approved by the Board of Directors.
- <sup>6</sup> The unvested Axiata PBLTIP shares are subject to retesting as disclosed in Note 14(a)(v) to the financial statements.

The salient terms and conditions of the Axiata PBLTIP are as follows:

- (i) **Maximum number of new ordinary shares of the Company available under the Axiata PBLTIP**

The maximum number of shares which may be allotted upon the vesting of Axiata PBLTIP shares, shall not be more than 7% of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of this Axiata PBLTIP.

If the Company undertakes a share buy-back exercise or any other corporate proposal resulting in the total number of the Company's shares issued and/or to be issued under the Axiata PBLTIP exceeding 7% of the Company's issued and fully paid-up ordinary share capital, all shares under the Axiata PBLTIP offered and/or granted prior to the said variation of the issued and paid-up ordinary share capital of the Company shall remain valid in accordance with the provisions of this Axiata PBLTIP as if that reduction had not occurred.

- (ii) **Basis of allocation and maximum allowable allotment**

The total number of new ordinary shares of the Company that can be offered and allotted to any one of the eligible employees (as defined in the Bye-Laws in relation to the Axiata PBLTIP shall be at the absolute discretion of the Board Nomination and Remuneration Committee ("BNRC") that has been established to administer the Axiata PBLTIP from time to time) after taking into consideration such criteria as may be determined by the BNRC at their absolute discretion.

Not more than 10% of the Company's new ordinary shares available under the Axiata PBLTIP will be allocated to any individual eligible employee who, either singly or collectively through persons connected with the eligible employees, holds 20% or more of the Company's paid-up share capital.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS (CONTINUED)**

(a) **Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)**

The salient terms and conditions of the Axiata PBLTIP are as follows: (continued)

(iii) **Eligibility**

Any employee of the Group (other than subsidiaries which are dormant) shall be eligible to participate in the Axiata PBLTIP if the employee, as at the dates of the respective offers of shares:

- (a) has attained the age of eighteen (18) years;
- (b) has entered into a full-term contract of employment with, and is on the payroll of, a corporation within the Group and whose service has been confirmed;
- (c) is not a Non-Executive or Independent Director of the Company; and
- (d) fulfils any other criteria as may be set by the BNRC in its absolute discretion.

Eligibility under the Axiata PBLTIP does not confer on any eligible employee any claim, right to participate in, or any other right whatsoever under the Axiata PBLTIP and an eligible employee does not acquire or have any right over, or in connection with, any Axiata PBLTIP shares under this Axiata PBLTIP unless an offer has been made by the BNRC to that eligible employee and that eligible employee has accepted the offer in accordance with the terms of the offer and the Bye-Laws governing the Axiata PBLTIP.

(iv) **Duration of the Axiata PBLTIP**

The Axiata PBLTIP shall be in force for a period of ten (10) years from the effective date of implementation, being a date of full compliance with the relevant requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). All Axiata PBLTIP shares, whether or not vested, shall forthwith lapse upon the expiry of the Axiata PBLTIP. All unvested shares under the Axiata PBLTIP which are not vested shall forthwith lapse upon the expiry of the Axiata PBLTIP on 30 September 2026.

(v) **Retesting of unvested Axiata PBLTIP shares**

The Axiata PBLTIP shares that remain unvested after the vesting date will be subject to retesting on a yearly basis until certain unmet performance conditions are met or expiry of the Axiata PBLTIP, whichever is earlier. The retest for unvested Axiata PBLTIP shares will also be subject to the Board of Director's approval.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. SHARE-BASED COMPENSATION PLANS (CONTINUED)

(a) Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)

The movements in the number of Axiata PBLTIP shares, in which the employees of the Group and the Company are entitled to, are as follows:

|                             | At 1<br><u>January</u> | <u>Granted</u> | <u>Adjusted</u> <sup>1</sup> | <u>Vested</u>      | Lapsed/<br><u>Forfeited</u> | At 31<br><u>December</u> | Weighted<br>average<br>fair value<br>at grant<br>date<br><u>RM</u> |
|-----------------------------|------------------------|----------------|------------------------------|--------------------|-----------------------------|--------------------------|--|
| <u>Group</u><br><u>2023</u> |                        |                |                              |                    |                             |                          |  |
| Grant 1(a), 2017            | 1,187,310              | -              | -                            | -                  | (94,200)                    | 1,093,110                | 4.31   |
| Grant 1(b), 2017            | 264,350                | -              | -                            | -                  | -                           | 264,350                  | 4.56   |
| Grant 2, 2018               | 733,249                | -              | 25,344                       | (92,000)           | (47,500)                    | 619,093                  | 4.67   |
| Grant 3(b), 2019            | 465,689                | -              | -                            | -                  | -                           | 465,689                  | 4.36   |
| Grant 4(a), 2020            | 1,219,000              | -              | 712,904                      | (1,622,500)        | (133,400)                   | 176,004                  | 3.44   |
| Grant 4(b), 2020            | 78,800                 | -              | 54,000                       | (132,800)          | -                           | -                        | 2.75   |
| Grant 5(a), 2021            | 2,371,600              | -              | -                            | -                  | (123,700)                   | 2,247,900                | 3.54   |
| Grant 6(a), 2022            | 1,059,500              | -              | -                            | -                  | (110,800)                   | 948,700                  | 3.18   |
| Total                       | <u>7,379,498</u>       | <u>-</u>       | <u>792,248</u>               | <u>(1,847,300)</u> | <u>(509,600)</u>            | <u>5,814,846</u>         |  |

<sup>1</sup> Being additional number of shares vested due to multiplier effect from achieving performance targets.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. SHARE-BASED COMPENSATION PLANS (CONTINUED)

(a) Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)

The movements in the number of Axiata PBLTIP shares, in which the employees of the Group and the Company are entitled to, are as follows: (continued)

|                               | At 1<br><u>January</u> | <u>Granted</u>   | <u>Adjusted</u> <sup>1</sup> | <u>Vested</u>      | <u>Lapsed/<br/>Forfeited</u> | At 31<br><u>December</u> | Weighted<br>average<br>fair value<br>at grant<br>date<br><u>RM</u> |
|-------------------------------|------------------------|------------------|------------------------------|--------------------|------------------------------|--------------------------|--|
| <u>Group</u>                  |                        |                  |                              |                    |                              |                          |  |
| <u>2022</u>                   |                        |                  |                              |                    |                              |                          |  |
| Grant 1(a), 2017              | 1,220,260              | -                | -                            | -                  | (32,950)                     | 1,187,310                | 4.31   |
| Grant 1(b), 2017              | 264,350                | -                | -                            | -                  | -                            | 264,350                  | 4.56   |
| Grant 2, 2018                 | 733,249                | -                | -                            | -                  | -                            | 733,249                  | 4.67   |
| Grant 3(b), 2019              | 1,498,400              | -                | 824,089                      | (1,817,400)        | (39,400)                     | 465,689                  | 4.36   |
| Grant 4(a), 2020              | 1,464,900              | -                | 32,300                       | (76,500)           | (201,700)                    | 1,219,000                | 3.44   |
| Grant 4(b), 2020              | 78,800                 | -                | -                            | -                  | -                            | 78,800                   | 2.75   |
| Grant 5(a), 2021              | 2,603,600              | -                | 33,900                       | (110,200)          | (155,700)                    | 2,371,600                | 3.54   |
| Grant 5(b), 2021              | 442,800                | -                | -                            | -                  | (442,800)                    | -                        | 3.68   |
| Grant 6(a), 2022              | -                      | 1,599,400        | 8,800                        | (21,900)           | (526,800)                    | 1,059,500                | 3.18   |
| Grant 6(b), 2022 <sup>2</sup> | -                      | 224,500          | -                            | (224,500)          | -                            | -                        | 3.90   |
| <b>Total</b>                  | <b>8,306,359</b>       | <b>1,823,900</b> | <b>899,089</b>               | <b>(2,250,500)</b> | <b>(1,399,350)</b>           | <b>7,379,498</b>         |  |

<sup>1</sup> Being additional number of shares vested due to multiplier effect from achieving performance targets.

<sup>2</sup> Vesting of a subsidiary's long term incentive plan via the allotment and issuance of the Company's shares in accordance with the Bye-Laws governing the Axiata PBLTIP and approved by the Board of Directors.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

14. SHARE-BASED COMPENSATION PLANS (CONTINUED)

(a) Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)

The movements in the number of Axiata PBLTIP shares, in which the employees of the Group and the Company are entitled to, are as follows: (continued)

|                               | At 1<br>January  | Granted  | Adjusted <sup>1</sup> | Vested             | Lapsed/<br>Forfeited | At 31<br>December | Weighted<br>average<br>fair value<br>at grant<br>date<br>RM |
|-------------------------------|------------------|----------|-----------------------|--------------------|----------------------|-------------------|---|
| <u>Company</u><br><u>2023</u> |                  |          |                       |                    |                      |                   |   |
| Grant 1(a), 2017              | 999,810          | -        | -                     | -                  | (94,200)             | 905,610           | 4.31  |
| Grant 1(b), 2017              | 264,350          | -        | -                     | -                  | -                    | 264,350           | 4.56  |
| Grant 2, 2018                 | 733,249          | -        | 25,344                | (92,000)           | (47,500)             | 619,093           | 4.67  |
| Grant 3(b), 2019              | 465,689          | -        | -                     | -                  | -                    | 465,689           | 4.36  |
| Grant 4(a), 2020              | 1,219,000        | -        | 712,904               | (1,622,500)        | (133,400)            | 176,004           | 3.44  |
| Grant 4(b), 2020              | 78,800           | -        | 54,000                | (132,800)          | -                    | -                 | 2.75  |
| Grant 5(a), 2021              | 2,371,600        | -        | -                     | -                  | (123,700)            | 2,247,900         | 3.54  |
| Grant 6(a), 2022              | 1,059,500        | -        | -                     | -                  | (110,800)            | 948,700           | 3.18  |
| Total                         | <u>7,191,998</u> | <u>-</u> | <u>792,248</u>        | <u>(1,847,300)</u> | <u>(509,600)</u>     | <u>5,627,346</u>  |   |

<sup>1</sup> Being additional number of shares vested due to multiplier effect from achieving performance targets.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

14. SHARE-BASED COMPENSATION PLANS (CONTINUED)

(a) Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)

The movements in the number of Axiata PBLTIP shares, in which the employees of the Group and the Company are entitled to, are as follows: (continued)

|                               | At 1<br><u>January</u> | <u>Granted</u>   | <u>Adjusted</u> <sup>1</sup> | <u>Vested</u>      | <u>Lapsed/<br/>Forfeited</u> | At 31<br><u>December</u> | Weighted<br>average<br>fair value<br>at grant<br>date<br><u>RM</u> |
|-------------------------------|------------------------|------------------|------------------------------|--------------------|------------------------------|--------------------------|--|
| <u>Company</u><br><u>2022</u> |                        |                  |                              |                    |                              |                          |  |
| Grant 1(a), 2017              | 999,810                | -                | -                            | -                  | -                            | 999,810                  | 4.31   |
| Grant 1(b), 2017              | 264,350                | -                | -                            | -                  | -                            | 264,350                  | 4.56   |
| Grant 2, 2018                 | 733,249                | -                | -                            | -                  | -                            | 733,249                  | 4.67   |
| Grant 3(b), 2019              | 1,498,400              | -                | 824,089                      | (1,817,400)        | (39,400)                     | 465,689                  | 4.36   |
| Grant 4(a), 2020              | 1,464,900              | -                | 32,300                       | (76,500)           | (201,700)                    | 1,219,000                | 3.44   |
| Grant 4(b), 2020              | 78,800                 | -                | -                            | -                  | -                            | 78,800                   | 2.75   |
| Grant 5(a), 2021              | 2,603,600              | -                | 33,900                       | (110,200)          | (155,700)                    | 2,371,600                | 3.54   |
| Grant 5(b), 2021              | 442,800                | -                | -                            | -                  | (442,800)                    | -                        | 3.68   |
| Grant 6(a), 2022              | -                      | 1,599,400        | 8,800                        | (21,900)           | (526,800)                    | 1,059,500                | 3.18   |
| Total                         | <u>8,085,909</u>       | <u>1,599,400</u> | <u>899,089</u>               | <u>(2,026,000)</u> | <u>(1,366,400)</u>           | <u>7,191,998</u>         |  |

<sup>1</sup> Being additional number of shares vested due to multiplier effect from achieving performance targets.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS (CONTINUED)**

(a) **Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)**

The fair value of the Axiata PBLTIP shares granted were determined using the Monte Carlo valuation model. The significant inputs in the model are as follows:

| <u>Grant</u>     | <u>Reference price</u> | <u>Grant date at valuation<sup>1</sup></u> | <u>Vesting date</u> | <u>Closing share price at grant date<sup>1</sup></u> | <u>Expected dividend yield<sup>2</sup></u> | <u>Risk free interest rates</u> | <u>Expected volatility<sup>3</sup></u> |
|------------------|------------------------|--|---------------------|--|--|---------------------------------|--|
| Grant 1(a),2017  | 4.43                   | 14 Apr 2017                                | 28 Feb 2020         | RM5.06   | 2.02%                                      | 3.48%                           | 20.56%                                 |
| Grant 1(b), 2017 | 4.83                   | 13 Oct 2017                                | 15 Aug 2020         | RM5.27   | 2.02%                                      | 3.46%                           | 22.06%                                 |
| Grant 2, 2018    | 5.56                   | 27 Apr 2018                                | 28 Feb 2021         | RM5.30   | 3.42%                                      | 3.73%                           | 22.84%                                 |
| Grant 3(a), 2019 | 4.12                   | 20 May 2019                                | 21 Feb 2020         | RM4.44   | 2.79%                                      | 3.18%                           | 43.10%                                 |
| Grant 3(b), 2019 | 4.12                   | 27 May 2019                                | 21 Feb 2022         | RM4.44   | 2.79%                                      | 3.42%                           | 31.10%                                 |
| Grant 4(a), 2020 | 4.17                   | 27 Apr 2020                                | 28 Feb 2023         | RM3.70   | 2.64%                                      | 2.46%                           | 33.38%                                 |
| Grant 4(b), 2020 | 3.15                   | 12 Oct 2020                                | 15 Aug 2023         | RM2.96   | 2.64%                                      | 1.89%                           | 33.56%                                 |
| Grant 5(a), 2021 | 3.45                   | 27 Apr 2021                                | 28 Feb 2024         | RM3.87   | 3.06%                                      | 2.32%                           | 37.15%                                 |
| Grant 5(b), 2021 | 3.79                   | 14 Oct 2021                                | 15 Aug 2024         | RM4.01   | 3.06%                                      | 2.63%                           | 35.12%                                 |
| Grant 6(a), 2022 | 3.85                   | 27 Apr 2022                                | 28 Feb 2025         | RM3.07   | 4.46%                                      | 3.55%                           | 32.95%                                 |

<sup>1</sup> Grant date refers to the date where majority of employees accepted the offer.

<sup>2</sup> Yield of Malaysian Government Securities.

<sup>3</sup> The expected volatility is measured based on historical volatility over a three (3) year period on a daily basis.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS (CONTINUED)**

(a) **Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)**

The amounts recognised in the profit or loss as disclosed in Note 7(d) and 7(e) to the financial statements for all employees (including Directors) arising from the Axiata PBLTIP are summarised as follows:

|   | <u>Group</u> |               | <u>Company</u> |              |
|---|--------------|---------------|----------------|--------------|
|   | <u>2023</u>  | <u>2022</u>   | <u>2023</u>    | <u>2022</u>  |
|   | RM'000       | RM'000        | RM'000         | RM'000       |
| Share-based compensation expense <sup>1</sup> | <u>7,956</u> | <u>10,689</u> | <u>7,956</u>   | <u>9,814</u> |

<sup>1</sup> Includes adjustments relating to additional number of shares vested due to multiplier effect from achieving performance targets.

(b) **Axiata Group Long Term Incentive Plan ("Axiata LTIP")**

On 19 September 2023, shareholders of the Company approved the Axiata LTIP and it was implemented on 10 November 2023. Effectively, the Group and the Company started to offer Axiata LTIP shares to eligible employees.

The reference dates and prices, vesting dates, percentage ("%") of shares to be vested and number of Axiata LTIP shares granted are as follows:

|   | <u>Entitlement over the Company's shares</u> |                     |  |                                 |  |
|---|--|---------------------|--|---------------------------------|--|
|   | <u>Reference date</u>                        | <u>Vesting date</u> | <u>% of shares to be vested</u>          | <u>Number of shares granted</u> | <u>Reference price<sup>3</sup></u><br>RM |
| Grant 2023:   |  |                     |  |                                 |  |
| - Restricted Share Plan ("RSP")                     | 6 Oct 2023                                   | 6 Oct 2026          | Vesting 1/3 each year over 3-year period | 2,963,800                       | 2.46                                     |
| - Performance Share Plan ("PSP") <sup>1&amp;2</sup> | 6 Oct 2023                                   | 6 Oct 2026          | 100% end of Year 3                       | 5,473,300                       | 2.46                                     |

<sup>1</sup> The shares granted shall become vested only upon the fulfilment of certain performance conditions.

<sup>2</sup> Eligible employees can only vest the Axiata LTIP shares at the end of the third (3<sup>rd</sup>) year. Number of shares initially granted excludes additional shares that may vest due to multiplier effect from achieving performance targets.

<sup>3</sup> Refers to the five-day average share price preceding reference date for the purpose of granting the number of shares to the employees.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS (CONTINUED)**

(b) **Axiata Group Long Term Incentive Plan ("Axiata LTIP") (continued)**

The salient terms and conditions of the Axiata LTIP are as follows:

(i) **Maximum number of new ordinary shares of the Company available under the Axiata LTIP**

The total number of shares which may be allotted and issued pursuant to the Axiata LTIP shall not exceed in aggregate 3.0% of the total number of issued shares (excluding treasury shares, if any) at any point in time during the LTIP period ("Maximum Shares").

In the event the Maximum Shares exceed the 3.0% limit as a result of the Company purchasing the Company's shares in accordance with the provisions of the Act and/or reducing the Company's issued share capital, all offers made and Axiata LTIP granted prior to the said variation of the issued share capital of the Company shall remain valid and exercisable and may vest in accordance with the provisions of the Axiata LTIP as if that purchase and/or reduction had not occurred. If, after such purchase, cancellation or reduction, the Maximum Shares as at the date of purchase, cancellation or reduction of shares exceeds the 3.0% limit, no further offers and the Axiata LTIP shall be made by the Board until such aggregate number of shares in respect of the Axiata LTIP granted falls below the 3.0% limit.

(ii) **Basis of allocation and maximum allowable allotment**

The aggregate number of shares that may be offered and allotted to any one of the eligible employees under the Axiata LTIP at any time shall be determined at the sole and absolute discretion of the Board, after taking into consideration, amongst other factors, the performance as well as the years of service of the eligible employee and such other criteria as the Board may deem relevant (subject always to the Bye-Laws and any applicable law).

Notwithstanding the foregoing, not more than 10.0% of the shares available under the Axiata LTIP and/or any other schemes involving new issuance of shares to eligible employees to be implemented from time to time shall be allocated to any individual eligible employee who, either singly or collectively through persons connected (as defined under the relevant applicable law), holds 20.0% or more of the total number of issued shares (excluding treasury shares, if any). BNRC shall have sole and absolute discretion in determining whether the new shares available for vesting under the Axiata LTIP are to be offered to the eligible employees or any group or groups of eligible employees via:

- (a) one single award at a time determined by our BNRC; or
- (b) several Axiata LTIP Awards where the vesting of the number of new shares comprised in the Axiata LTIP Awards are staggered or made in several tranches at such times, in such sizes and on such terms as may be determined by our BNRC.

In the event our BNRC decides that the Axiata LTIP Award or vesting of any number of new shares is to be staggered, the number of new shares to be offered in each Axiata LTIP Award and the timing for the vesting of the same shall be decided by BNRC at their sole and absolute discretion. Each Axiata LTIP Award shall be separate and independent from the others.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS (CONTINUED)**

(b) **Axiata Group Long Term Incentive Plan ("Axiata LTIP") (continued)**

The salient terms and conditions of the Axiata LTIP are as follows: (continued)

(iii) **Eligibility**

Any employee of the Group (other than subsidiaries which are dormant) shall be eligible to participate in the Axiata LTIP if the employee, as at the dates of the respective offers of shares:

- (a) has attained the age of eighteen (18) years;
- (b) has entered into a full-term contract or fixed-term contract and whose service has been confirmed; and
- (c) fulfils any other criteria as may be set by the BNRC in its absolute discretion.

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

(iv) **Duration of the Axiata LTIP**

The LTIP shall be in force for a period of ten (10) years commencing from the Effective Date. All unvested shares under the Axiata LTIP Awards which are not vested (whether fully or partially) shall forthwith lapse upon the expiry of the Axiata LTIP on 28 September 2033.

The movements in the number of Axiata LTIP shares, in which the employees of the Group and the Company are entitled to, are as follows:

|   | At 1<br><u>January</u> | <u>Granted</u> | <u>Adjusted</u> | <u>Vested</u> | <u>Lapsed/<br/>Forfeited</u> | At 31<br><u>December</u> | Weighted<br>average<br>fair value<br>at grant<br>date<br><u>RM</u> |
|---|------------------------|----------------|-----------------|---------------|------------------------------|--------------------------|--|
| <u>Group and Company</u><br><u>2023</u> |                        |                |                 |               |                              |                          |  |
| Grant 2023:                             |                        |                |                 |               |                              |                          |  |
| - RSP                                   | -                      | 2,963,800      | -               | -             | (158,900)                    | 2,804,900                | 2.46   |
| - PSP                                   | -                      | 5,473,300      | -               | -             | (150,800)                    | 5,322,500                | 2.46   |
| Total                                   | -                      | 8,437,100      | -               | -             | (309,700)                    | 8,127,400                |  |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS (CONTINUED)**

(b) **Axiata Group Long Term Incentive Plan (“Axiata LTIP”) (continued)**

The fair value of the Axiata LTIP shares granted were determined using the Monte Carlo valuation model. The significant inputs in the model are as follows:

| <u>Grant</u> | <u>Reference price</u> | <u>Grant date at valuation<sup>1</sup></u> | <u>Vesting date</u> | <u>Closing share price at grant date<sup>1</sup></u> | <u>Expected dividend yield<sup>2</sup></u> | <u>Risk free interest rates</u> | <u>Expected volatility<sup>3</sup></u> |
|--------------|------------------------|--|---------------------|--|--|---------------------------------|--|
| Grant 2023:  |                        |  |                     |  |  |                                 |  |
| - RSP        | 2.46                   | 5 Dec 2023                                 | 6 Oct 2026          | RM2.42   | 3.73%                                      | 3.50%                           | 32.43%                                 |
| - PSP        | 2.46                   | 5 Dec 2023                                 | 6 Oct 2026          | RM2.42   | 3.73%                                      | 3.51%                           | 32.43%                                 |

<sup>1</sup> Grant date refers to the date where majority of employees accepted the offer.

<sup>2</sup> Yield of Malaysian Government Securities.

<sup>3</sup> The expected volatility is measured based on historical volatility over a three (3) year period on a daily basis.

The amounts recognised in the profit or loss of the Group and the Company as disclosed in Note 7(d) and 7(e) to the financial statements for all employees (including Directors) arising from the Axiata LTIP are summarised as follows.

|                                  | <u>2023</u> |
|----------------------------------|-------------|
|                                  | RM'000      |
| Share-based compensation expense | <u>827</u>  |

(c) **Long-Term Incentive Plan (“LTIP”) of EDOTCO Group Sdn Bhd (“EDOTCO”)**

EDOTCO developed and implemented a performance based LTIP for senior management of EDOTCO and its subsidiaries. Under the plan, eligible senior management are entitled to ordinary shares of EDOTCO for no cash consideration upon the occurrence of certain events during the vesting period, otherwise, the award will be settled in cash, based on an independent valuation except for grant issued in 2023. For the 2023 grant, in the event of certain event does not take place by the vesting date, only 80% will be settled in cash.

The number of shares granted together with their respective grant dates and vesting dates are summarised as follows:

| <u>LTIP for senior management</u> | <u>Grant date</u> | <u>Number of shares granted<sup>1</sup></u> | <u>Vesting date</u> |
|-----------------------------------|-------------------|---|---------------------|
| Grant 2020                        | 31 Mar 2020       | 721,100                                     | 31 Dec 2022         |
| Grant 2021                        | 31 Mar 2021       | 656,200                                     | 31 Dec 2023         |
| Grant 2022                        | 31 Mar 2022       | 488,400                                     | 31 Dec 2024         |
| Grant 2023                        | 1 April 2023      | 2,176,500                                   | 31 Dec 2025         |

<sup>1</sup> Number of Long-Term Incentive (“LTI”) instruments initially granted excludes multiplier effects which will be offered to eligible employees based on the consolidated performance of EDOTCO Group and individual performance for the award period.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

14. **SHARE-BASED COMPENSATION PLANS (CONTINUED)**

(c) Long-Term Incentive Plan ("LTIP") of EDOTCO (continued)

The movements in the number of LTI instruments granted, in which the employees of EDOTCO and its subsidiaries are entitled to is as follows:

|                  | <u>At 1</u><br><u>January</u> | <u>Granted</u>   | <u>Forfeited</u> | <u>Paid</u>        | <u>At 31</u><br><u>December</u> |
|------------------|-------------------------------|------------------|------------------|--------------------|---------------------------------|
| <u>2023</u>      |                               |                  |                  |                    |                                 |
| Grant 2020       | 316,400                       | -                | (74,100)         | (242,300)          | -                               |
| Grant 2021       | 407,900                       | -                | (65,900)         | -                  | 342,000                         |
| Grant 2022       | 420,500                       | -                | (67,900)         | -                  | 352,600                         |
| Grant 2023       | -                             | 2,176,500        | (203,000)        | -                  | 1,973,500                       |
| Total            | <u>1,144,800</u>              | <u>2,176,500</u> | <u>(410,900)</u> | <u>(242,300)</u>   | <u>2,668,100</u>                |
| <u>2022</u>      |                               |                  |                  |                    |                                 |
| Grant 4(a), 2019 | 1,479,980                     | -                | (28,600)         | (1,451,380)        | -                               |
| Grant 4(b), 2019 | 104,000                       | -                | -                | (104,000)          | -                               |
| Grant 2020       | 441,800                       | -                | (125,400)        | -                  | 316,400                         |
| Grant 2021       | 519,400                       | -                | (111,500)        | -                  | 407,900                         |
| Grant 2022       | -                             | 488,400          | (67,900)         | -                  | 420,500                         |
| Total            | <u>2,545,180</u>              | <u>488,400</u>   | <u>(333,400)</u> | <u>(1,555,380)</u> | <u>1,144,800</u>                |

The share-based compensation expense recognised in the profit or loss as disclosed in Note 7(d) to the financial statements was RM3.6 million (2022: RM6.4 million).

The share-based payment liabilities recognised within "Trade and other payables" in the statements of financial position of the Group for the financial year ended 31 December 2023 was RM9.7 million (2022: RM7.2 million).

(d) Performance Based Restrictive Share Plan of Dialog

The Board of Directors of Dialog had approved the implementation of a Performance Based Restrictive Share Plan of Dialog as part of Dialog's LTIP and it was approved by Dialog shareholders in May 2017.

Eligibility is determined upon an employee satisfying the following:

- has attained the age of eighteen (18) years;
- is an executive director of Dialog or has entered into a full-time or fixed-term contract of employment with and is on the payroll of Dialog and its subsidiaries; and whose service has been confirmed; and
- has fulfilled any other eligibility criteria which has been determined by the Board of Directors of Dialog at its absolute discretion, as the case may be.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

14. SHARE-BASED COMPENSATION PLANS (CONTINUED)

(d) Performance Based Restrictive Share Plan of Dialog (continued)

Due to the current market condition, the management decided to cancel the said LTIP scheme effective from the financial year, hence the total provision has been reversed.

The movements in the number of ordinary shares granted, in which the employees of Dialog are entitled to is as follows:

|      | At 1<br><u>January</u> | <u>Cancelled</u> | <u>Lapsed</u> | <u>Vested</u> | At 31<br><u>December</u> |
|------|------------------------|------------------|---------------|---------------|--------------------------|
| 2023 | 18,680,370             | (18,680,370)     | -             | -             | -                        |
| 2022 | 66,447,014             | -                | (733,844)     | (47,032,800)  | 18,680,370               |

The grant dates, vesting dates and number of outstanding shares granted as at 31 December are summarised as follows:

| <u>Grant date</u> | <u>Vesting date</u> | Volume weighted<br>average share price in<br><u>LKR per ordinary share</u> | <u>Number of ordinary shares</u> |             |
|-------------------|---------------------|--|----------------------------------|-------------|
|                   |                     |  | <u>2023</u>                      | <u>2022</u> |
| 1 Oct 2021        | 30 Apr 2023         | 10.77  | -                                | 18,680,370  |
| Total             |                     |  | -                                | 18,680,370  |

The reversal of share-based compensation expense recognised in the profit or loss was RM2.3 million (2022: expense of RM3.1 million).

(e) Cash-settled share-based compensation plans which are individually immaterial

During the financial year, the Group recognised the expenses and liabilities of cash-settled share-based compensation plans of certain subsidiaries which are individually immaterial as follows:

- total share-based compensation expenses recognised in the profit or loss as disclosed in Note 7(d) to the financial statements amounting to RM3.4 million (2022: RM2.5 million); and
- total share-based payment liabilities recognised within "Trade and other payables" in the statements of financial position of the Group amounting to RM11.8 million (2022: RM8.0 million).

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

15. RESERVES

|   | Note | Group            |                   | Company          |                  |
|---|------|------------------|-------------------|------------------|------------------|
|   |      | 2023<br>RM'000   | 2022<br>RM'000    | 2023<br>RM'000   | 2022<br>RM'000   |
| Retained earnings   |      | 11,508,672       | 14,423,385        | 8,135,788        | 9,586,497        |
| Currency translation differences arising from translation of subsidiaries |      | (1,150,691)      | (2,167,219)       | -                | -                |
| Reserves:   |      |                  |                   |                  |                  |
| - Capital contribution  | (a)  | 16,598           | 16,598            | 16,598           | 16,598           |
| - Merger  | (b)  | 346,774          | 346,774           | -                | -                |
| - Hedging   | (c)  | (258,880)        | (316,584)         | (863)            | 11,593           |
| - Cost of hedging   | (d)  | 12,869           | (18,212)          | 4,061            | 4,515            |
| - Actuarial   | (e)  | 32,982           | 18,925            | -                | -                |
| - Share-based payment   | (f)  | 28,006           | 28,241            | 23,590           | 21,970           |
| - FVTOCI  | (g)  | (2,392,838)      | (2,311,121)       | -                | -                |
|   |      | (2,214,489)      | (2,235,379)       | 43,386           | 54,676           |
| <b>Total</b>  |      | <b>8,143,492</b> | <b>10,020,787</b> | <b>8,179,174</b> | <b>9,641,173</b> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

15. RESERVES (CONTINUED)

- (a) The Group's and the Company's capital contribution reserve relates to the Employee Share Option Scheme of Telekom Malaysia Berhad, a former holding company, which was made available to the employees of the Group and the Company.
- (b) The Group's merger reserve relates to the credit difference arising from the business combination accounted under the predecessor method of accounting upon completion of a Group's restructuring exercise on 25 April 2008.
- (c) The Group's and the Company's hedging reserve mainly consists of cash flow hedge arising from effective hedges as disclosed in Note 18(b), Note 18(c) and Note 18(d) to the financial statements.
- (d) The Group's and the Company's cost of hedging reserve represents the change in the foreign currency basis spread of the CCIRS and IRS as disclosed in Note 18(b) and Note 18(c) to the financial statements.
- (e) The Group's actuarial reserve relates to actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions from post-employment benefit obligations.
- (f) The Group's and the Company's share-based payment reserve relates to share-based compensation plans of the Group and the Company, which were made available to the employees as disclosed in Note 14 to the financial statements.
- (g) The Group's FVTOCI reserve is the cumulative fair value change of financial assets at FVTOCI since the inception of the assets being designated as FVTOCI.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15. RESERVES

The movements of Reserves of the Group attributable to the owners of the Company are as follows:

| <u>Group</u>   | <u>Capital contribution</u><br>RM'000 | <u>Merger</u><br>RM'000 | <u>Hedging</u><br>RM'000 | <u>Cost of hedging</u><br>RM'000 | <u>Actuarial</u><br>RM'000 | <u>Share-based payment</u><br>RM'000 | <u>FVTOCI</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--|---------------------------------------|-------------------------|--------------------------|----------------------------------|----------------------------|--------------------------------------|-------------------------|------------------------|
| At 1 January 2023  | 16,598                                | 346,774                 | (316,584)                | (18,212)                         | 18,925                     | 28,241                               | (2,311,121)             | (2,235,379)            |
| Other comprehensive income/(expense):                                  |                                       |                         |                          |                                  |                            |                                      |                         |                        |
| - Net cash flow hedge  | -                                     | -                       | 57,704                   | -                                | -                          | -                                    | -                       | 57,704                 |
| - Net cash of hedging  | -                                     | -                       | -                        | 31,081                           | -                          | -                                    | -                       | 31,081                 |
| - Actuarial gains (net of tax)   | -                                     | -                       | -                        | -                                | 14,004                     | -                                    | -                       | 14,004                 |
| - Revaluation of financial assets at FVTOCI                            | -                                     | -                       | -                        | -                                | -                          | -                                    | (81,717)                | (81,717)               |
| Total other comprehensive income/(expense) for the financial year      | -                                     | -                       | 57,704                   | 31,081                           | 14,004                     | -                                    | (81,717)                | 21,072                 |
| Transactions with owners:  |                                       |                         |                          |                                  |                            |                                      |                         |                        |
| - Dilutions/Accretions of equity interests in                          | -                                     | -                       | -                        | -                                | 53                         | -                                    | -                       | 53                     |
| - Share-based compensation expense                                     | -                                     | -                       | -                        | -                                | -                          | 6,929                                | -                       | 6,929                  |
| - Transferred from share-based payment reserve upon vesting/forfeiture | -                                     | -                       | -                        | -                                | -                          | (7,164)                              | -                       | (7,164)                |
| Total transactions with owners   | -                                     | -                       | -                        | -                                | 53                         | (235)                                | -                       | (182)                  |
| At 31 December 2023  | 16,598                                | 346,774                 | (258,880)                | 12,869                           | 32,982                     | 28,006                               | (2,392,838)             | (2,214,489)            |



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

15. RESERVES (CONTINUED)

The movements of Reserves of the Group attributable to the owners of the Company are as follows: (continued)

| <u>Group</u>   | <u>Capital<br/>contribution</u><br>RM'000 | <u>Merger</u><br>RM'000 | <u>Hedging</u><br>RM'000 | <u>Cost of<br/>hedging</u><br>RM'000 | <u>Actuarial</u><br>RM'000 | <u>Share-based<br/>payment</u><br>RM'000 | <u>FVTOCI</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--|---|-------------------------|--------------------------|--------------------------------------|----------------------------|--|-------------------------|------------------------|
| At 1 January 2022  | 16,598                                    | 346,774                 | 25,226                   | (82,256)                             | 14,626                     | 29,265                                   | (2,263,361)             | (1,913,128)            |
| Other comprehensive (expense)/income:                                  |   |                         |                          |                                      |                            |  |                         |                        |
| - Net cash flow hedge  | -   | -                       | (341,810)                | -                                    | -                          | -  | -                       | (341,810)              |
| - Net cash of hedging  | -   | -                       | -                        | 64,044                               | -                          | -  | -                       | 64,044                 |
| - Actuarial losses (net of tax)  | -   | -                       | -                        | -                                    | (2,421)                    | -  | -                       | (2,421)                |
| - Revaluation of financial assets at FVTOCI                            | -   | -                       | -                        | -                                    | -                          | -  | (47,762)                | (47,762)               |
| Total other comprehensive (expense)/income for the financial year      | -   | -                       | (341,810)                | 64,044                               | (2,421)                    | -  | (47,762)                | (327,949)              |
| Transactions with owners:  |   |                         |                          |                                      |                            |  |                         |                        |
| - Dilutions/Accretion of equity interests in subsidiaries              | -   | -                       | -                        | -                                    | 4,802                      | (5,221)                                  | 2                       | (417)                  |
| - Rights issues of subsidiaries  | -   | -                       | -                        | -                                    | 1,918                      | -  | -                       | 1,918                  |
| - Share-based compensation expense                                     | -   | -                       | -                        | -                                    | -                          | 13,262                                   | -                       | 13,262                 |
| - Transferred from share-based payment reserve upon vesting/forfeiture | -   | -                       | -                        | -                                    | -                          | (9,065)                                  | -                       | (9,065)                |
| Total transactions with owners   | -   | -                       | -                        | -                                    | 6,720                      | (1,024)                                  | 2                       | 5,698                  |
| At 31 December 2022  | 16,598                                    | 346,774                 | (316,584)                | (18,212)                             | 18,925                     | 28,241                                   | (2,311,121)             | (2,235,379)            |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

16. BORROWINGS

|  | Note    | 2023         |                           |                   |                 | 2022         |                           |                   |                 |
|--|---------|--------------|---------------------------|-------------------|-----------------|--------------|---------------------------|-------------------|-----------------|
|  |         | W.A.R.F<br>% | Non-<br>current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000 | W.A.R.F<br>% | Non-<br>current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000 |
| <u>Group</u>                             |         |              |                           |                   |                 |              |                           |                   |                 |
| <u>Overseas</u>                          |         |              |                           |                   |                 |              |                           |                   |                 |
| Secured:                                 |         |              |                           |                   |                 |              |                           |                   |                 |
| - Borrowings from financial institutions | (a)     | 7.40         | 2,158,515                 | 141,489           | 2,300,004       | 7.82         | 2,414,336                 | 251,313           | 2,665,649       |
| - Bank overdrafts                        | (a)     | 18.63        | -                         | 18,366            | 18,366          | 17.57        | -                         | 42,865            | 42,865          |
| Unsecured:                               |         |              |                           |                   |                 |              |                           |                   |                 |
| - Borrowings from financial institutions | (g)     | 7.56         | 4,242,586                 | 1,327,606         | 5,570,192       | 6.50         | 2,279,015                 | 2,806,486         | 5,085,501       |
| - Sukuk Ijarah                           | (b)(ii) | 8.08         | 585,398                   | 125,672           | 711,070         | 8.17         | 665,753                   | 49,532            | 715,285         |
| - Bonds                                  | (c)     | 7.60         | 499,837                   | 15,863            | 515,700         | 7.74         | 483,825                   | 41,389            | 525,214         |
| - Bank overdrafts                        |         | 18.86        | -                         | 465,211           | 465,211         | 10.47        | -                         | 99,616            | 99,616          |
| Total overseas                           |         | 8.13         | 7,486,336                 | 2,094,207         | 9,580,543       | 7.18         | 5,842,929                 | 3,291,201         | 9,134,130       |

W.A.R.F. - Weighted Average Rate of Finance as at reporting date

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

16. BORROWINGS (CONTINUED)

|  | Note             | 2023         |                           |                   |                 | 2022         |                           |                   |                 |
|--|------------------|--------------|---------------------------|-------------------|-----------------|--------------|---------------------------|-------------------|-----------------|
|  |                  | W.A.R.F<br>% | Non-<br>current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000 | W.A.R.F<br>% | Non-<br>current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000 |
| <u>Group</u>                             |                  |              |                           |                   |                 |              |                           |                   |                 |
| <u>Malaysia</u>                          |                  |              |                           |                   |                 |              |                           |                   |                 |
| Secured:                                 |                  |              |                           |                   |                 |              |                           |                   |                 |
| - Notes                                  | (d)(ii)          | -            | -                         | -                 | -               | 7.33         | 19,635                    | -                 | 19,635          |
| - Borrowings from financial institutions | (a)              | 6.85         | 2,238,343                 | 30,194            | 2,268,537       | 5.13         | 243,577                   | 67,764            | 311,341         |
| Unsecured:                               |                  |              |                           |                   |                 |              |                           |                   |                 |
| - Notes                                  | (d)(i),(g)       | 3.04         | 4,576,267                 | 51,096            | 4,627,363       | 3.04         | 4,375,634                 | 48,976            | 4,424,610       |
| - Borrowings from financial institutions |                  | 5.89         | 1,887,818                 | 432,707           | 2,320,525       | 4.20         | 2,085,238                 | 3,619,821         | 5,705,059       |
| - Sukuk                                  | (b)(i),(iii),(g) | 3.48         | 5,983,223                 | 61,957            | 6,045,180       | 3.50         | 5,780,491                 | 60,366            | 5,840,857       |
| Total Malaysia                           |                  | 4.22         | 14,685,651                | 575,954           | 15,261,605      | 3.65         | 12,504,575                | 3,796,927         | 16,301,502      |
| Total                                    |                  | 5.73         | 22,171,987                | 2,670,161         | 24,842,148      | 4.92         | 18,347,504                | 7,088,128         | 25,435,632      |
| <u>Company</u>                           |                  |              |                           |                   |                 |              |                           |                   |                 |
| Unsecured:                               |                  |              |                           |                   |                 |              |                           |                   |                 |
| - Borrowings from financial institutions |                  | 6.01         | 1,829,870                 | 3,996             | 1,833,866       | 4.26         | 1,993,956                 | 2,162,987         | 4,156,943       |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. BORROWINGS (CONTINUED)

(a) Secured by charges of shares, intangible assets, PPE and deposits with financial institutions of certain subsidiaries, as disclosed in Note 24, Note 26(a) and Note 35 to the financial statements respectively.

(b) Sukuk

Sukuk of the Group consist of a Multi-Currency Sukuk Programme (“Multi-Currency Sukuk”), a Sukuk Ijarah Programme (“Sukuk Ijarah”) and Sukuk Wakalah Programme (“Sukuk Wakalah”) as follows:

(i) Multi-Currency Sukuk

The Group established a Multi-Currency Sukuk Programme involving the issuance of up to USD1.5 billion (or its equivalent in other currencies based on Islamic Principles).

On 24 March 2016, the Group issued USD0.5 billion Sukuk (“Sukuk 2026”) pursuant to the Sukuk Programme. Sukuk 2026, which was issued at par, carries a coupon rate of 4.357% p.a. (payable semi-annually in arrears) and has a tenure of ten (10) years from the date of issuance, maturing on 24 March 2026. Subsequently, Sukuk 2026 was listed and quoted on Bursa Securities (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

On 19 August 2020, the Group issued USD0.5 billion Sukuk (“Sukuk 2030”) pursuant to the Sukuk Programme. Sukuk 2030, which was issued at par, carries a coupon rate of 2.163% p.a. (payable semi-annually in arrears) and has tenure of ten (10) years from the date of issuance, maturing on 19 August 2030. Subsequently, on 21 August 2020, Sukuk 2030 was listed but not quoted for trading, on Bursa Securities (under the Exempt Regime) and listed and quoted on the SGX-ST.

The details of the Multi-Currency Sukuk as at 31 December are as follows:

|            | Contractual<br>profit rate <sup>1</sup><br>% | Maturity date | Nominal value      |                    |
|------------|--|---------------|--------------------|--------------------|
|            |  |               | 2023<br>RM'million | 2022<br>RM'million |
| Sukuk 2026 | 4.357  | 24 Mar 2026   | 2,295.0            | 2,195.0            |
| Sukuk 2030 | 2.163  | 19 Aug 2030   | 2,295.0            | 2,195.0            |
|            |  |               | <u>4,590.0</u>     | <u>4,390.0</u>     |

<sup>1</sup> Payable semi-annually

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

16. **BORROWINGS (CONTINUED)**

(b) Sukuk (continued)

(ii) Sukuk Ijarah

On 28 April 2017, XL issued the Shelf Sukuk Ijarah I XL Axiata Tranche II Year 2017 ("Sukuk Ijarah I, Tranche II") amounting to IDR2.2 trillion with maturity period between three hundred and seventy (370) days and ten (10) years. Sukuk Ijarah I, Tranche II was listed and quoted on IDX on 2 May 2017.

The details of Sukuk Ijarah I, Tranche II are as follows:

|          | Annual fixed Sukuk<br>Ijarah return |            | Maturity date | Nominal value      |                    |
|----------|-------------------------------------|------------|---------------|--------------------|--------------------|
|          | IDR'million                         | RM'million |               | 2023<br>RM'million | 2022<br>RM'million |
| Series D | 23,660                              | 7.1        | 28 Apr 2024   | 77.5               | 73.3               |
| Series E | 31,584                              | 9.4        | 28 Apr 2027   | 100.1              | 94.8               |
|          |                                     |            |               | <u>177.6</u>       | <u>168.1</u>       |

Revenue sharing of Sukuk Ijarah I, Tranche II is paid on a quarterly basis with the first payment on 28 July 2017 and the last payment will be paid simultaneously with payment of principal of each series of the Sukuk Ijarah.

On 8 October 2018, XL issued the Shelf Sukuk Ijarah II XL Axiata Tranche I Year 2018 ("Sukuk Ijarah II, Tranche I") amounting to IDR1.0 trillion with maturity period between three hundred and seventy (370) days and ten (10) years. Sukuk Ijarah II, Tranche I was listed and quoted on IDX on 17 October 2018.

The details of Sukuk Ijarah II, Tranche I are as follows:

|          | Annual fixed Sukuk<br>Ijarah return |            | Maturity date | Nominal value      |                    |
|----------|-------------------------------------|------------|---------------|--------------------|--------------------|
|          | IDR'million                         | RM'million |               | 2023<br>RM'million | 2022<br>RM'million |
| Series C | 14,304                              | 4.3        | 16 Oct 2023   | -                  | 42.0               |
| Series D | 3,434                               | 1.0        | 16 Oct 2025   | 10.1               | 9.6                |
| Series E | 6,180                               | 1.8        | 16 Oct 2028   | 17.9               | 16.9               |
|          |                                     |            |               | <u>28.0</u>        | <u>68.5</u>        |

Revenue sharing of Sukuk Ijarah II, Tranche I is paid on a quarterly basis with the first payment on 16 January 2019 and the last payment will be paid simultaneously with payment of principal of each series of the Sukuk Ijarah.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

16. **BORROWINGS (CONTINUED)**

(b) **Sukuk (continued)**

(ii) **Sukuk Ijarah (continued)**

On 8 February 2019, XL issued the Shelf Sukuk Ijarah II XL Axiata Tranche II Year 2019 ("Sukuk Ijarah II, Tranche II") amounting to IDR640.0 billion with maturity period between three hundred and seventy (370) days and ten (10) years. Sukuk Ijarah II, Tranche II was listed and quoted on IDX on 11 February 2019.

The details of Sukuk Ijarah II, Tranche II are as follows:

|          | Annual fixed Sukuk<br>Ijarah return |            | Maturity date | Nominal value      |                    |
|----------|-------------------------------------|------------|---------------|--------------------|--------------------|
|          | IDR'million                         | RM'million |               | 2023<br>RM'million | 2022<br>RM'million |
| Series C | 12,765                              | 3.8        | 8 Feb 2024    | 41.1               | 38.9               |
| Series D | 1,455                               | 0.4        | 8 Feb 2026    | 4.5                | 4.2                |
| Series E | 2,600                               | 0.8        | 8 Feb 2029    | 7.7                | 7.3                |
|          |                                     |            |               | <u>53.3</u>        | <u>50.4</u>        |

Revenue sharing of Sukuk Ijarah II, Tranche II is paid on a quarterly basis with the first payment on 8 May 2019 and the last payment will be paid simultaneously with payment of principal of each series of the Sukuk Ijarah.

On 1 September 2022, XL issued the Shelf Sukuk Ijarah III XL Axiata Tranche I Year 2022 ("Sukuk Ijarah III, Tranche I") amounting to IDR1.5 trillion with maturity period between three (3) and ten (10) years. Sukuk Ijarah III, Tranche I was listed and quoted on IDX on 2 September 2022.

The details of Sukuk Ijarah III, Tranche I are as follows:

|          | Annual fixed Sukuk<br>Ijarah return |            | Maturity date | Nominal value      |                    |
|----------|-------------------------------------|------------|---------------|--------------------|--------------------|
|          | IDR'million                         | RM'million |               | 2023<br>RM'million | 2022<br>RM'million |
| Series A | 45,962                              | 13.7       | 1 Sep 2025    | 202.9              | 192.0              |
| Series B | 31,176                              | 9.3        | 1 Sep 2027    | 125.5              | 118.8              |
| Series C | 10,676                              | 3.2        | 1 Sep 2029    | 40.3               | 38.1               |
| Series D | 21,669                              | 6.5        | 1 Sep 2032    | 78.3               | 74.1               |
|          |                                     |            |               | <u>447.0</u>       | <u>423.0</u>       |

Revenue sharing of Sukuk Ijarah III, Tranche I is paid on a quarterly basis with the first payment on 1 December 2022 and the last payment will be paid simultaneously with payment of principal of each series of the Sukuk Ijarah.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

16. **BORROWINGS (CONTINUED)**

(b) **Sukuk (continued)**

(iii) **Sukuk Wakalah**

On 23 August 2022, EDOTCO via its wholly owned subsidiary, edotco Malaysia established a Sukuk Wakalah Programme of up to RM3.0 billion in nominal value. On 9 September 2022, edotco Malaysia has successfully issued RM1.4 billion series of Sukuk at par with maturity period between three (3) and ten (10) years.

The details of the Sukuk Wakalah as at 31 December are as follows:

|           | <u>Period<br/>distribution<br/>rate<sup>1</sup><br/>%</u> | <u>Maturity date</u> | <u>Nominal value</u>      |                           |
|-----------|---|----------------------|---------------------------|---------------------------|
|           |   |                      | <u>2023</u><br>RM'million | <u>2022</u><br>RM'million |
| Tranche 1 | 3.93  | 9 Sep 2025           | 100.0                     | 100.0                     |
| Tranche 2 | 4.27  | 9 Sep 2027           | 600.0                     | 600.0                     |
| Tranche 3 | 4.44  | 7 Sep 2029           | 300.0                     | 300.0                     |
| Tranche 4 | 4.54  | 9 Sep 2032           | 400.0                     | 400.0                     |
|           |   |                      | <u>1,400.0</u>            | <u>1,400.0</u>            |

<sup>1</sup> Payable semi-annually

(c) **Bonds**

On 8 October 2018, XL issued a series of bonds namely Shelf Bond I XL Axiata Tranche I Year 2018 ("Bond I, Tranche I") amounting to IDR1.0 trillion with maturity period between three hundred and twenty eight (328) days and ten (10) years. Bond I, Tranche I was listed and quoted on IDX on 17 October 2018.

The details of Bond I, Tranche I are as follows:

|          | <u>Annual fixed<br/>interest rate<br/>%</u> | <u>Maturity date</u> | <u>Nominal value</u>      |                           |
|----------|---|----------------------|---------------------------|---------------------------|
|          |   |                      | <u>2023</u><br>RM'million | <u>2022</u><br>RM'million |
| Series C | 9.60  | 16 Oct 2023          | -                         | 36.9                      |
| Series D | 10.10                                       | 16 Oct 2025          | 5.7                       | 5.4                       |
| Series E | 10.30                                       | 16 Oct 2028          | 21.5                      | 20.3                      |
|          |   |                      | <u>27.2</u>               | <u>62.6</u>               |

Interest payment of Bond I, Tranche I is paid on a quarterly basis with the first payment on 16 January 2019 and the last payment will be paid simultaneously with payment of principal of each series of the Bond.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

16. **BORROWINGS (CONTINUED)**

(c) **Bonds (continued)**

On 8 February 2019, XL issued a series of bonds namely Shelf Bond I XL Axiata Tranche II Year 2019 (“Bond I, Tranche II”) amounting to IDR634.0 billion with maturity period between three hundred and seventy (370) days and ten (10) years. Bond I, Tranche II was listed and quoted on IDX on 11 February 2019.

The details of Bond I, Tranche II are as follows:

|          | Annual fixed<br>interest rate<br>% | Maturity date | Nominal value      |                    |
|----------|------------------------------------|---------------|--------------------|--------------------|
|          |                                    |               | 2023<br>RM'million | 2022<br>RM'million |
| Series C | 9.25                               | 8 Feb 2024    | 11.9               | 11.3               |
| Series D | 10.00                              | 8 Feb 2029    | 27.7               | 26.2               |
|          |                                    |               | <u>39.6</u>        | <u>37.5</u>        |

Interest payment of Bond I, Tranche II is paid on a quarterly basis with the first payment on 8 May 2019 and the last payment will be paid simultaneously with payment of principal of each series of the Bond.

On 1 September 2022, XL issued a series of bonds namely Shelf Bond II XL Axiata Tranche I Year 2022 (“Bond II, Tranche I”) amounting to IDR1.5 trillion with maturity period between three (3) and ten (10) years. Bond II, Tranche I was listed and quoted on IDX on 2 September 2022.

The details of Bond II, Tranche I are as follows:

|          | Annual fixed<br>interest rate<br>% | Maturity date | Nominal value      |                    |
|----------|------------------------------------|---------------|--------------------|--------------------|
|          |                                    |               | 2023<br>RM'million | 2022<br>RM'million |
| Series A | 6.75                               | 1 Sep 2025    | 219.1              | 207.3              |
| Series B | 7.40                               | 1 Sep 2027    | 122.7              | 116.1              |
| Series C | 7.90                               | 1 Sep 2029    | 53.0               | 50.2               |
| Series D | 8.25                               | 1 Sep 2032    | 52.2               | 49.4               |
|          |                                    |               | <u>447.0</u>       | <u>423.0</u>       |

Interest payment of Bond II, Tranche I is paid on a quarterly basis with the first payment on 1 December 2022 and the last payment will be paid simultaneously with payment of principal of each series of the Bond.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. BORROWINGS (CONTINUED)

(d) Notes of the Group consist of Euro Medium Term Note (“EMTN”) and Medium Term Note (“MTN”) as follows:

(i) EMTN

The Company via its wholly owned subsidiary Axiata SPV5 (Labuan) Limited (“SPV5”) established a Euro Medium Term Note Programme (“EMTN Programme”) involving issuance of up to USD1.5 billion or its equivalent in other currencies.

On 19 August 2020, SPV5 issued USD1.0 billion EMTN at par and has a tenure of thirty (30) years from the date of issuance. On 21 August 2020, the EMTN was listed and quoted on the SGX-ST.

The details of the EMTN as at 31 December are as follows:

|      | Annual fixed<br>interest rate <sup>1</sup><br>% | Maturity date | Nominal value      |                    |
|------|---|---------------|--------------------|--------------------|
|      |   |               | 2023<br>RM'million | 2022<br>RM'million |
| EMTN | 3.064   | 19 Aug 2050   | 4,590.0            | 4,390.0            |

<sup>1</sup> Payable semi-annually

(ii) MTN

On 31 March 2022, Salvare Asset Berhad (“SAB”), a subsidiary of the Group issued RM39.0 million (which the Company subscribed RM19.0 million) Class A Senior Notes pursuant to the MTN Programme. The MTN, which was issued at par, carries a coupon rate of 7.20% p.a. (payable quarterly in arrears) and has a tenure of thirty (30) months from the date of issuance, maturing on 30 September 2024.

The MTN is secured by way of the following:

- (i) first fixed and floating charge over the whole of the SAB’s undertaking and its cash and bank balances, both present and future, as disclosed in Note 35 to the financial statements;
- (ii) first legal charge by the share trustee over the entire issued and paid-up share capital of the SAB;
- (iii) a legal assignment of the SAB’s rights under the master sale and purchase agreement and the administration agreement; and
- (iv) such other security as may be advised by the solicitors.

The MTN was early repaid on 27 September 2023.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

16. **BORROWINGS (CONTINUED)**

- (e) Borrowings of the Group are subject to certain covenants. These covenants require that certain ratios (EBITDA, Debts to Equity, Debt Service Coverage Ratio, Debts to Asset and positive net worth) to be met, limitation to certain asset sales or transferred and maintaining majority ownership in certain subsidiaries held by the Group. The Group is in compliance with these covenants as at reporting date.
- (f) Total floating interest rate borrowings of the Group and the Company are RM9,138.4 million (2022: RM11,000.8 million) and RM1,836.0 million (2022: RM4,174.0 million) respectively as at the reporting date.
- (g) The Company provides financial guarantee to licensed banks in respect of banking facilities granted to its subsidiaries amounting to USD2,231.5 million (RM10,242.6 million) (2022: USD2,231.5 million (RM9,796.3 million)).
- (h) The Group's and the Company's net movements in borrowings are analysed as follows:

|                                       | Group             |                   | Company          |                  |
|---------------------------------------|-------------------|-------------------|------------------|------------------|
|                                       | 2023<br>RM'000    | 2022<br>RM'000    | 2023<br>RM'000   | 2022<br>RM'000   |
| At 1 January                          | 25,435,632        | 19,050,495        | 4,156,943        | 1,287,333        |
| Proceeds from borrowings and Sukuk    | 8,874,102         | 19,104,030        | 1,256,350        | 4,627,234        |
| Acquisition of subsidiaries           | -                 | 846,574           | -                | -                |
| Disposal of group of subsidiaries     | (511,582)         | (1,628,635)       | -                | -                |
| Repayments of borrowings and Sukuk    | (10,462,110)      | (12,109,945)      | (3,709,060)      | (1,811,943)      |
| Bank overdrafts                       | 341,096           | (71,151)          | -                | -                |
| Foreign exchange losses               | 591,562           | 828,228           | 118,620          | 25,295           |
| Finance costs on borrowings and Sukuk | 1,446,947         | 1,058,442         | 185,798          | 102,447          |
| Payment of finance costs              | (1,405,697)       | (902,720)         | (174,785)        | (73,423)         |
| Currency translation differences      | 532,198           | (739,686)         | -                | -                |
| At 31 December                        | <u>24,842,148</u> | <u>25,435,632</u> | <u>1,833,866</u> | <u>4,156,943</u> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. BORROWINGS (CONTINUED)

The currencies profile of borrowings of the Group and the Company are as follows:

|                | 2023                |                  |                  |                |                  |               |                   |
|----------------|---------------------|------------------|------------------|----------------|------------------|---------------|-------------------|
|                | Functional currency |                  |                  |                |                  |               |                   |
|                | RM                  | IDR              | LKR              | BDT            | PHP              | Others        | Total             |
|                | RM'000              | RM'000           | RM'000           | RM'000         | RM'000           | RM'000        | RM'000            |
| <u>Group</u>   |                     |                  |                  |                |                  |               |                   |
| RM             | 1,668,362           | -                | -                | -              | -                | -             | 1,668,362         |
| USD            | 13,593,244          | -                | 643,265          | 359,490        | -                | 11,481        | 14,607,480        |
| IDR            | -                   | 5,102,563        | -                | -              | -                | -             | 5,102,563         |
| LKR            | -                   | -                | 925,158          | -              | -                | -             | 925,158           |
| BDT            | -                   | -                | -                | 363,768        | -                | -             | 363,768           |
| PKR            | -                   | -                | -                | -              | -                | 44,325        | 44,325            |
| PHP            | -                   | -                | -                | -              | 2,130,492        | -             | 2,130,492         |
| <b>Total</b>   | <b>15,261,606</b>   | <b>5,102,563</b> | <b>1,568,423</b> | <b>723,258</b> | <b>2,130,492</b> | <b>55,806</b> | <b>24,842,148</b> |
| <u>Company</u> |                     |                  |                  |                |                  |               |                   |
| USD            | 1,833,866           | -                | -                | -              | -                | -             | 1,833,866         |
| <b>Total</b>   | <b>1,833,866</b>    | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>-</b>         | <b>-</b>      | <b>1,833,866</b>  |

USD: United States Dollar    IDR: Indonesian Rupiah    LKR: Sri Lankan Rupee    BDT: Bangladeshi Taka    PKR: Pakistani Rupee    PHP: Philippine Peso

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. BORROWINGS (CONTINUED)

The currencies profile of borrowings of the Group and the Company are as follows: (continued)

|                | 2022              |                  |                |                |                |                  |                  | Total<br>RM'000   |
|----------------|-------------------|------------------|----------------|----------------|----------------|------------------|------------------|-------------------|
|                | RM<br>RM'000      | IDR<br>RM'000    | LKR<br>RM'000  | BDT<br>RM'000  | NPR<br>RM'000  | PHP<br>RM'000    | Others<br>RM'000 |                   |
| <u>Group</u>   |                   |                  |                |                |                |                  |                  |                   |
| RM             | 3,007,691         | -                | -              | -              | -              | -                | -                | 3,007,691         |
| USD            | 13,293,811        | -                | 602,927        | 410,916        | -              | -                | 12,246           | 14,319,900        |
| IDR            | -                 | 4,864,119        | -              | -              | -              | -                | -                | 4,864,119         |
| LKR            | -                 | -                | 231,270        | -              | -              | -                | -                | 231,270           |
| BDT            | -                 | -                | -              | 378,759        | -              | -                | -                | 378,759           |
| NPR            | -                 | -                | -              | -              | 652,766        | -                | -                | 652,766           |
| PKR            | -                 | -                | -              | -              | -              | -                | 80,162           | 80,162            |
| PHP            | -                 | -                | -              | -              | -              | 1,900,965        | -                | 1,900,965         |
| <b>Total</b>   | <b>16,301,502</b> | <b>4,864,119</b> | <b>834,197</b> | <b>789,675</b> | <b>652,766</b> | <b>1,900,965</b> | <b>92,408</b>    | <b>25,435,632</b> |
| <u>Company</u> |                   |                  |                |                |                |                  |                  |                   |
| RM             | 1,371,983         | -                | -              | -              | -              | -                | -                | 1,371,983         |
| USD            | 2,784,960         | -                | -              | -              | -              | -                | -                | 2,784,960         |
| <b>Total</b>   | <b>4,156,943</b>  | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>         | <b>-</b>         | <b>4,156,943</b>  |

NPR: Nepalese Rupee

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

16. BORROWINGS (CONTINUED)

The carrying amount of borrowings of the Group at the reporting date approximated their fair values except as set out below:

|                                     | 2023                             |                             | 2022                             |                             |
|-------------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
|                                     | <u>Carrying amount</u><br>RM'000 | <u>Fair value</u><br>RM'000 | <u>Carrying amount</u><br>RM'000 | <u>Fair value</u><br>RM'000 |
| <u>Group</u>                        |                                  |                             |                                  |                             |
| - Sukuk Ijarah <sup>1</sup>         | 711,070                          | 724,505                     | 715,285                          | 733,923                     |
| - Bonds <sup>1</sup>                | 515,700                          | 523,126                     | 525,214                          | 532,206                     |
| - EMTN <sup>1</sup>                 | 4,627,363                        | 3,162,923                   | 4,424,610                        | 2,909,604                   |
| - Multi-Currency Sukuk <sup>1</sup> | 4,627,536                        | 4,214,653                   | 4,423,603                        | 3,904,510                   |
| - Sukuk Wakalah <sup>2</sup>        | 1,417,644                        | 1,421,203                   | 1,417,253                        | 1,396,360                   |

<sup>1</sup> Fair value is based on quoted prices in an active market and is within level 1 of the fair value hierarchy.

<sup>2</sup> Fair value is based on quoted prices in a market that is not active and is within level 2 of the fair value hierarchy.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. FINANCIAL INSTRUMENTS BY CATEGORIES

|                                  | Note | 2023  |                           |                            | 2022             |   |                           |                            |                   |
|----------------------------------|------|---|---------------------------|----------------------------|------------------|---|---------------------------|----------------------------|-------------------|
|                                  |      | Financial assets classified as amortised cost<br>RM'000 | Assets at FVTPL<br>RM'000 | Assets at FVTOCI<br>RM'000 | Total<br>RM'000  | Financial assets classified as amortised cost<br>RM'000 | Assets at FVTPL<br>RM'000 | Assets at FVTOCI<br>RM'000 | Total<br>RM'000   |
| <u>Group</u>                     |      |   |                           |                            |                  |   |                           |                            |                   |
| <u>Financial assets</u>          |      |   |                           |                            |                  |   |                           |                            |                   |
| Derivative financial instruments | 18   | -   | 183,177                   | -                          | 183,177          | -   | 40,876                    | -                          | 40,876            |
| Trade and other receivables      |      | 2,847,744   | -                         | -                          | 2,847,744        | 4,843,617   | -                         | -                          | 4,843,617         |
| Financial assets at FVTPL        |      | -   | 10,877                    | -                          | 10,877           | -   | 5,792                     | -                          | 5,792             |
| Financial assets at FVTOCI       | 31   | -   | -                         | 114,247                    | 114,247          | -   | -                         | 179,180                    | 179,180           |
| Deposits, cash and bank balances | 35   | 4,612,134   | -                         | -                          | 4,612,134        | 7,451,743   | -                         | -                          | 7,451,743         |
| <b>Total</b>                     |      | <b>7,459,878</b>  | <b>194,054</b>            | <b>114,247</b>             | <b>7,768,179</b> | <b>12,295,360</b>                                       | <b>46,668</b>             | <b>179,180</b>             | <b>12,521,208</b> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. FINANCIAL INSTRUMENTS BY CATEGORIES (CONTINUED)

|                                  | 2023   |                      |               | 2022   |                      |                |                   |
|----------------------------------|--|----------------------|---------------|--|----------------------|----------------|-------------------|
|                                  | Financial liabilities classified as amortised cost | Liabilities at FVTPL | Total         | Financial liabilities classified as amortised cost | Liabilities at FVTPL | Total          |                   |
| Note                             | RM'000   | RM'000               | RM'000        | RM'000   | RM'000               | RM'000         |                   |
| <u>Group (continued)</u>         |  |                      |               |  |                      |                |                   |
| <u>Financial liabilities</u>     |  |                      |               |  |                      |                |                   |
| Borrowings                       | 16   | 24,842,148           | -             | 24,842,148   | 25,435,632           | -              | 25,435,632        |
| Derivative financial instruments | 18   | -                    | 16,015        | 16,015   | -                    | 186,642        | 186,642           |
| Trade and other payables         |  | 6,350,775            | -             | 6,350,775  | 7,609,857            | -              | 7,609,857         |
| Total                            |  | <u>31,192,923</u>    | <u>16,015</u> | <u>31,208,938</u>                                  | <u>33,045,489</u>    | <u>186,642</u> | <u>33,232,131</u> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. FINANCIAL INSTRUMENTS BY CATEGORIES (CONTINUED)

|   | <u>Note</u> | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 |
|---|-------------|-----------------------|-----------------------|
| <u>Company</u>  |             |                       |                       |
| <u>Financial assets</u>                                   |             |                       |                       |
| <u>Financial assets classified as amortised cost</u>      |             |                       |                       |
| Amounts due from subsidiaries                             | 33          | 630,440               | 846,146               |
| Other receivables and deposits                            |             | 5,318                 | 2,432,307             |
| Deposits, cash and bank balances                          | 35          | 1,426,660             | 2,124,105             |
| <u>Assets at FVTPL</u>                                    |             |                       |                       |
| Derivative financial instruments                          | 18          | 21,209                | 17,941                |
| Total   |             | <u>2,083,627</u>      | <u>5,420,499</u>      |
| <u>Financial liabilities</u>                              |             |                       |                       |
| <u>Financial liabilities classified as amortised cost</u> |             |                       |                       |
| Accruals and other payables                               |             | 135,258               | 142,858               |
| Borrowings  | 16          | 1,833,866             | 4,156,943             |
| Amounts due to subsidiaries                               | 33          | 8,159,499             | 8,907,870             |
| Financial guarantee contracts                             |             | 515,818               | 148,463               |
| <u>Liabilities at FVTPL</u>                               |             |                       |                       |
| Derivative financial instruments                          | 18          | -                     | 6,415                 |
| Total   |             | <u>10,644,441</u>     | <u>13,362,549</u>     |



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

18. DERIVATIVE FINANCIAL INSTRUMENTS

|  | Note | 2023             |                       | 2022             |                       |
|--|------|------------------|-----------------------|------------------|-----------------------|
|  |      | Assets<br>RM'000 | Liabilities<br>RM'000 | Assets<br>RM'000 | Liabilities<br>RM'000 |
| <u>Group</u>   |      |                  |                       |                  |                       |
| <u>Non-current</u>                                   |      |                  |                       |                  |                       |
| <i>Non-hedging derivatives:</i>                      |      |                  |                       |                  |                       |
| - Call option over shares held by NCI                | (a)  | 2,311            | -                     | 2,311            | -                     |
| <i>Derivatives designated as hedging instrument:</i> |      |                  |                       |                  |                       |
| - Interest rate swap ("IRS")                         | (c)  | 9,641            | -                     | 3,844            | -                     |
| - CCIRS  | (b)  | 159,657          | -                     | 19,790           | (162,354)             |
| - Foreign exchange forward ("FX Forward")            | (d)  | 10,869           | -                     | -                | (6,363)               |
| Total non-current                                    |      | 182,478          | -                     | 25,945           | (168,717)             |
| <u>Current</u>                                       |      |                  |                       |                  |                       |
| <i>Derivatives designated as hedging instrument:</i> |      |                  |                       |                  |                       |
| - IRS  | (c)  | 538              | -                     | 9,940            | -                     |
| - CCIRS  | (b)  | -                | (16,014)              | 4,991            | (17,873)              |
| - FX Forward   | (d)  | 161              | -                     | -                | (52)                  |
| Total current  |      | 699              | (16,014)              | 14,931           | (17,925)              |
| Total  |      | 183,177          | (16,014)              | 40,876           | (186,642)             |
| <u>Company</u>                                       |      |                  |                       |                  |                       |
| <u>Non-current</u>                                   |      |                  |                       |                  |                       |
| <i>Derivatives designated as hedging instrument:</i> |      |                  |                       |                  |                       |
| - IRS  | (c)  | 9,641            | -                     | 3,010            | -                     |
| - FX Forward   | (d)  | 10,869           | -                     | -                | (6,363)               |
| Total non-current                                    |      | 20,510           | -                     | 3,010            | (6,363)               |
| <u>Current</u>                                       |      |                  |                       |                  |                       |
| <i>Derivatives designated as hedging instrument:</i> |      |                  |                       |                  |                       |
| - IRS  | (c)  | 538              | -                     | 9,940            | -                     |
| - CCIRS  | (b)  | -                | -                     | 4,991            | -                     |
| - FX Forward   | (d)  | 161              | -                     | -                | (52)                  |
| Total current  |      | 699              | -                     | 14,931           | (52)                  |
| Total  |      | 21,209           | -                     | 17,941           | (6,415)               |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

18. **DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

Non-hedging derivatives are classified as current/non-current assets or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve (12) months and, as a current asset or liability, if the maturity of the hedged items is less than twelve (12) months.

Non-hedging derivative

(a) Call option over shares held by NCI

Boost Holdings has been granted with a call option to purchase the shares in CMA owned by PT Monetrans Mitra Indonesia at a price equal to 90.00% of the exit price to increase its shareholding up to 85.00% of the issued and paid-up shares of CMA.

The fair value of the call options was estimated using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

Derivatives designated as hedging instrument

(b) Cash flow hedge – CCIRS

The Group and the Company entered into CCIRS that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group and the Company does not hedge 100% of its borrowings, therefore the hedged item is identified as a proportion of the outstanding borrowings up to the notional amount of the swaps. As all critical terms matched, there is an economic relationship.

The underlying debt instrument for the CCIRS is the Group's Multi-Currency Sukuk and the Company's borrowings from financial institutions as disclosed in Note 16 to the financial statements. The hedging instrument is designed to hedge against foreign currency and interest rate risks.

The CCIRS is designated as cash flow hedge to hedge the currency and interest rate risks of borrowings denominated in USD. The hedge has been fully effective from inception and during the financial year.

The fair value changes of the derivatives of the Group and the Company are attributable to future exchange rates and interest rate movements.

During the financial year, the Group recognised a gain of RM107.2 million (2022: loss of RM299.5 million) in OCI after reclassification of fair value gain of RM192.4 million (2022: gain of RM220.2 million) on the CCIRS from the OCI to the profit or loss – foreign exchange gain/(loss) on financing activities.

During the financial year, the Company:

- recognised a gain of RM4.9 million (2022: loss of RM4.9 million) in OCI after reclassification of fair value loss of RM7.7 million (2022: gain of RM7.7 million) on the CCIRS from the OCI to the profit or loss – foreign exchange gain/(loss) on financing activities.
- derecognised CCIRS which matured on 8 May 2023. As a result of the derecognition, a gain of RM6.7 million was reclassified from the OCI to the profit or loss.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives designated as hedging instrument (continued)

(b) Cash flow hedge – CCIRS (continued)

Information relating to the CCIRS of a subsidiary of the Group as at 31 December is as follows:

| <u>Counterparties</u>                  | <u>Notional amount</u><br>USD'million | <u>Exchange rate</u> | <u>Notional amount</u><br>RM'million | <u>Notional carrying amount</u> |                           | <u>Period</u>               | <u>Semi-annually fixed interest rate paid on</u><br>RM notional<br>% | <u>Semi-annually fixed interest rate received on</u><br>USD notional<br>% | <u>Fair value assets/(liabilities)</u> |                       |
|--|---------------------------------------|----------------------|--------------------------------------|---------------------------------|---------------------------|-----------------------------|--|---|--|-----------------------|
|  |                                       |                      |                                      | <u>2023</u><br>RM'million       | <u>2022</u><br>RM'million |                             |  |   | <u>2023</u><br>RM'000                  | <u>2022</u><br>RM'000 |
| <u>Sukuk maturing on 24 March 2026</u> |                                       |                      |                                      |                                 |                           |                             |  |   |  |                       |
| CIMB Bank Berhad                       | 130.0                                 | 4.193                | 545.1                                | 596.7                           | 570.7                     | 20 Dec 2016-<br>24 Mar 2026 | 6.656  | 4.357   | 14,960                                 | (26,260)              |
|  | 50.0                                  | 4.070                | 203.5                                | 229.5                           | 219.5                     | 25 Mar 2019-<br>24 Mar 2026 | 5.600  | 4.357   | 17,718                                 | 3,929                 |
|  | 46.0                                  | 4.080                | 187.7                                | 211.1                           | 201.9                     | 25 Mar 2019-<br>24 Mar 2026 | 5.480  | 4.357   | 16,351                                 | 3,859                 |
| HSBC Bank<br>Malaysia Berhad           | 20.0                                  | 4.160                | 83.2                                 | 91.8                            | 87.8                      | 28 Oct 2016-<br>24 Mar 2026 | 6.730  | 4.357   | 2,883                                  | (3,499)               |
|  | 50.0                                  | 4.060                | 203.0                                | 229.5                           | 219.5                     | 25 Mar 2019-<br>24 Mar 2026 | 5.470  | 4.357   | 18,784                                 | 5,204                 |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives designated as hedging instrument (continued)

(b) Cash flow hedge – CCIRS (continued)

Information relating to the CCIRS of a subsidiary of the Group as at 31 December is as follows: (continued)

| <u>Counterparties</u>                              | <u>Notional amount</u><br>USD'million | <u>Exchange rate</u> | <u>Notional amount</u><br>RM'million | <u>Notional carrying amount</u> |                           | <u>Period</u>           | <u>Semi-annually fixed interest rate paid on</u> | <u>Semi-annually fixed interest rate received on</u> | <u>Fair value assets/(liabilities)</u> |                       |
|--|---------------------------------------|----------------------|--------------------------------------|---------------------------------|---------------------------|-------------------------|--|--|--|-----------------------|
|  |                                       |                      |                                      | <u>2023</u><br>RM'million       | <u>2022</u><br>RM'million |                         | <u>RM notional</u><br>%                          | <u>USD notional</u><br>%                             | <u>2023</u><br>RM'000                  | <u>2022</u><br>RM'000 |
| <u>Sukuk maturing on 24 March 2026</u> (continued) |                                       |                      |                                      |                                 |                           |                         |  |  |  |                       |
| MUFG Bank (Malaysia) Berhad                        | 154.0                                 | 4.160                | 640.7                                | 706.9                           | 676.1                     | 27 Dec 2016-24 Mar 2026 | 6.641  | 4.357  | 23,445                                 | (25,192)              |
|  | 50.0                                  | 4.060                | 203.0                                | 229.5                           | 219.5                     | 25 Mar 2019-24 Mar 2026 | 5.470  | 4.357  | 18,784                                 | 5,204                 |
|  | <u>500.0</u>                          |                      | <u>2,066.2</u>                       | <u>2,295.0</u>                  | <u>2,195.0</u>            |                         |  |  | <u>112,925</u>                         | <u>(36,755)</u>       |
| Weighted average                                   |                                       | <u>4.132</u>         |                                      |                                 |                           |                         | <u>6.210</u>                                     | <u>4.357</u>   |  |                       |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives designated as hedging instrument (continued)

(b) Cash flow hedge – CCIRS (continued)

Information relating to the CCIRS of a subsidiary of the Group as at 31 December is as follows: (continued)

| <u>Counterparties</u>                   | <u>Notional amount</u><br>USD'million | <u>Exchange rate</u> | <u>Notional amount</u><br>RM'million | <u>Notional carrying amount</u> |                          | <u>Period</u>               | <u>Semi-annually fixed interest rate paid on</u> | <u>Semi-annually fixed interest rate received on</u> | <u>Fair value assets/(liabilities)</u> |          |
|---|---------------------------------------|----------------------|--------------------------------------|---------------------------------|--------------------------|-----------------------------|--|--|--|----------|
|   |                                       |                      |                                      | <u>RM notional</u><br>%         | <u>USD notional</u><br>% |                             | <u>2023</u><br>RM'000                            | <u>2022</u><br>RM'000                                |  |          |
| <u>Sukuk maturing on 19 August 2030</u> |                                       |                      |                                      |                                 |                          |                             |  |  |  |          |
| CIMB Bank Berhad                        | 50.0                                  | 4.045                | 202.3                                | 229.5                           | 219.5                    | 19 Feb 2021-<br>19 Aug 2030 | 3.350  | 2.163  | 8,330                                  | (6,755)  |
|   | 50.0                                  | 4.071                | 203.5                                | 229.5                           | 219.5                    | 19 Feb 2021-<br>19 Aug 2030 | 3.580  | 2.163  | 4,100                                  | (11,319) |
|   | 70.0                                  | 4.118                | 288.3                                | 321.3                           | 307.3                    | 19 Feb 2021-<br>19 Aug 2030 | 3.700  | 2.163  | 152                                    | (21,670) |
| MUFG Bank<br>(Malaysia) Berhad          | 30.0                                  | 4.044                | 121.3                                | 137.7                           | 131.7                    | 19 Feb 2021-<br>19 Aug 2030 | 3.330  | 2.163  | 5,181                                  | (3,853)  |
|   | 50.0                                  | 4.070                | 203.5                                | 229.5                           | 219.5                    | 19 Feb 2021-<br>19 Aug 2030 | 3.580  | 2.163  | 4,152                                  | (11,268) |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives designated as hedging instrument (continued)

(b) Cash flow hedge – CCIRS (continued)

Information relating to the CCIRS of a subsidiary of the Group as at 31 December is as follows: (continued)

| <u>Counterparties</u>                               | <u>Notional amount</u><br>USD'million | <u>Exchange rate</u> | <u>Notional amount</u><br>RM'million | <u>Notional carrying amount</u> |                          | <u>Period</u>           | <u>Semi-annually fixed interest rate paid on</u> | <u>Semi-annually fixed interest rate received on</u> | <u>Fair value assets/(liabilities)</u> |                  |
|---|---------------------------------------|----------------------|--------------------------------------|---------------------------------|--------------------------|-------------------------|--|--|--|------------------|
|   |                                       |                      |                                      | <u>RM notional</u><br>%         | <u>USD notional</u><br>% |                         | <u>2023</u><br>RM'000                            | <u>2022</u><br>RM'000                                |  |                  |
| <u>Sukuk maturing on 19 August 2030</u> (continued) |                                       |                      |                                      |                                 |                          |                         |  |  |  |                  |
| Standard Chartered Bank Malaysia Berhad             | 50.0                                  | 4.055                | 202.8                                | 229.5                           | 219.5                    | 19 Feb 2021-19 Aug 2030 | 3.470  | 2.163  | 6,297                                  | (8,964)          |
| Malayan Banking Berhad                              | 200.0                                 | 4.108                | 821.6                                | 918.0                           | 878.0                    | 19 Feb 2021-19 Aug 2030 | 3.700  | 2.163  | 2,506                                  | (59,853)         |
|   | <u>500.0</u>                          |                      | <u>2,043.3</u>                       | <u>2,295.0</u>                  | <u>2,195.0</u>           |                         |  |  | <u>30,718</u>                          | <u>(123,682)</u> |
| Weighted average                                    |                                       | <u>4.087</u>         |                                      |                                 |                          |                         | <u>3.596</u>                                     | <u>2.163</u>   |  |                  |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives designated as hedging instrument (continued)

(b) Cash flow hedge – CCIRS (continued)

Information relating to the CCIRS of the Company as at 31 December is as follows:

| <u>Counterparties</u>               | Notional<br>amount<br>USD'million | Exchange<br>rate | Notional<br>amount<br>RM'million | Notional carrying amount |              | <u>Period</u>             | Quarterly<br>fixed<br>interest rate<br>paid on | Quarterly<br>float<br>interest rate<br>received on | Fair value assets/(liabilities) |              |
|-------------------------------------|-----------------------------------|------------------|----------------------------------|--------------------------|--------------|---------------------------|--|--|---------------------------------|--------------|
|                                     |                                   |                  |                                  | <u>2023</u>              | <u>2022</u>  |                           | <u>RM notional</u>                             | <u>USD notional</u>                                | <u>2023</u>                     | <u>2022</u>  |
|                                     |                                   |                  |                                  | RM'million               | RM'million   |                           | %  | %  | RM'000                          | RM'000       |
| <u>Sukuk maturing on 8 May 2023</u> |                                   |                  |                                  |                          |              |                           |  |  |                                 |              |
| CIMB Bank Berhad                    | 180.0                             | 4.400            | 792.0                            | -                        | 790.2        | 6 May 2022-<br>8 May 2023 | 3.450  | 3M LIBOR +<br>0.81%                                | -                               | 4,991        |
|                                     | <u>180.0</u>                      |                  | <u>792.0</u>                     | <u>-</u>                 | <u>790.2</u> |                           |  |  | <u>-</u>                        | <u>4,991</u> |
| Weighted average                    |                                   | <u>4.400</u>     |                                  |                          |              |                           | <u>3.450</u>                                   |  |                                 |              |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives designated as hedging instrument (continued)

(c) Cash flow hedge – IRS

The underlying debt instrument for the IRS is the Group's and the Company's borrowings from financial institutions as disclosed in Note 16 to the financial statements. The hedging instrument is designed to hedge against interest rate risks.

Information relating to the IRS of the Group and the Company as at 31 December is as follows:

| <u>Counterparties</u>  | <u>Notional amount</u><br>USD'million | <u>Period</u>               | <u>Payment frequency</u> | <u>Floating/Fixed interest rate paid</u><br>% | <u>Floating interest rate received</u><br>% | <u>Fair value assets/(liabilities)</u> |                       |
|--|---------------------------------------|-----------------------------|--------------------------|---|---|--|-----------------------|
|  |                                       |                             |                          |   |   | <u>2023</u><br>RM'000                  | <u>2022</u><br>RM'000 |
| <u>Borrowings from financial institutions maturing on 24 June 2024</u> |                                       |                             |                          |   |   |  |                       |
| Deutsche Bank AG   | 80.0                                  | 3 Sep 2021-<br>24 Jun 2024  | Quarterly                | 3M LIBOR +<br>1.785%                          | 3M LIBOR + 1.47%,<br>capped at 2.00%        | -                                      | 833                   |
| <u>Borrowings from financial institutions maturing on 17 June 2025</u> |                                       |                             |                          |   |   |  |                       |
| United Overseas Bank<br>(Malaysia) Berhad                              | 80.0                                  | 19 Sep 2022-<br>17 Jun 2025 | Quarterly                | 4.120   | 3M SOFR daily<br>compounded + 0.65%         | 4,790                                  | 6,000                 |
| CIMB Bank Berhad   | 90.0                                  | 19 Dec 2022-<br>17 Jun 2025 | Quarterly                | 4.120   | 3M SOFR daily<br>compounded + 0.65%         | 5,390                                  | 6,951                 |
|  | <u>250.0</u>                          |                             |                          |   |   | <u>10,180</u>                          | <u>13,784</u>         |



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives designated as hedging instrument (continued)

(d) Cash flow hedge – FX Forward

The underlying debt instrument for the FX Forward is the Company's borrowings from financial institutions as disclosed in Note 16 to the financial statements. The hedging instrument is designed to hedge against foreign currency risks.

Information relating to the FX Forward of the Company as at 31 December is as follows:

| <u>Counterparties</u>  | Notional<br><u>amount</u><br>USD'million | Exchange<br><u>rate</u> | Notional<br><u>amount</u><br>RM'million | Notional carrying amount  |                           | <u>Period</u>               | Fair value assets/(liabilities) |                       |
|--|--|-------------------------|---|---------------------------|---------------------------|-----------------------------|---------------------------------|-----------------------|
|  |  |                         |   | <u>2023</u><br>RM'million | <u>2022</u><br>RM'million |                             | <u>2023</u><br>RM'000           | <u>2022</u><br>RM'000 |
| <u>Borrowings from financial institutions</u><br><u>maturing on 17 June 2025</u> |  |                         |   |                           |                           |                             |                                 |                       |
| United Overseas Bank (Malaysia)<br>Berhad  | <u>80.0</u>                              | 4.378                   | <u>350.2</u>                            | <u>367.2</u>              | <u>351.2</u>              | 24 Nov 2022-<br>17 Jun 2025 | <u>11,031</u>                   | <u>(6,415)</u>        |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

19. DEFERRED INCOME

|                                     | <u>2023</u>   | <u>Group</u><br><u>2022</u> | <u>Company</u><br><u>2022</u> |
|-------------------------------------|---------------|-----------------------------|-------------------------------|
|                                     | RM'000        | RM'000                      | RM'000                        |
| At 1 January                        | 5,131         | 263,969                     | 11,736                        |
| Received                            | 30,083        | 477,963                     | -                             |
| Released to profit or loss          | (13,672)      | (141,557)                   | (11,736)                      |
| Disposal of a group of subsidiaries | -             | (590,608)                   | -                             |
| Currency translation differences    | 831           | (4,636)                     | -                             |
| At 31 December                      | <u>22,373</u> | <u>5,131</u>                | <u>-</u>                      |
| Current                             | 17,389        | 1,728                       | -                             |
| Non-current                         | 4,984         | 3,403                       | -                             |
|                                     | <u>22,373</u> | <u>5,131</u>                | <u>-</u>                      |

Deferred income of the Group mainly relates to the government grants received/receivable by subsidiaries for the purchase of certain qualifying assets.

Deferred income of the Company in the previous financial year related to government grant under PRIHATIN - Program Kredit Mikro Kepada Perusahaan Kecil dan Sederhana Mikro. The government grant was to provide subsidy for the Company's COVID-19 Micro SME support initiatives.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

20. **TRADE AND OTHER PAYABLES**

|                               | <u>Note</u> | <u>2023</u>                  |                          |                        | <u>2022</u>                  |                          |                        |
|-------------------------------|-------------|------------------------------|--------------------------|------------------------|------------------------------|--------------------------|------------------------|
|                               |             | <u>Non-current</u><br>RM'000 | <u>Current</u><br>RM'000 | <u>Total</u><br>RM'000 | <u>Non-current</u><br>RM'000 | <u>Current</u><br>RM'000 | <u>Total</u><br>RM'000 |
| <u>Group</u>                  |             |                              |                          |                        |                              |                          |                        |
| Trade payables                |             | -                            | 3,396,889                | 3,396,889              | -                            | 4,258,013                | 4,258,013              |
| Customer deposits             |             | -                            | 361,183                  | 361,183                | -                            | 270,658                  | 270,658                |
| Business licence payable      | (c)         | 938,769                      | 305,672                  | 1,244,441              | 382,926                      | 359,039                  | 741,965                |
| Payroll liabilities           |             | 20,273                       | 367,326                  | 387,599                | 21,328                       | 398,248                  | 419,576                |
| Accruals                      |             | -                            | 2,686,097                | 2,686,097              | -                            | 3,064,352                | 3,064,352              |
| Other payables                | (c)         | 187,749                      | 258,791                  | 446,540                | 197,876                      | 325,604                  | 523,480                |
| USP payables                  |             | -                            | 185,887                  | 185,887                | -                            | 233,635                  | 233,635                |
| Defined benefit plans         | (a)         | 126,965                      | 31,032                   | 157,997                | 138,529                      | 6,636                    | 145,165                |
| Contract liabilities          | (b)         | 91,291                       | 1,121,486                | 1,212,777              | 65,306                       | 1,270,400                | 1,335,706              |
| Taxes                         |             | -                            | 495,973                  | 495,973                | -                            | 299,319                  | 299,319                |
| Deferred revenue              |             | -                            | 82,828                   | 82,828                 | -                            | 93,661                   | 93,661                 |
| <b>Total</b>                  |             | <b>1,365,047</b>             | <b>9,293,164</b>         | <b>10,658,211</b>      | <b>805,965</b>               | <b>10,579,565</b>        | <b>11,385,530</b>      |
| <u>Company</u>                |             |                              |                          |                        |                              |                          |                        |
| Payroll liabilities           |             | -                            | 51,749                   | 51,749                 | -                            | 38,475                   | 38,475                 |
| Accruals                      |             | -                            | 113,614                  | 113,614                | -                            | 124,060                  | 124,060                |
| Other payables                |             | -                            | 21,644                   | 21,644                 | -                            | 18,798                   | 18,798                 |
| Financial guarantee contracts | (d)         | 493,327                      | 22,491                   | 515,818                | -                            | 148,463                  | 148,463                |
| Taxes                         |             | -                            | 16,463                   | 16,463                 | -                            | 10,029                   | 10,029                 |
| <b>Total</b>                  |             | <b>493,327</b>               | <b>225,961</b>           | <b>719,288</b>         | <b>-</b>                     | <b>339,825</b>           | <b>339,825</b>         |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

20. **TRADE AND OTHER PAYABLES (CONTINUED)**

- (a) The Group's defined benefit plans are mainly from Indonesia, Sri Lanka and Bangladesh under the mobile segment, fixed broadband (Indonesia) segment and others. Movements in the present value of defined benefit obligations of the defined benefit plans are as follows:

|                                     | <u>2023</u>    | <u>2022</u>    |
|-------------------------------------|----------------|----------------|
|                                     | RM'000         | RM'000         |
| At 1 January                        | 145,165        | 112,114        |
| Acquisition of subsidiaries         | 254            | 44,579         |
| Disposal of a group of subsidiaries | (264)          | -              |
| Charge/(Credit) to profit or loss:  |                |                |
| - current services                  | 54,053         | 31,694         |
| - interest costs                    | 7,160          | 6,544          |
| - past service costs                | (1,607)        | 2,622          |
|                                     | 59,606         | 40,860         |
| Benefit paid                        | (36,159)       | (20,825)       |
| Settlement gains                    | (3,473)        | (1,150)        |
| Credit to OCI:                      |                |                |
| - actuarial gains                   | (20,986)       | (8,342)        |
| Currency translation differences    | 13,854         | (22,071)       |
| At 31 December                      | <u>157,997</u> | <u>145,165</u> |

Present value of the defined benefit obligations is calculated annually by independent actuaries using the projected unit credit method. The principal actuarial valuation assumptions used are as follows:

|                             | <u>2023</u>   |               | <u>2022</u>   |              |
|-----------------------------|---------------|---------------|---------------|--------------|
|                             | Discount rate | Salary        | Discount rate | Salary       |
|                             | (p.a.)        | (p.a.)        | (p.a.)        | (p.a.)       |
| Mobile segment:             |               |               |               |              |
| - Indonesia                 | 6.7%          | 8.0%          | 7.2%          | 8.0%         |
| - Sri Lanka                 | 13.0%         | 10.0% - 12.0% | 12.8% - 17.8% | 17.0%        |
| - Bangladesh                | 11.0%         | 6.0% - 10.0%  | 8.3% - 8.5%   | 6.0% - 10.0% |
| Fixed Broadband (Indonesia) | 6.4% - 6.7%   | 3.0% - 5.0%   | 5.0% - 7.0%   | 6.0%         |
| Others                      | 2.0% - 13.0%  | 5.0% - 10.0%  | 2.0% - 12.1%  | 5.0% - 10.0% |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

20. TRADE AND OTHER PAYABLES (CONTINUED)

(b) The movements of contract liabilities are as follows:

|   | <u>Group</u>     |                  |
|---|------------------|------------------|
|   | <u>2023</u>      | <u>2022</u>      |
|   | RM'000           | RM'000           |
| At 1 January  | 1,335,706        | 1,874,830        |
| Revenue recognised that was included in the contract liability balance at the beginning of the financial year | (1,177,612)      | (1,433,063)      |
| Increases due to cash received, excluding amounts recognised as revenue during the financial year             | 1,138,096        | 1,300,826        |
| Disposal of group of subsidiaries   | (100,217)        | (392,006)        |
| Currency translation differences  | 16,804           | (14,881)         |
| At 31 December  | <u>1,212,777</u> | <u>1,335,706</u> |

(c) Non-current business licence payables and other payables are classified as non-current based on payment schedule as per contractual terms.

(d) Financial guarantee contracts

The Company provides financial guarantees to banks in respect of borrowings granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their borrowings on an individual basis annually.

Based on sensitivity analysis performed and assuming all other variables held constant, if the expected USD foreign exchange translation rate against RM strengthen/weaken by 5% when the financial guarantee contracts liabilities fall due, it will result in a higher/lower other (losses)/gains of the Company amounting to RM225.0 million.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

20. **TRADE AND OTHER PAYABLES (CONTINUED)**

The currencies profiles of trade and other payables are as follows:

| Group          | 2023                |                  |                  |                  |                |                |                   | 2022                |                  |                  |                  |                |                |                |                   |  |
|----------------|---------------------|------------------|------------------|------------------|----------------|----------------|-------------------|---------------------|------------------|------------------|------------------|----------------|----------------|----------------|-------------------|--|
|                | Functional currency |                  |                  |                  |                |                |                   | Functional currency |                  |                  |                  |                |                |                |                   |  |
|                | RM                  | IDR              | LKR              | BDT              | USD            | Others         | Total             | RM                  | IDR              | LKR              | BDT              | NPR            | USD            | Others         | Total             |  |
| RM'000         | RM'000              | RM'000           | RM'000           | RM'000           | RM'000         | RM'000         | RM'000            | RM'000              | RM'000           | RM'000           | RM'000           | RM'000         | RM'000         | RM'000         | RM'000            |  |
| RM             | 944,119             | 195              | -                | -                | -              | -              | 944,314           | 999,864             | 66               | 53,929           | -                | -              | -              | -              | 1,053,859         |  |
| USD            | 28,066              | 219,277          | 478,660          | 360,314          | 798,619        | 2,040          | 1,886,976         | 142,395             | 188,003          | 482,107          | 250,068          | 131,666        | 819,911        | 4,297          | 2,018,447         |  |
| IDR            | -                   | 3,983,353        | -                | -                | -              | -              | 3,983,353         | -                   | 4,391,971        | -                | -                | -              | 96             | -              | 4,392,067         |  |
| LKR            | -                   | -                | 506,780          | -                | 393            | -              | 507,173           | -                   | -                | 516,015          | -                | -              | 208            | -              | 516,223           |  |
| BDT            | -                   | -                | -                | 3,035,463        | -              | -              | 3,035,463         | -                   | -                | -                | 2,464,278        | -              | -              | 23             | 2,464,301         |  |
| NPR            | -                   | -                | -                | -                | -              | -              | -                 | 11,850              | -                | -                | -                | 669,528        | -              | -              | 681,378           |  |
| MMK            | -                   | -                | -                | -                | -              | -              | -                 | -                   | -                | -                | -                | -              | 20,727         | -              | 20,727            |  |
| PKR            | -                   | -                | -                | -                | -              | 38,383         | 38,383            | -                   | -                | -                | -                | -              | -              | 47,250         | 47,250            |  |
| PHP            | -                   | -                | -                | -                | -              | 180,504        | 180,504           | -                   | -                | -                | -                | -              | -              | 98,580         | 98,580            |  |
| Others         | -                   | 74               | 38,814           | -                | -              | 43,157         | 82,045            | -                   | 71               | 39,093           | -                | -              | 3,514          | 50,020         | 92,698            |  |
| <b>Total</b>   | <b>972,185</b>      | <b>4,202,899</b> | <b>1,024,254</b> | <b>3,395,777</b> | <b>799,012</b> | <b>264,084</b> | <b>10,658,211</b> | <b>1,154,109</b>    | <b>4,580,111</b> | <b>1,091,144</b> | <b>2,714,346</b> | <b>801,194</b> | <b>844,456</b> | <b>200,170</b> | <b>11,385,530</b> |  |
| <b>Company</b> |                     |                  |                  |                  |                |                |                   |                     |                  |                  |                  |                |                |                |                   |  |
| RM             | 233,975             | -                | -                | -                | -              | -              | 233,975           | 196,615             | -                | -                | -                | -              | -              | -              | 196,615           |  |
| USD            | 468,750             | -                | -                | -                | -              | -              | 468,750           | 130,661             | -                | -                | -                | -              | -              | -              | 130,661           |  |
| NPR            | 14,510              | -                | -                | -                | -              | -              | 14,510            | 11,850              | -                | -                | -                | -              | -              | -              | 11,850            |  |
| Others         | 2,053               | -                | -                | -                | -              | -              | 2,053             | 699                 | -                | -                | -                | -              | -              | -              | 699               |  |
| <b>Total</b>   | <b>719,288</b>      | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>719,288</b>    | <b>339,825</b>      | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>339,825</b>    |  |

MMK: Myanmar Kyat

Credit terms of trade and other payables for the Group and the Company vary from thirty (30) to ninety (90) days (2022: thirty (30) to ninety (90) days) depending on the terms of the contracts respectively.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

21. PROVISION FOR ASSET RETIREMENT

|   | Group     |           | Company |         |
|---|-----------|-----------|---------|---------|
|   | 2023      | 2022      | 2023    | 2022    |
|   | RM'000    | RM'000    | RM'000  | RM'000  |
| At 1 January  | 846,488   | 747,795   | 101     | 829     |
| Disposal of group of subsidiaries                                 | (56,648)  | (172,371) | -       | -       |
| Additions   | 79,709    | 269,375   | -       | 1,086   |
| Utilised during the financial year                                | (16,934)  | (11,508)  | -       | (1,841) |
| Accretion of interest   | 34,674    | 44,157    | 34      | 27      |
| Reclassified (to)/from liabilities<br>classified as held for sale | (181,044) | 399       | -       | -       |
| Currency translation<br>differences                               | 45,155    | (31,359)  | -       | -       |
| At 31 December  | 751,400   | 846,488   | 135     | 101     |

The provision for asset retirement of the Group relates to provision for dismantling costs of existing telecommunication network equipment and buildings.

22. DEFERRED TAXATION

Deferred tax assets and liabilities of the Group are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

|  | Group   |         |
|--|---------|---------|
|  | 2023    | 2022    |
|  | RM'000  | RM'000  |
| Deferred tax assets:                                 |         |         |
| - To be recovered within twelve (12) months          | 12,534  | 63,240  |
| - To be recovered after more than twelve (12) months | 120,468 | 112,398 |
| Deferred tax assets                                  | 133,002 | 175,638 |
| Deferred tax liabilities:                            |         |         |
| - To be recovered within twelve (12) months          | 256,621 | 245,426 |
| - To be recovered after more than twelve (12) months | 380,509 | 688,386 |
| Deferred tax liabilities                             | 637,130 | 933,812 |
| Net deferred tax liabilities                         | 504,128 | 758,174 |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. DEFERRED TAXATION (CONTINUED)

The movements in net deferred tax liabilities are as follows:

|   | <u>Note</u> | <u>2023</u><br>RM'000 | <u>Group</u><br><u>2022</u><br>RM'000<br>Restated |
|---|-------------|-----------------------|---|
| At 1 January                              |             | 758,174               | 1,018,986   |
| Acquisition of subsidiaries               |             | (42)                  | 96,203  |
| Disposal of group of subsidiaries         |             | 151,048               | (566,763)   |
| (Credit)/Charge to profit or loss:        |             |                       |   |
| - PPE and intangible assets               |             | (364,427)             | 111,555   |
| - Tax losses                              |             | 4,002                 | 26,401  |
| - ROU assets                              |             | 342,213               | (978,805)   |
| - Lease liabilities                       |             | (250,757)             | 1,103,087   |
| - Provision and others                    |             | (147,196)             | (12,745)  |
|   |             | (416,165)             | 249,493   |
| Debit to OCI:                             |             |                       |   |
| - actuarial losses                        |             | 4,038                 | 7,686   |
| - FVTOCI                                  |             | 1,079                 | -   |
| Currency translation differences          |             | 30,325                | (47,431)  |
| Reclassified to:                          |             |                       |   |
| - assets classified as held for sale      | 37          | 22,272                | -   |
| - liabilities classified as held for sale | 37          | (46,601)              | -   |
| At 31 December                            |             | <u>504,128</u>        | <u>758,174</u>                                    |



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

22. DEFERRED TAXATION (CONTINUED)

Breakdown of cumulative balances by each type of temporary differences are as follows:

|                             | <u>2023</u>      | <u>Group</u><br><u>2022</u> |
|-----------------------------|------------------|-----------------------------|
|                             | RM'000           | RM'000<br>Restated          |
| Deferred tax assets:        |                  |                             |
| - PPE and intangible assets | 24,176           | 63,685                      |
| - Tax losses                | 39,536           | 35,292                      |
| - Lease liabilities         | 2,312,418        | 1,923,162                   |
| - Provision and others      | 377,080          | 381,841                     |
|                             | <u>2,753,210</u> | <u>2,403,980</u>            |
| Offsetting                  | (2,620,208)      | (2,228,342)                 |
| Total                       | <u>133,002</u>   | <u>175,638</u>              |
| Deferred tax liabilities:   |                  |                             |
| - PPE and intangible assets | 991,922          | 1,310,402                   |
| - ROU assets                | 2,174,718        | 1,840,186                   |
| - Others                    | 90,698           | 11,566                      |
|                             | <u>3,257,338</u> | <u>3,162,154</u>            |
| Offsetting                  | (2,620,208)      | (2,228,342)                 |
| Total                       | <u>637,130</u>   | <u>933,812</u>              |

The amounts of deductible temporary differences and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

|   | <u>Group</u>     |                                 | <u>Company</u> |                                 |
|---|------------------|---------------------------------|----------------|---------------------------------|
|   | <u>2023</u>      | <u>2022</u>                     | <u>2023</u>    | <u>2022</u>                     |
|   | RM'000           | RM'000<br>Restated <sup>1</sup> | RM'000         | RM'000<br>Restated <sup>1</sup> |
| Unutilised tax losses                         | 2,461,354        | 2,289,111                       | 567,481        | 548,326                         |
| Deductible temporary differences <sup>2</sup> | 851,393          | 578,859                         | 104,803        | 88,756                          |
|   | <u>3,312,747</u> | <u>2,867,970</u>                | <u>672,284</u> | <u>637,082</u>                  |

<sup>1</sup> Restated to be consistent with actual tax submission.

<sup>2</sup> The unabsorbed capital allowances and investment tax allowance do not expire under current tax legislation.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22. DEFERRED TAXATION (CONTINUED)

The unutilised tax losses for which no deferred tax asset is recognised in the statements of financial positions, available for set off against future taxable profit with a time limit of utilisation are as follows:

|  | Group            |                       | Company        |                       |
|--|------------------|-----------------------|----------------|-----------------------|
|  | <u>2023</u>      | <u>2022</u>           | <u>2023</u>    | <u>2022</u>           |
|  | RM'000           | RM'000                | RM'000         | RM'000                |
|  |                  | Restated <sup>1</sup> |                | Restated <sup>1</sup> |
| Expiring in the financial year ending: |                  |                       |                |                       |
| - 2023                                 | -                | 33,899                | -              | -                     |
| - 2024                                 | 37,245           | 54,116                | -              | -                     |
| - 2025                                 | 136,042          | 66,097                | -              | -                     |
| - 2026                                 | 71,443           | 190,329               | -              | -                     |
| - 2027                                 | 117,797          | 65,348                | -              | -                     |
| - 2028                                 | 677,463          | 596,460               | 162,690        | 162,690               |
| - 2029                                 | 370,820          | 380,620               | 108,991        | 108,991               |
| - 2030                                 | 306,717          | 306,717               | 99,507         | 99,507                |
| - 2031                                 | 246,895          | 246,895               | 103,761        | 103,761               |
| - 2032                                 | 273,099          | 250,439               | 73,377         | 73,377                |
| - 2033                                 | 186,235          | -                     | 19,155         | -                     |
| - No expiry date                       | 37,598           | 98,191                | -              | -                     |
| Total                                  | <u>2,461,354</u> | <u>2,289,111</u>      | <u>567,481</u> | <u>548,326</u>        |

<sup>1</sup> Restated to be consistent with actual tax submission.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

23. LEASE LIABILITIES

The movements in lease liabilities are as follows:

|   | Note | Group             |                   | Company        |                |
|---|------|-------------------|-------------------|----------------|----------------|
|   |      | 2023<br>RM'000    | 2022<br>RM'000    | 2023<br>RM'000 | 2022<br>RM'000 |
| At 1 January  |      | 10,443,891        | 10,170,995        | 1,881          | 10,744         |
| Additions   |      | 3,049,075         | 3,281,115         | -              | -              |
| Acquisition of subsidiaries                             |      | -                 | 142,304           | -              | -              |
| Disposal of group of subsidiaries                       |      | (123,538)         | (1,208,155)       | -              | -              |
| Interest expense  |      | 793,881           | 753,923           | 24             | 425            |
| Repayment of:   |      |                   |                   |                |                |
| - principal   |      | (1,759,069)       | (1,705,311)       | (1,792)        | (4,144)        |
| - interest  |      | (805,689)         | (618,284)         | (113)          | (425)          |
| Remeasurement   |      | 44,745            | 65,325            | -              | -              |
| Modification  |      | 18,711            | 3,691             | -              | (4,719)        |
| Termination   |      | (1,466)           | (3,326)           | -              | -              |
| Reclassified to liabilities classified as held for sale | 37   | (61,113)          | -                 | -              | -              |
| Currency translation differences                        |      | 502,580           | (438,386)         | -              | -              |
| At 31 December  |      | <u>12,102,008</u> | <u>10,443,891</u> | <u>-</u>       | <u>1,881</u>   |
| Non-current   |      | 10,015,513        | 8,604,274         | -              | -              |
| Current   |      | 2,086,495         | 1,839,617         | -              | 1,881          |
|   |      | <u>12,102,008</u> | <u>10,443,891</u> | <u>-</u>       | <u>1,881</u>   |

The Group leases sites for installation of telecommunication structures, retail outlets, land and office buildings. Rental contracts duration is typically between one (1) to forty (40) years (2022: one (1) to forty (40) years) including extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension and termination options are included, to provide the Group with greater flexibility to align its need for access to assets with the fulfilment of customer contracts.

In cases in which the Group is not reasonably certain to exercise an optional extended lease term, payment associated with the optional period are not included within lease liabilities. As at 31 December 2023, potential future cash outflows of RM16,355.9 million (undiscounted) (2022: RM15,202.9 million) have not been included in the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

During the current financial year, the Company is still negotiating the lease term for the new office floors and the rental incurred have been recognised as other operating costs as disclosed in Note 7(b). In the previous financial year, the Company leases office building with a lease term of five (5) years, including extension options.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

23. LEASE LIABILITIES (CONTINUED)

The cash outflows for leases as lessee of the Group and the Company for the financial year ended 31 December 2023 were RM2,680.9 million (2022: RM2,219.9 million) and RM1.9 million (2022: RM4.6 million) respectively.

24. INTANGIBLE ASSETS

|   | <u>Note</u> | <u>Goodwill</u><br>RM'000 | <u>Licences</u><br>RM'000 | <u>Others<sup>1</sup></u><br>RM'000 | <u>Group</u><br><u>Total</u><br>RM'000 |
|---|-------------|---------------------------|---------------------------|-------------------------------------|--|
| <u>Net book value</u>                                 |             |                           |                           |                                     |  |
| At 1 January 2023                                     |             | 6,782,608                 | 4,774,249                 | 1,885,293                           | 13,442,150                             |
| Acquisition of subsidiaries                           |             | 31,798                    | 955                       | 31,009                              | 63,762                                 |
| Additions <sup>2</sup>                                |             | -                         | 923,517                   | 254,848                             | 1,178,365                              |
| Amortisation  |             | -                         | (620,167)                 | (393,449)                           | (1,013,616)                            |
| Write-off   |             | -                         | -                         | (3)                                 | (3)                                    |
| Impairment  | (a)         | (181,098)                 | (1,036,525)               | (295,525)                           | (1,513,148)                            |
| Disposal of a group of subsidiaries                   |             | -                         | (321,522)                 | (51,710)                            | (373,232)                              |
| Reclassified to assets<br>classified as held for sale | 37          | -                         | -                         | (40,496)                            | (40,496)                               |
| Reclassification                                      |             | -                         | -                         | 67,229                              | 67,229                                 |
| Currency translation differences                      |             | 193,038                   | 165,164                   | 68,332                              | 426,534                                |
| At 31 December 2023                                   |             | <u>6,826,346</u>          | <u>3,885,671</u>          | <u>1,525,528</u>                    | <u>12,237,545</u>                      |
| Cost  |             | 8,330,834                 | 6,467,359                 | 2,986,106                           | 17,784,299                             |
| Accumulated amortisation                              |             | -                         | (2,581,688)               | (1,456,179)                         | (4,037,867)                            |
| Accumulated impairment losses                         |             | (1,504,488)               | -                         | (4,399)                             | (1,508,887)                            |
| At 31 December 2023                                   |             | <u>6,826,346</u>          | <u>3,885,671</u>          | <u>1,525,528</u>                    | <u>12,237,545</u>                      |

(a) Impairment recognised during the financial year mainly relates to the Nepal CGU and Myanmar CGU, as disclosed in Note 5(a)(i) and Note 24(e)(iii) to the financial statements.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

|                                     |                  |                  |                           | Group             |
|-------------------------------------|------------------|------------------|---------------------------|-------------------|
|                                     | <u>Goodwill</u>  | <u>Licences</u>  | <u>Others<sup>1</sup></u> | <u>Total</u>      |
|                                     | RM'000           | RM'000           | RM'000                    | RM'000            |
| <u>Net book value</u>               |                  |                  |                           |                   |
| At 1 January 2022                   | 13,932,546       | 6,347,719        | 1,442,422                 | 21,722,687        |
| Acquisition of a subsidiary         | 1,407,411        | -                | 572,080                   | 1,979,491         |
| Additions <sup>2</sup>              | -                | 158,035          | 162,307                   | 320,342           |
| Amortisation                        | -                | (717,538)        | (270,280)                 | (987,818)         |
| Impairment                          | (4,152,772)      | -                | -                         | (4,152,772)       |
| Disposals                           | -                | -                | (2,357)                   | (2,357)           |
| Write-off                           | -                | -                | (145)                     | (145)             |
| Disposal of a group of subsidiaries | (4,046,405)      | (616,459)        | (7,100)                   | (4,669,964)       |
| Currency translation differences    | (358,172)        | (397,508)        | (11,634)                  | (767,314)         |
| At 31 December 2022                 | <u>6,782,608</u> | <u>4,774,249</u> | <u>1,885,293</u>          | <u>13,442,150</u> |
| Cost                                | 11,153,299       | 9,213,962        | 3,242,285                 | 23,609,546        |
| Accumulated amortisation            | -                | (4,439,713)      | (1,352,593)               | (5,792,306)       |
| Accumulated impairment losses       | (4,370,691)      | -                | (4,399)                   | (4,375,090)       |
| At 31 December 2022                 | <u>6,782,608</u> | <u>4,774,249</u> | <u>1,885,293</u>          | <u>13,442,150</u> |

<sup>1</sup> Others mainly relate to customer contracts and related customer relationships, other licences, software and brands.

<sup>2</sup> Additions in licences include telecommunication licences of a subsidiary of BDT20,576.5 million (RM860.0 million) (2022: BDT2,715.9 million (RM131.8 million)).

The remaining amortisation period of acquired telecommunication licences with allocated spectrum rights which are individually material range from three (3) years to twenty (20) years (2022: two (2) years to twenty-one (21) years).

The carrying amount of telecommunication licences of a subsidiary which belongs to Indonesia CGU having an indefinite useful life amounted to RM1,702.3 million (2022: RM1,610.9 million).

In the previous financial year, net book value of intangible assets of certain subsidiaries amounting to RM41.9 million were pledged as security for borrowings as disclosed in Note 16(a) to the financial statements.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

The Group undertakes periodic test for impairment of its goodwill allocated to the CGUs identified according to operating segment.

The goodwill of the Group based on segments is as follows:

|                         |     | <u>2023</u>      | <u>2022</u>      |
|-------------------------|-----|------------------|------------------|
|                         |     | RM'000           | RM'000           |
| Mobile segment:         |     |                  |                  |
| - Indonesia             | (a) | 3,796,024        | 3,685,374        |
| - Sri Lanka             | (b) | 77,472           | 68,193           |
| - Cambodia              | (c) | 230,639          | 220,590          |
| - Nepal                 | (d) | -                | -                |
| Infrastructure segment  | (e) | 1,248,773        | 1,437,764        |
| Fixed broadband segment | (f) | 1,304,422        | 1,234,386        |
| Others                  |     | 169,016          | 136,301          |
|                         |     | <u>6,826,346</u> | <u>6,782,608</u> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used

For the purpose of impairment testing, the recoverable amount of respective CGU, is the higher of VIU and FVLCTS.

Discounted cash flow models based on approved forecasts and projections have been applied to determine the VIU for certain CGUs. The forecasts and projections reflect management's expectations of revenue growth, operating costs, margins and capex based on past experience and future market outlook of the respective CGUs. The cash flows beyond projected years approved are extrapolated in perpetuity using estimated terminal growth rates which takes into consideration Gross Domestic Product ("GDP") growth, inflation and average growth rates for the telecommunication industry. These rates have been determined with regards to projected growth rates for the markets in which the CGUs participate and are not expected to exceed the long-term average growth rates for these markets. In addition, the Group closely monitors the developments in these markets including consolidations and mergers, development of new and emerging technologies and other changes in the telecommunication industry.

For the remaining CGUs where FVLCTS calculations are used for impairment testing, management has applied discounted cash flow models based on market participants' view using level three of the fair value hierarchy.

(a) Mobile segment – Indonesia

The recoverable amount of Indonesia CGU was determined using FVLCTS (2022: VIU) calculation based on cash flows projection covering a five (5) year period.

The following assumptions have been applied in the calculation:

|                         | <u>2023</u><br>(%)    | <u>2022</u><br>(%)       |
|-------------------------|-----------------------|--------------------------|
| Revenue growth rates    | 5.4 - 9.9             | 4.6 - 7.5 <sup>^</sup>   |
| EBITDA margins          | 52.1 - 54.8           | 49.5 - 52.5 <sup>^</sup> |
| Capex to revenue ratios | 18.2 - 22.0           | 18.5 - 25.1 <sup>^</sup> |
| Terminal growth rate    | 3.0                   | 3.0 <sup>^</sup>         |
| Discount rate           | 10.5 <sup>&amp;</sup> | 12.7 <sup>* and ^</sup>  |

& Post-tax adjusted discount rate applied to the post-tax cash flow forecasts.

\* Pre-tax discount rate applied to the cash flow forecasts was derived from the pre-tax cash flows at the date of assessment that reflects the risk of the CGU.

<sup>^</sup> Key assumptions applied in the impairment assessment are those to which the recoverable amount is most sensitive.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(a) Mobile segment - Indonesia (continued)

Based on the assessment performed during the financial year, goodwill allocated to the Indonesia CGU was not impaired as the recoverable amount exceeded the carrying amount. Management's assessment included an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Group concluded that no reasonable change in the base case assumptions would cause the carrying amount of Indonesia CGU to exceed its recoverable amount. The Group has considered improving economic outlook in Indonesia and its impact to key assumptions in the expected cash flows.

In the previous financial year, the Group recorded an impairment loss on goodwill of RM1,479.6 million. The recoverable amount of the Indonesia CGU was RM13,286.3 million and was derived from future cash flows generated by the underlying assets in the Indonesia CGU including 100% of goodwill attributable to the Indonesia CGU. As the Group recognised goodwill based on partial goodwill method, no impairment loss was allocated to NCI. The impairment loss recognised with respect to Indonesia CGU was attributable to slower economic growth expected in Indonesia. Indonesia's central bank had raised its benchmark interest rates in the second half of 2022 for the first time since 2018 amid concerns over rising inflation rates and aggressive tightening by the US Federal Reserve and neighbouring central banks. As a result, in the previous financial year, management expected revenue growth to be negatively impacted and reflected these assumptions in the expected cash flows.

In the previous financial year, management's assessment included an impact of assessment of changes in key assumptions. Based on sensitivity analysis performed and assuming all else remained constant, the effects of movement in the key assumptions to the recoverable amounts were as follows:

- If the revenue growth rates were to decrease by 1% annually, assuming all else remained constant, an additional impairment of RM1,487.6 million would result.
- If the EBITDA margins were to decrease by 1% annually, assuming all else remained constant, an additional impairment of RM697.4 million would result.
- If the capex to revenue ratios were to increase by 1% annually, assuming all else remained constant, an additional impairment of RM753.6 million would result.
- If the terminal growth rate decreases from 3.0% to 2.5% assuming all else remained constant, an additional impairment of RM550.9 million would result.
- If the discount rate increases from 12.7% to 13.7% assuming all else remained constant, an additional impairment of RM881.9 million would result.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(b) Mobile segment – Sri Lanka

The following CGUs for which the management monitors the goodwill of Sri Lanka mobile segment and its related calculations used in determining each CGU's recoverable amount are as follows:

|                               | <u>2023</u>   | <u>2022</u>   |
|-------------------------------|---------------|---------------|
|                               | RM'000        | RM'000        |
| Fixed telephony and broadband | 50,606        | 42,729        |
| Others                        | 26,866        | 25,464        |
|                               | <u>77,472</u> | <u>68,193</u> |

The recoverable amounts of the fixed telephony and broadband and television CGU were determined using VIU calculations based on cash flows projections covering a four (4) year period.

The following assumptions have been applied in the calculations:

|                                  | <u>Fixed telephony and broadband</u> |                          | <u>Television</u> |
|----------------------------------|--------------------------------------|--------------------------|-------------------|
|                                  | <u>2023</u>                          | <u>2022</u>              | <u>2022</u>       |
|                                  | (%)                                  | (%)                      | (%)               |
| Revenue growth rates             | 5.5 - 23.7                           | 2.8 - 9.8 <sup>^</sup>   | 3.2 - 5.3         |
| EBITDA margins                   | 41.2 - 43.5                          | 53.3 - 57.7 <sup>^</sup> | 13.1 - 23.8       |
| Capex to revenue ratios          | 11.7 - 13.5                          | 30.0 - 59.8 <sup>^</sup> | 17.4 - 22.8       |
| Terminal growth rate             | 3.0                                  | 3.0 <sup>^</sup>         | 3.0               |
| Discount rate <sup>* and #</sup> | 13.9                                 | 15.9 <sup>^</sup>        | 17.4              |

\* Pre-tax discount rates applied to the cash flow forecasts were derived from the pre-tax cash flows at the date of assessment of the respective CGUs that reflect the risk of the CGUs.

# Due to the macroeconomic situation in Sri Lanka and uncertainties in market outlook, management has adopted a multi-stage approach in discounting the cash flows. Multiple discount rates, considering the current situation, the recovery period and the normalised period, were applied to arrive to a single-stage discount rate as disclosed.

<sup>^</sup> Key assumptions applied in the impairment assessment are those to which the recoverable amount is most sensitive.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(b) Mobile segment – Sri Lanka (continued)

Based on the assessment performed during the financial year, goodwill allocated to the fixed telephony and broadband CGUs was not impaired as the recoverable amount exceeded the carrying amount. Management's assessment included an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Group concluded that no reasonable change in the base case assumptions would cause the carrying amount of Sri Lanka CGUs to exceed its recoverable amount.

After Sri Lanka secured the much-awaited International Monetary Fund Extended Fund Facility Agreement, the Central Bank of Sri Lanka introduced the Domestic Debt Optimisation plan to address uncertainties related to the sovereign's debt restructuring program. Although the implementation of the reforms and debt restructuring would be challenging, the successful completion would set Sri Lanka on a sustainable growth path. The Group has factored the favourable movements in macro indicators including strengthening of the LKR against USD, moderation in inflation and lowering of interest rates in the expected cash flows.

In the previous financial year, the Group recorded an impairment loss on goodwill of RM74.2 million in respect of the fixed telephony and broadband and television CGUs. The recoverable amounts of the fixed telephony and broadband and television CGUs were RM411.2 million and RM23.8 million respectively. The recoverable amounts were derived from future cash flows generated by the underlying assets in the respective Sri Lanka CGUs.

The impairment losses recognised with respect to fixed telephony and broadband and television CGUs were attributable to the macroeconomic and political crisis faced in Sri Lanka which resulted in rising inflation rates, upward revision of interest rates, US Dollar liquidity shortage and uncertainties in the market outlook in the previous financial year.

Management's assessment in the previous financial year included an impact of assessment of changes in key assumptions. Based on sensitivity analysis performed and assuming all else remained constant, the effects of movement in the key assumptions to the recoverable amounts were as follows:

- If the revenue growth rates were to decrease by 1% annually, assuming all else remained constant, an additional impairment of RM18.2 million would result.
- If the EBITDA margins were to decrease by 1% annually, assuming all else remained constant, an additional impairment of RM21.6 million would result.
- If the capex to revenue ratios were to increase by 1% annually, assuming all else remained constant, an additional impairment of RM22.8 million would result.
- If the terminal growth rate decreases from 3.0% to 2.5% assuming all else remained constant, an additional impairment of RM19.6 million would result.
- If the discount rate increases from 15.9% to 16.9% assuming all else remained constant, an additional impairment of RM30.3 million would result.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(c) Mobile segment – Cambodia

The recoverable amount of Cambodia CGU was determined using VIU calculation based on cash flows projection covering a three (3) year period.

The following assumptions have been applied in the calculation:

|                         | <u>2023</u><br>(%) | <u>2022</u><br>(%) |
|-------------------------|--------------------|--------------------|
| Revenue growth rates    | 7.8 - 10.5         | 1.5 - 6.4          |
| EBITDA margins          | 51.6 - 53.0        | 49.3 - 50.9        |
| Capex to revenue ratios | 16.1 - 20.1        | 18.0 - 20.2        |
| Terminal growth rate    | 2.0                | 2.0                |
| Discount rate*          | 16.5               | 16.5               |

\* Pre-tax discount rate applied to the cash flow forecasts was derived from the pre-tax cash flows at the date of assessment that reflects the risk of the CGU.

Based on the assessment above, goodwill allocated to the Cambodia CGU was not impaired as the recoverable amount exceeded the carrying amount. Management's assessment included an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Group concluded that no reasonable change in the base case assumptions would cause the carrying amount of Cambodia CGU to exceed its recoverable amount.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(d) Mobile segment – Nepal

During the financial year, the Group has disposed its Nepal CGU as disclosed in Note 5(a)(i) to the financial statements.

In the previous financial year, the recoverable amount of Nepal CGU was determined using FVLCTS calculation based on cash flows projection covering a five (5) year period. Cash flows beyond the fifth (5<sup>th</sup>) year are extrapolated into perpetuity.

The following assumptions have been applied in the calculation:

|                                      | <u>2022</u><br>(%) |
|--------------------------------------|--------------------|
| Revenue growth rates <sup>^</sup>    | 1.4 - 3.0          |
| EBITDA margins <sup>^</sup>          | 53.6 - 53.9        |
| Capex to revenue ratios <sup>^</sup> | 16.9 - 19.0        |
| Terminal growth rate <sup>^</sup>    | 2.0                |
| Discount rate <sup>^</sup>           | 15.0               |

<sup>^</sup> Key assumptions applied in the impairment assessment are those to which the recoverable amount is most sensitive.

In accordance with Section 33 of the Telecommunications Act 2053 (1997) (“Telco Act 2053”) in Nepal, a telecommunications operator with more than fifty percent (50%) of Foreign Direct Investment has to handover its entire assets (land, building, plant, equipment and other structures related to the telecommunications service) to the Government of Nepal once the maximum licence period of twenty-five (25) years has expired, in which a buyback of these assets can take place. The Nepal CGU will reach this period in 2029. However, the Telco Act 2053 is silent on the process for the handover or buyback and the cost of buyback.

In the previous financial year, the Group considered the above to be a form of licence renewal which would be subject to negotiations with the Government of Nepal. Given the Group’s existing interaction with the Government of Nepal, the significant size and scale of the Nepal operations, and its continued commitment to invest for the long term, management had assumed the licence allocated to the Nepal CGU would be extended in perpetuity as it was expected that the Group would be able to negotiate an extension or appropriate buyback mechanism with the Government of Nepal. Hence, management assumed that the cost of buyback was nil in 2029.

Ncell had been paying licence fees to the Government of Nepal annually since 2004. As such, management had estimated that the licence fee allocated to the Nepal CGU would continue to be paid annually into perpetuity and had included an annual licence fee with a long term terminal growth in their impairment assessment.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(d) Mobile segment – Nepal (continued)

In the previous financial year, the Group recorded an impairment loss on goodwill of RM2,599.0 million. The recoverable amount of Nepal CGU was RM1,707.9 million and was derived from future cash flows generated by the underlying assets in Nepal CGU including 100% of goodwill attributable to the Nepal CGU.

The impairment loss recognised with respect to Nepal CGU was attributable to the challenging economic and regulatory condition in Nepal. In addition, pre-existing business challenges, stiff competition landscape and weak economic conditions in Nepal continue to persist.

In the previous financial year, management's assessment included an impact of assessment of changes in key assumptions. Based on sensitivity analysis performed and assuming all else remained constant, the effects of movement in the key assumptions to the recoverable amounts were as follows:

- If the telecommunication licence was not renewed in 2029 and discounted cash flows were projected only until 2029 and not in perpetuity, assuming all else remained constant, there would be an additional impairment of RM694.9 million on the carrying amount of other assets within the CGU.

Other reasonably possible change to key assumptions would result in further impairment charge against the carrying amount of other assets within the CGU were as follows:

- If the revenue growth rates were to decrease by 1% annually, assuming all else remained constant, there would be an additional impairment of RM97.5 million.
- If the EBITDA margins were to decrease by 1% annually, assuming all else remained constant, there would be an additional impairment of RM31.1 million.
- If the capex to revenue ratios were to increase by 1%, assuming all else remains constant, there would be an additional impairment of RM43.1 million.
- If the terminal growth rate decreases from 2.0% to 1.5% assuming all else remains constant, there would be an additional impairment of RM11.3 million.
- If the discount rate increases from 15.0% to 15.5% assuming all else remains constant, there would be an additional impairment of RM26.6 million.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(e) Infrastructure segment

The following CGUs for which management monitors the goodwill of the infrastructure segment and its related calculations used in determining each CGU's recoverable amount are as follows:

|                       | <u>2023</u>      | <u>2022</u>      |
|-----------------------|------------------|------------------|
|                       | RM'000           | RM'000           |
| Malaysia <sup>1</sup> | 1,210,936        | 1,210,936        |
| Pakistan              | 37,837           | 92,317           |
| Myanmar               | -                | 134,511          |
|                       | <u>1,248,773</u> | <u>1,437,764</u> |

<sup>1</sup> Malaysia consists of two CGUs being Tanjung Digital Sdn Bhd Group and Touch Mindscape Group with goodwill amounting to RM39.2 million (2022: RM39.2 million) and RM1,171.8 million (2022: RM1,171.8 million) respectively.

The recoverable amounts of all CGUs in infrastructure segment were determined using FVLCTS calculations. Estimates with regard to demand and supply in the tower infrastructure market have been assessed by an external consultant.

The following assumptions have been applied in the calculations:

|  | <u>Malaysia</u> | <u>Pakistan</u>          | <u>Myanmar</u>           |
|--|-----------------|--------------------------|--------------------------|
| <u>2023</u>                            |                 |                          |                          |
| Number of projection year <sup>1</sup> | 15              | 15                       | 15                       |
| Post-tax adjusted discount rate (%)    | 8.0 - 8.5       | 22.5 - 23.0 <sup>^</sup> | 22.5 - 23.5 <sup>^</sup> |
| Terminal growth rate (%)               | 2.5             | 5.0                      | 2.0 <sup>^</sup>         |
| Discount for lack of marketability (%) | -               | -                        | 66.0 <sup>^</sup>        |
| EBITDA margins (%)                     | 59.3 - 79.8     | 70.5 - 88.4 <sup>^</sup> | 83.9 - 85.3 <sup>^</sup> |
| Colocation ratio average               | 2.77x           | 2.07x                    | 1.93x                    |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(e) Infrastructure segment (continued)

The following assumptions have been applied in the calculations: (continued)

|  | <u>Malaysia</u>          | <u>Pakistan</u>          | <u>Myanmar</u> |
|--|--------------------------|--------------------------|----------------|
| <u>2022</u>                            |                          |                          |                |
| Number of projection year <sup>1</sup> | 10 to 15                 | 15                       | 15             |
| Post-tax adjusted discount rate (%)    | 7.3 <sup>^</sup>         | 18.0 <sup>^</sup>        | 18.0           |
| Terminal growth rate (%)               | 2.5                      | 5.5                      | 5.0            |
| EBITDA margins (%)                     | 69.0 - 79.7 <sup>^</sup> | 62.8 - 87.2 <sup>^</sup> | 79.1 - 89.4    |
| Colocation ratio average               | 2.61x                    | 2.07x                    | 2.49x          |

<sup>1</sup> The forecast period of fifteen (15) years represents the average lease term that is executed with customers and incorporates all agreed changes in lease rates over the lease term.

<sup>^</sup> Key assumptions applied in the impairment assessment are those to which the recoverable amount is most sensitive.

Based on the assessment performed,

(i) goodwill allocated to the Malaysia CGU was not impaired during the financial year as the recoverable amount exceeded the carrying amount. Management's assessment included an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Group concluded that no reasonable change in the base case assumptions would cause the carrying amount of Malaysia CGU exceed its recoverable amount.

In the previous financial year, based on the sensitivity analysis performed and assuming all else remained constant, the effects of movement in the key assumptions to the recoverable amount was as follows:

- If the EBITDA margins were to decrease by 2% annually and if the discount rate increases from 7.25% to 7.75% assuming all else remained constant, there would be an impairment of RM23.0 million.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Assumptions used (continued)

(e) Infrastructure segment (continued)

Based on the assessment performed, (continued)

- (ii) the Group recorded an impairment loss on goodwill in respect of Pakistan CGU of RM40.5 million during the financial year. The recoverable amount of Pakistan CGU was RM 418.0 million. The recoverable amount was derived from future cash flows generated by the underlying assets in the CGU.

The impairment loss recognised with respect to Pakistan CGU was attributable to the worsening economic conditions and its applicable effect to the post-tax adjusted discount rate.

Management's assessment included an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed and assuming all else remained constant, the effect of movement in the key assumptions to the recoverable amount is as follows:

- If the EBITDA margins were to decrease by 2% annually and if the discount rate increases from 22.8% to 23.3% (2022: 18.0% to 18.5%) assuming all else remained constant, there would be an impairment of RM70.6 million (2022: RM8.6 million).
- (iii) the Group recorded total impairment loss of RM887.9 million which comprising of impairment on goodwill of RM140.6 million, PPE of RM380.4 million, customer contracts of RM263.9 million and ROU assets of RM103.0 million in respect of Myanmar CGU during the financial year. The recoverable amount of Myanmar CGU was RM291.9 million after considering the following:
- future cash flows generated by the underlying assets in the CGU, factoring the worsening macroeconomic conditions in Myanmar;
  - included cost to sell based on estimated transaction value and duration of services; and
  - included a discount for lack of marketability which is benchmarked against discounts of other Myanmar businesses in similar recent transactions following the Group's intention to exit Myanmar as disclosed in Note 37 to the financial statements.

The recoverable amount of Myanmar CGU is aligned with the estimated enterprise value of the expected transaction bid price.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

(f) Fixed broadband segment

The recoverable amount of fixed broadband CGU is determined using FVLCTS (2022: VIU) calculation based on cash flows projections covering a ten (10) (2022: five (5)) year period.

The Group revised its business plan to deploy additional HomePasses (“HP”) to increase its broadband market share in Indonesia, which requires significant capital expenditure in the initial years. Accordingly, management has increased the projection period from 5 years to 10 years to take into consideration the duration of the construction and roll out of the HP and the longer gestation period for the fixed broadband CGU to achieve the expected penetration rate and generate cash flows.

The following assumptions have been applied in the calculation:

|                         | <u>2023</u><br>(%)    | <u>2022</u><br>(%) |
|-------------------------|-----------------------|--------------------|
| Revenue growth rates    | 7.2 - 20.5            | 7.8 - 8.9          |
| EBITDA margins          | 45.2 - 52.4           | 56.2 - 57.4        |
| Capex to revenue ratios | 16.8 - 116.3          | 30.0 - 47.3        |
| Terminal growth rate    | 4.0                   | 4.0                |
| Discount rate           | 10.5 <sup>&amp;</sup> | 12.3 <sup>*</sup>  |

& Post-tax adjusted discount rate applied to the post-tax cash flow forecasts.

\* Pre-tax discount rate applied to the cash flow forecasts was derived from the pre-tax cash flows at the date of assessment reflects the risk of the CGU.

Based on the assessment above, goodwill allocated to the fixed broadband CGU was not impaired as the recoverable amount exceeded the carrying amount. Management’s assessment included an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Group concluded that no reasonable change in the base case assumptions would cause the carrying amount of fixed broadband CGU to exceed its recoverable amount.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

25. CONTRACT COST ASSETS

|  | Note | 2023                             |                                  |                | Group<br>2022                    |                                  |                |
|--|------|----------------------------------|----------------------------------|----------------|----------------------------------|----------------------------------|----------------|
|  |      | Contract<br>acquisition<br>costs | Contract<br>fulfillment<br>costs | Total          | Contract<br>acquisition<br>costs | Contract<br>fulfillment<br>costs | Total          |
|  |      | RM'000                           | RM'000                           | RM'000         | RM'000                           | RM'000                           | RM'000         |
| At 1 January                           |      | 64,262                           | 73,948                           | 138,210        | 101,989                          | 130,530                          | 232,519        |
| Additions                              |      | 95,752                           | 79,541                           | 175,293        | 78,021                           | 47,001                           | 125,022        |
| Amortisation                           | 7(a) | (93,868)                         | (32,895)                         | (126,763)      | (50,153)                         | (58,195)                         | (108,348)      |
| Disposal of a group<br>of subsidiaries |      | -                                | -                                | -              | (32,522)                         | -                                | (32,522)       |
| Currency<br>translation<br>differences |      | 9,077                            | 13,086                           | 22,163         | (33,073)                         | (45,388)                         | (78,461)       |
| At 31 December                         |      | <u>75,223</u>                    | <u>133,680</u>                   | <u>208,903</u> | <u>64,262</u>                    | <u>73,948</u>                    | <u>138,210</u> |

Contract acquisition costs comprise mainly of sales commission paid to dealers. Contract fulfillment costs comprise mainly of set-top boxes and routers. The contract cost assets are expected to be amortised over twenty-three (23) to forty-two (42) months (2022: twenty-three (23) to forty-two (42) months).

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

26. PROPERTY, PLANT AND EQUIPMENT

|  | <u>Note</u> | <u>Land</u><br>RM'000 | <u>Buildings</u><br>RM'000 | <u>Telecom-<br/>munication<br/>network<br/>equipment</u><br>RM'000 | <u>Movable<br/>plant and<br/>equipment</u><br>RM'000 | <u>Computer<br/>support<br/>systems</u><br>RM'000 | <u>Capital work-<br/>in-progress</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--|-------------|-----------------------|----------------------------|--|--|---|--|------------------------|
| <u>Group</u>                                       |             |                       |                            |  |  |   |  |                        |
| <u>Net book value</u>                              |             |                       |                            |  |  |   |  |                        |
| At 1 January 2023                                  |             | 54,513                | 204,062                    | 23,330,249   | 307,549  | 736,918   | 2,567,684                                      | 27,200,975             |
| Additions  |             | 912                   | 39,208                     | 4,859,011  | 160,483  | 304,396   | 400,986  | 5,764,996              |
| Inter-classification                               |             | -                     | 257                        | 990,608  | 68   | 3,933   | (994,866)                                      | -                      |
| Acquisition of subsidiaries                        |             | -                     | -                          | -  | 454  | -   | -  | 454                    |
| Disposal of a group of subsidiaries                |             | (33,403)              | (22,544)                   | (425,473)  | (24,969)   | (23,273)  | (42,936)                                       | (572,598)              |
| Disposals  |             | -                     | (381)                      | (12,793)   | (488)  | (92,600)  | (396)  | (106,658)              |
| Write-off  |             | -                     | -                          | (11,464)   | (120)  | (1)   | (2,469)  | (14,054)               |
| Depreciation                                       |             | -                     | (32,756)                   | (4,103,435)  | (140,119)  | (356,460)   | -  | (4,632,770)            |
| Impairment   | (c)         | -                     | -                          | (1,202,746)  | (2,083)  | (1,124)   | (29,058)                                       | (1,235,011)            |
| Reversal of impairment                             |             | -                     | -                          | 6,849  | -  | -   | -  | 6,849                  |
| Reclassified to assets classified as held for sale | 37          | -                     | -                          | (57,307)   | (48)   | (71)  | (40,516)                                       | (97,942)               |
| Reclassification                                   |             | -                     | 5,266                      | 20,551   | (13)   | (77,605)  | -  | (51,801)               |
| Currency translation differences                   |             | 3,073                 | 16,488                     | 988,034  | 14,379   | 30,639  | 124,730  | 1,177,343              |
| At 31 December 2023                                |             | 25,095                | 209,600                    | 24,382,084   | 315,093  | 524,752   | 1,983,159                                      | 27,439,783             |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

|   | <u>Land</u><br>RM'000 | <u>Buildings</u><br>RM'000 | <u>Telecom-<br/>munication<br/>network<br/>equipment</u><br>RM'000 | <u>Movable<br/>plant and<br/>equipment</u><br>RM'000 | <u>Computer<br/>support<br/>systems</u><br>RM'000 | <u>Capital work-<br/>in-progress</u><br>RM'000 | <u>Total</u><br>RM'000 |
|---|-----------------------|----------------------------|--|--|---|--|------------------------|
| <u>Group</u>  |                       |                            |  |  |   |  |                        |
| <u>Net book value</u>                                 |                       |                            |  |  |   |  |                        |
| At 1 January 2022                                     | 70,027                | 149,883                    | 23,320,952   | 212,129  | 1,087,739   | 2,134,558                                      | 26,975,288             |
| Additions   | -                     | 17,630                     | 8,031,890  | 67,668   | 317,052   | 1,025,280                                      | 9,459,520              |
| Inter-classification                                  | -                     | 718                        | 676,564  | (5,354)  | 59,872  | (731,800)                                      | -                      |
| Acquisition of subsidiaries                           | 411                   | 126,725                    | 1,592,468  | 219,422  | 6,505   | 524,548  | 2,470,079              |
| Disposal of a group of subsidiaries                   | (6,176)               | (33,350)                   | (4,196,241)  | (74,547)   | (100,441)   | (128,316)                                      | (4,539,071)            |
| Disposals   | -                     | (346)                      | (22,874)   | (1,031)  | (121)   | (1,500)  | (25,872)               |
| Write-off   | -                     | -                          | (15,124)   | (279)  | (75)  | (4,557)  | (20,035)               |
| Depreciation  | -                     | (24,279)                   | (4,178,575)  | (101,283)  | (610,537)   | -  | (4,914,674)            |
| Impairment  | -                     | -                          | (102,684)  | (1,234)  | (760)   | (12,651)                                       | (117,329)              |
| Reclassified to assets classified<br>as held for sale | -                     | -                          | 16,649   | 842  | -   | -  | 17,491                 |
| Currency translation differences                      | (9,749)               | (32,919)                   | (1,792,776)  | (8,784)  | (22,316)  | (237,878)                                      | (2,104,422)            |
| At 31 December 2022                                   | <u>54,513</u>         | <u>204,062</u>             | <u>23,330,249</u>  | <u>307,549</u>                                       | <u>736,918</u>                                    | <u>2,567,684</u>                               | <u>27,200,975</u>      |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

|                               | <u>Land</u><br>RM'000 | <u>Buildings</u><br>RM'000 | <u>Telecom-<br/>munication<br/>network<br/>equipment</u><br>RM'000 | <u>Movable<br/>plant and<br/>equipment</u><br>RM'000 | <u>Computer<br/>support<br/>systems</u><br>RM'000 | <u>Capital work-<br/>in-progress</u><br>RM'000 | <u>Total</u><br>RM'000 |
|-------------------------------|-----------------------|----------------------------|--|--|---|--|------------------------|
| <u>Group</u>                  |                       |                            |  |  |   |  |                        |
| Cost                          | 25,095                | 445,380                    | 60,920,771   | 1,318,117  | 3,497,009   | 2,032,811                                      | 68,239,183             |
| Accumulated depreciation      | -                     | (235,780)                  | (36,392,419)   | (995,639)  | (2,964,328)                                       | -  | (40,588,166)           |
| Accumulated impairment losses | -                     | -                          | (146,268)  | (7,385)  | (7,929)   | (49,652)                                       | (211,234)              |
| At 31 December 2023           | <u>25,095</u>         | <u>209,600</u>             | <u>24,382,084</u>  | <u>315,093</u>                                       | <u>524,752</u>                                    | <u>1,983,159</u>                               | <u>27,439,783</u>      |
| Cost                          | 54,513                | 430,554                    | 58,042,126   | 1,274,067  | 3,664,033   | 2,594,057                                      | 66,059,350             |
| Accumulated depreciation      | -                     | (226,492)                  | (34,599,364)   | (961,103)  | (2,919,847)                                       | -  | (38,706,806)           |
| Accumulated impairment losses | -                     | -                          | (112,513)  | (5,415)  | (7,268)   | (26,373)                                       | (151,569)              |
| At 31 December 2022           | <u>54,513</u>         | <u>204,062</u>             | <u>23,330,249</u>  | <u>307,549</u>                                       | <u>736,918</u>                                    | <u>2,567,684</u>                               | <u>27,200,975</u>      |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) Net book value of PPE of certain subsidiaries pledged as security for borrowings as disclosed in Note 16(a) to the financial statements are as follows:

|                                     | <u>Group</u>     |                  |
|-------------------------------------|------------------|------------------|
|                                     | <u>2023</u>      | <u>2022</u>      |
|                                     | RM'000           | RM'000           |
| Land                                | -                | 31,696           |
| Buildings                           | -                | 22,124           |
| Telecommunication network equipment | 3,018,458        | 3,612,058        |
| Movable plant and equipment         | -                | 26,672           |
| Computer support systems            | -                | 26,133           |
| Capital work-in-progress            | -                | 79,101           |
| Total                               | <u>3,018,458</u> | <u>3,797,784</u> |

- (b) During the financial year, net book value of telecommunication network equipment subject to operating lease of the Group is RM6,222.7 million (2022: RM6,045.7 million).
- (c) The impairment during the financial year mainly comprises impairment of assets of Nepal CGU and Myanmar CGU as disclosed in Note 5(a)(i) and Note 24(e)(iii) to the financial statements.
- (d) During the financial year, EDOTCO Group (infrastructure segment) performed an impairment assessment on the PPE of Philippines CGU. The recoverable amount of Philippines CGU is determined using FVLCTS based on cash flows projections covering a fifteen (15) year period.

The following assumptions have been applied in the calculation:

|                                     | <u>2023</u>  |
|-------------------------------------|--------------|
| Post-tax adjusted discount rate (%) | 11.0         |
| Terminal growth rate (%)            | 5.0          |
| EBITDA margins (%)                  | 72.4 - 86.1  |
| Colocation ratio average            | <u>1.61x</u> |

Based on the assessment above, the PPE was not impaired as the recoverable amount exceeded the carrying amount.

Management's assessment included an impact assessment of changes in assumptions. Based on the sensitivity analysis performed and assuming all else remained constant, the Group concluded that no reasonable change in the base case assumptions would cause the carrying amount of Philippines CGU to exceed its recoverable amount.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| <u>Company</u>                | <u>Note</u> | <u>Office<br/>equipment</u><br>RM'000 | <u>Furniture<br/>and<br/>motor<br/>vehicle</u><br>RM'000 | <u>Motor<br/>vehicle</u><br>RM'000 | <u>Capital<br/>work-<br/>in-progress</u><br>RM'000 | <u>Total</u><br>RM'000 |
|-------------------------------|-------------|---------------------------------------|--|------------------------------------|--|------------------------|
| <u>Net book value</u>         |             |                                       |  |                                    |  |                        |
| At 1 January 2023             |             | 7,481                                 | 3,148  | 246                                | 5,994  | 16,869                 |
| Additions                     |             | 210                                   | 97   | -                                  | 1,627  | 1,934                  |
| Disposals                     |             | (7)                                   | -  | -                                  | -  | (7)                    |
| Impairment                    |             | (662)                                 | (368)  | -                                  | (4,352)  | (5,382)                |
| Depreciation                  | 7(a)        | (3,455)                               | (1,234)  | (57)                               | -  | (4,746)                |
| At 31 December 2023           |             | <u>3,567</u>                          | <u>1,643</u>   | <u>189</u>                         | <u>3,269</u>                                       | <u>8,668</u>           |
| At 1 January 2022             |             | 9,804                                 | 3,671  | -                                  | 3,931  | 17,406                 |
| Additions                     |             | 1,210                                 | 874  | 286                                | 2,328  | 4,698                  |
| Inter-classification          |             | 265                                   | -  | -                                  | (265)  | -                      |
| Disposals                     |             | (4)                                   | -  | -                                  | -  | (4)                    |
| Write-off                     |             | (7)                                   | -  | -                                  | -  | (7)                    |
| Depreciation                  | 7(a)        | (3,787)                               | (1,397)  | (40)                               | -  | (5,224)                |
| At 31 December 2022           |             | <u>7,481</u>                          | <u>3,148</u>   | <u>246</u>                         | <u>5,994</u>                                       | <u>16,869</u>          |
| Cost                          |             | 34,463                                | 14,898   | 951                                | 7,621  | 57,933                 |
| Accumulated depreciation      |             | (30,234)                              | (12,887)   | (762)                              | -  | (43,883)               |
| Accumulated impairment losses |             | (662)                                 | (368)  | -                                  | (4,352)  | (5,382)                |
| At 31 December 2023           |             | <u>3,567</u>                          | <u>1,643</u>   | <u>189</u>                         | <u>3,269</u>                                       | <u>8,668</u>           |
| Cost                          |             | 34,287                                | 14,801   | 951                                | 5,994  | 56,033                 |
| Accumulated depreciation      |             | (26,806)                              | (11,653)   | (705)                              | -  | (39,164)               |
| At 31 December 2022           |             | <u>7,481</u>                          | <u>3,148</u>   | <u>246</u>                         | <u>5,994</u>                                       | <u>16,869</u>          |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

27. RIGHT-OF-USE ASSETS

|  | <u>Note</u> | <u>Land</u><br>RM'000 | <u>Buildings</u><br>RM'000 | <u>Telecommunication<br/>network sites<br/>and equipment</u><br>RM'000 | <u>Others</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--|-------------|-----------------------|----------------------------|--|-------------------------|------------------------|
| <u>Group</u>                                       |             |                       |                            |  |                         |                        |
| <u>Net book value</u>                              |             |                       |                            |  |                         |                        |
| At 1 January 2023                                  |             | 1,432,778             | 185,447                    | 7,589,440  | 106,117                 | 9,313,782              |
| Additions  |             | 288,310               | 126,796                    | 2,795,701  | 666                     | 3,211,473              |
| Disposal of a group of subsidiaries                |             | -                     | (33,765)                   | (12,085)   | (980)                   | (46,830)               |
| Disposal/Termination                               |             | (473)                 | (1,365)                    | (185)  | (43)                    | (2,066)                |
| Depreciation                                       |             | (336,447)             | (66,418)                   | (1,449,433)  | (22,524)                | (1,874,822)            |
| Impairment   | (a)         | (101,672)             | (1,372)                    | (62,820)   | (1)                     | (165,865)              |
| Remeasurement                                      |             | 43,845                | (125)                      | -  | 290                     | 44,010                 |
| Modification                                       |             | 16,439                | 3,179                      | 9,639  | 389                     | 29,646                 |
| Reclassified to assets classified as held for sale | 37          | (15,601)              | (211)                      | -  | -                       | (15,812)               |
| Reclassification                                   |             | -                     | -                          | (24,265)   | -                       | (24,265)               |
| Currency translation differences                   |             | 26,199                | 8,360                      | 432,928  | 5,734                   | 473,221                |
| At 31 December 2023                                |             | <u>1,353,378</u>      | <u>220,526</u>             | <u>9,278,920</u>   | <u>89,648</u>           | <u>10,942,472</u>      |
| At 1 January 2022                                  |             | 1,300,938             | 557,740                    | 7,114,807  | 9,728                   | 8,983,213              |
| Additions  |             | 467,530               | 51,124                     | 2,712,455  | 148,344                 | 3,379,453              |
| Acquisition of subsidiaries                        |             | -                     | 4,978                      | 182,887  | 2,038                   | 189,903                |
| Disposal of a group of subsidiaries                |             | (25,625)              | (330,849)                  | (806,195)  | (450)                   | (1,163,119)            |
| Disposal/Termination                               |             | (116)                 | (1,405)                    | (1,906)  | -                       | (3,427)                |
| Depreciation                                       |             | (307,647)             | (76,535)                   | (1,465,126)  | (53,421)                | (1,902,729)            |
| Remeasurement                                      |             | 66,244                | (2,509)                    | (1)  | -                       | 63,734                 |
| Modification                                       |             | 6,430                 | (2,074)                    | 30,872   | 466                     | 35,694                 |
| Reclassified to assets classified as held for sale |             | 1,924                 | -                          | 1,047  | (528)                   | 2,443                  |
| Currency translation differences                   |             | (76,900)              | (15,023)                   | (179,399)  | (61)                    | (271,383)              |
| At 31 December 2022                                |             | <u>1,432,778</u>      | <u>185,447</u>             | <u>7,589,441</u>   | <u>106,116</u>          | <u>9,313,782</u>       |

(a) The impairment during the financial year mainly comprise impairment of assets of Nepal CGU and Myanmar CGU, as disclosed in Note 5(a)(i) and Note 24(e)(iii) to the financial statements.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

27. RIGHT-OF-USE ASSETS (CONTINUED)

|                                   | <u>Note</u> | <u>2023</u><br>RM'000 | <u>Company</u><br><u>2022</u><br>RM'000 |
|-----------------------------------|-------------|-----------------------|---|
| <u>Buildings (net book value)</u> |             |                       |   |
| At 1 January                      |             | 1,759                 | 10,260                                  |
| Addition                          |             | -                     | 1,085                                   |
| Depreciation                      | 7(a)        | (1,759)               | (4,104)                                 |
| Modification                      |             | -                     | (5,482)                                 |
| At 31 December                    |             | <u>-</u>              | <u>1,759</u>                            |

Amounts recognised in profit or loss within "Other operating costs" related to lease contracts accounted for in accordance with MFRS 16 are as follows:

|                         | <u>Group</u>          |                       | <u>Company</u>        |                       |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                         | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 |
| Short-term leases       | 70,762                | 100,523               | -                     | -                     |
| Low value assets        | 38,828                | 9,415                 | -                     | 1,951                 |
| Variable lease payments | 6,582                 | 6,228                 | -                     | -                     |

The Group is also exposed to potential future cash outflow on variable lease payments totaling RM11.1 million (2022: RM25.8 million), which are not included as lease liability until the event or condition that triggers those payments occur. Variable lease payments are in relation to the number of equipment installed on network sites.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28. SUBSIDIARIES

|   | Note | 2023               |                    |                   | 2022               |                    |                   |
|---|------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
|   |      | Malaysia<br>RM'000 | Overseas<br>RM'000 | Total<br>RM'000   | Malaysia<br>RM'000 | Overseas<br>RM'000 | Total<br>RM'000   |
| <u>Company</u>                          |      |                    |                    |                   |                    |                    |                   |
| Unquoted shares, at cost                | (a)  | 10,418,645         | 5,430,964          | 15,849,609        | 10,283,483         | 6,143,543          | 16,427,026        |
| Accumulated impairment losses           | (b)  | (456,758)          | (5,210,988)        | (5,667,746)       | (371,003)          | (4,400,575)        | (4,771,578)       |
| Net cost of investments in subsidiaries |      | <u>9,961,887</u>   | <u>219,976</u>     | <u>10,181,863</u> | <u>9,912,480</u>   | <u>1,742,968</u>   | <u>11,655,448</u> |
| Quasi-investments                       |      | 5,386,224          | -                  | 5,386,224         | 5,521,880          | -                  | 5,521,880         |
| Accumulated impairment losses           |      | (383,275)          | -                  | (383,275)         | (383,275)          | -                  | (383,275)         |
| Net quasi-investments                   |      | <u>5,002,949</u>   | <u>-</u>           | <u>5,002,949</u>  | <u>5,138,605</u>   | <u>-</u>           | <u>5,138,605</u>  |
| Total                                   |      | <u>14,964,836</u>  | <u>219,976</u>     | <u>15,184,812</u> | <u>15,051,085</u>  | <u>1,742,968</u>   | <u>16,794,053</u> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28. SUBSIDIARIES (CONTINUED)

The Group's and the Company's ownership interests in subsidiaries, their respective principal activities and countries of incorporation are listed in Note 41 to the financial statements.

(a) The movement of the unquoted shares and quasi-investments during the financial year is as follows:

- i) The Company had subscribed additional shares of RM135.2 million in a subsidiary by converting RM130.7 million of quasi-investments and RM4.5 million of amount due from a subsidiary.
- ii) The Company had received a waiver of an amount due to a subsidiary amounting to RM769.9 million, resulting in a reduction in cost of investment in the subsidiary. The substance of the waiver is a distribution from the subsidiary to the Company via return of capital to the shareholders as disclosed in Note 33(a) to the financial statements.

(b) Impairment tests for cost of investments in subsidiaries

The Company performed impairment assessments of its costs of investments in certain subsidiaries as there were indicators of impairment arising from the changes in macroeconomic outlook and pre-existing business challenges as follows:

i) Impairment assessment for AIUK

During the financial year, the Company recorded an impairment loss on its investment in AIUK of RM810.4 million following the disposal of Reynolds Group as disclosed in Note 5(a)(i) to the financial statements. The recoverable amount for AIUK was determined based on net assets of AIUK as at reporting date.

In the previous financial year, the Company determined the recoverable amount for AIUK using FVLCTS calculations, which applied a discounted cash flow model of Nepal mobile business segment based on market participants' view covering a five (5) year period as disclosed in Note 24(d) to the financial statements, adjusted for net debt and debt-like items. The deposits paid to avoid possible penalties in relation to an ongoing arbitration had been included in the FVLCTS calculations.

The assumptions that had been applied in the FVLCTS calculations based on market's participants' view using level 3 of the fair value hierarchy were as follows:

|                                      | <u>2022</u><br>(%) |
|--------------------------------------|--------------------|
| Revenue growth rates <sup>^</sup>    | 1.4 - 3.0          |
| EBITDA margins <sup>^</sup>          | 53.6 - 53.9        |
| Capex to revenue ratios <sup>^</sup> | 16.9 - 19.0        |
| Terminal growth rate <sup>^</sup>    | 2.0                |
| Discount rate <sup>^</sup>           | 15.0               |

<sup>^</sup> Key assumptions applied in the impairment assessment are those to which the recoverable amount was most sensitive.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

28. **SUBSIDIARIES (CONTINUED)**

(b) Impairment tests for cost of investments in subsidiaries (continued)

i) Impairment assessment for AIUK (continued)

Management's assessment in the previous financial year included an impact of assessment of changes in key assumptions. Based on sensitivity analysis performed and assuming all else remained constant, the effects of movement in the key assumptions to the recoverable amounts were as follows:

- If the telecommunication licence was not renewed in 2029 and discounted cash flows were projected only until 2029 and not in perpetuity, assuming all else remained constant, an additional impairment of RM1,017.6 million would result.
- If the revenue growth rates were to decrease by 1% annually, assuming all else remained constant, an additional impairment of RM128.4 million would result.
- If the EBITDA margins were to decrease by 1% annually, assuming all else remained constant, an additional impairment of RM62.1 million would result.
- If the capex to revenue ratios were to increase by 1% annually, assuming all else remained constant, an additional impairment of RM74.0 million would result.
- If the terminal growth rate was to decrease from 2.0% to 1.5%, assuming all else remained constant, an additional impairment of RM42.3 million would result.
- If the discount rate was to increase from 15.0% to 15.5%, assuming all else remained constant, an additional impairment of RM57.5 million would result.

ii) Impairment assessment for Axiata Investments (Singapore) Limited ("AIS")

During the financial year, the Company recorded an impairment loss of RM85.8 million (2022: RM47.0 million) on its cost of investment in AIS. The underlying asset of AIS comprise investment in Pegasus 7 Ventures Pte Ltd. The recoverable amount of AIS of RM84.3 million (RM170.0 million) was determined based on FVLCTS, which is the present value of future cash flows, classified as level 3.

(c) **NCI**

The total NCI of the Group as at reporting date is RM6,171.2 million (2022: RM6,745.3 million), of which the subsidiaries that have material NCI to the Group are:

- RM2,651.1 million (2022: RM2,434.5 million) is attributable to XL;
- RM1,027.9 million (2022: RM1,059.7 million) is attributable to Robi; and
- RM1,440.2 million (2022: RM1,802.9 million) is attributable to EDOTCO Group.

The remaining NCI of the Group are individually immaterial.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28. SUBSIDIARIES (CONTINUED)

(c) NCI (continued)

The financial information (before inter-company eliminations and after consolidation adjustments) of the segments that have material NCI to the Group are as follows:

(i) The summarised statement of comprehensive income for the financial year ended 31 December

|  | EDOTCO Group          |                         |           |                       |                         |           | XL      |           | Robi     |           |
|--|-----------------------|-------------------------|-----------|-----------------------|-------------------------|-----------|---------|-----------|----------|-----------|
|  | 2023                  |                         |           | 2022                  |                         |           | 2023    | 2022      | 2023     | 2022      |
|  | RM'000                | RM'000                  | RM'000    | RM'000                | RM'000                  | RM'000    | RM'000  | RM'000    | RM'000   |           |
|  | Continuing operations | Discontinued operations | Total     | Continuing operations | Discontinued operations | Total     |         |           |          |           |
| (Loss)/Profit for the financial year                     | (175,505)             | (796,924)               | (972,429) | 96,502                | 94,867                  | 191,369   | 393,202 | 332,758   | 126,305  | 120,072   |
| OCI  | (109,490)             | 171,351                 | 61,861    | (1,044)               | (210,974)               | (212,018) | 406,190 | (214,063) | (55,729) | (378,022) |
| Total comprehensive (expense)/income                     | (284,995)             | (625,573)               | (910,568) | 95,458                | (116,107)               | (20,649)  | 799,392 | 118,695   | 70,576   | (257,950) |
| (Loss)/Profit for the financial year attributable to NCI | (22,161)              | (360,362)               | (382,523) | 76,103                | 40,528                  | 116,631   | 134,257 | 130,316   | 48,224   | 48,603    |
| Dividend paid to NCI                                     | 200                   | -                       | 200       | 22,601                | -                       | 22,601    | 55,673  | 62,657    | 58,870   | 20,119    |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28. SUBSIDIARIES (CONTINUED)

(c) NCI (continued)

The financial information (before inter-company eliminations and after consolidation adjustments) of the segments that have material NCI to the Group are as follows: (continued)

(ii) The summarised statement of financial position as at 31 December

|                         | EDOTCO Group          |                       | XL                    |                       | Robi                  |                       |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                         | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 |
| Non-current assets      | 9,789,941             | 9,956,427             | 23,818,590            | 21,500,205            | 8,411,299             | 7,750,356             |
| Current assets          | 2,793,226             | 2,482,916             | 2,220,050             | 3,010,899             | 643,352               | 601,174               |
| Non-current liabilities | (7,330,150)           | (5,393,586)           | (12,243,350)          | (9,920,084)           | (3,177,030)           | (2,581,513)           |
| Current liabilities     | (2,218,387)           | (3,099,526)           | (5,964,924)           | (7,394,818)           | (3,114,798)           | (2,923,767)           |
| Net assets              | <u>3,034,630</u>      | <u>3,946,231</u>      | <u>7,830,366</u>      | <u>7,196,202</u>      | <u>2,762,823</u>      | <u>2,846,250</u>      |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

28. SUBSIDIARIES (CONTINUED)

(c) NCI (continued)

The financial information (before inter-company eliminations and after consolidation adjustments) of the segments that have material NCI to the Group are as follows: (continued)

(iii) The summarised statement of cash flows as at 31 December

|  | EDOTCO Group   |                | XL             |                | Robi           |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 | 2023<br>RM'000 | 2022<br>RM'000 |
| Net cash flow from operating activities                      | 1,176,327      | 1,089,586      | 4,796,470      | 3,977,468      | 1,704,651      | 1,591,585      |
| Net cash flow used in investing activities                   | (1,294,271)    | (3,577,404)    | (3,092,227)    | (3,241,721)    | (991,141)      | (1,206,814)    |
| Net cash flow from/(used in) financing activities            | 235,874        | 2,554,050      | (2,960,655)    | (25,767)       | (716,891)      | (442,728)      |
| Net increase/(decrease) in cash and cash equivalent          | 117,930        | 66,232         | (1,256,412)    | 709,980        | (3,381)        | (57,957)       |
| Effect of exchange rate changes on cash and cash equivalents | (104,138)      | 8,971          | 82,368         | (28,725)       | (1,050)        | (28,534)       |
| Cash and cash equivalents classified as held for sale        | (390,271)      | -              | -              | -              | -              | -              |
| Cash and cash equivalents at beginning of financial year     | 816,326        | 741,123        | 1,461,921      | 780,666        | 152,154        | 238,645        |
| Cash and cash equivalents at the end of financial year       | 439,847        | 816,326        | 287,877        | 1,461,921      | 147,723        | 152,154        |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29. ASSOCIATES

|  | 2023                      |                           |                        | 2022                      |                           |                        |
|--|---------------------------|---------------------------|------------------------|---------------------------|---------------------------|------------------------|
|  | <u>Malaysia</u><br>RM'000 | <u>Overseas</u><br>RM'000 | <u>Total</u><br>RM'000 | <u>Malaysia</u><br>RM'000 | <u>Overseas</u><br>RM'000 | <u>Total</u><br>RM'000 |
| <u>Group</u>                                   |                           |                           |                        |                           |                           |                        |
| Quoted investments                             | 15,532,517                | -                         | 15,532,517             | 15,532,517                | -                         | 15,532,517             |
| Unquoted investments                           | 43,997                    | 117,136                   | 161,133                | 69,448                    | 114,439                   | 183,887                |
| Share of post-acquisition results and reserves | (10,912)                  | (20,155)                  | (31,067)               | (75,323)                  | (15,646)                  | (90,969)               |
|  | 15,565,602                | 96,981                    | 15,662,583             | 15,526,642                | 98,793                    | 15,625,435             |
| Accumulated impairment losses                  | -                         | (29,077)                  | (29,077)               | -                         | (28,731)                  | (28,731)               |
| Currency translation differences               | -                         | 2,527                     | 2,527                  | -                         | 187                       | 187                    |
| Total  | <u>15,565,602</u>         | <u>70,431</u>             | <u>15,636,033</u>      | <u>15,526,642</u>         | <u>70,249</u>             | <u>15,596,891</u>      |
| <u>Company</u>                                 |                           |                           |                        |                           |                           |                        |
| Quoted investments                             | <u>15,532,517</u>         | <u>-</u>                  | <u>15,532,517</u>      | <u>15,532,517</u>         | <u>-</u>                  | <u>15,532,517</u>      |

The Group's and the Company's ownership interests in the associates, their respective principal activities and countries of incorporation are listed in Note 42 to the financial statements.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29. ASSOCIATES (CONTINUED)

(a) Summarised financial information of a material associate

The tables below provide summarised financial information for CelcomDigi Berhad, being the only material associate of the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

(i) The summarised statements of comprehensive income for the financial year ended 31 December 2023 and one-month financial period from 1 to 31 December 2022 are as follows:

|   | <u>2023</u> | <u>1.12.2022 –</u><br><u>31.12.2022</u> |
|---|-------------|---|
|   | RM'000      | RM'000                                  |
| Revenue   | 12,682,151  | 1,093,561                               |
| Profit/(Loss) for the financial year/period                   | 1,602,937   | (133,309)                               |
| Group's share of profit/ (loss) for the financial year/period | 530,572     | (44,125)                                |

(ii) The summarised statement of financial position for the financial year ended 31 December is as follows:

|                             | <u>2023</u>       | <u>2022</u>         |
|-----------------------------|-------------------|---------------------|
|                             | RM'000            | RM'000<br>Restated* |
| Non-current assets          | 20,060,583        | 21,045,969          |
| Current assets              | 3,415,372         | 4,054,746           |
| Current liabilities         | (7,421,662)       | (8,762,338)         |
| Non-current liabilities     | (13,167,127)      | (13,552,517)        |
|                             | <u>2,887,166</u>  | <u>2,785,860</u>    |
| Group's share in %          | 33.10%            | 33.10%              |
| Group's share of net assets | 955,652           | 922,120             |
| Goodwill                    | 14,566,271        | 14,566,271          |
| Carrying amount             | <u>15,521,923</u> | <u>15,488,391</u>   |

\* Restatement due to finalisation of the merger consideration as disclosed in Note 5(b)(ii) and completion of the PPA exercise within twelve (12) months from the date of completion of merger.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29. ASSOCIATES (CONTINUED)

(a) Summarised financial information of a material associate (continued)

(iii) The fair value as at 31 December is as follows:

|            | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 |
|------------|-----------------------|-----------------------|
| Fair value | 15,843,167            | 15,532,517            |

The fair value of quoted investment is within Level 1 of the fair value hierarchy.

(b) The details of carrying amount of the associates of the Group are as follows:

|                                   | <u>2023</u><br>RM'000 | <u>Group</u><br><u>2022</u><br>RM'000<br>Restated |
|-----------------------------------|-----------------------|---|
| Group's share of net assets       | 1,069,762             | 1,030,606   |
| Goodwill                          | 14,566,271            | 14,566,285  |
| Carrying amount as at 31 December | <u>15,636,033</u>     | <u>15,596,891</u>                                 |

(c) The Group's share of results of other individually immaterial associates is a profit of RM0.2 million (2022: loss of RM12.7 million).

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

29. ASSOCIATES (CONTINUED)

(d) Other contractual arrangements with a material associate

Pursuant to the definitive agreements entered into by the Company and Digi as disclosed in Note 5(b)(ii) to the financial statements, the Company shall indemnify Digi and shall pay Digi any losses incurred resulting out of or arising from the following litigations. Concurrently, in the event that Digi or Celcom receives any proceeds from the following litigations, Digi shall as soon as reasonably practicable, pay an amount equal to such proceeds to the Company.

Description of litigations indemnified

1. Celcom Malaysia Berhad [now known as Celcom Berhad] ("Celcom") & Celcom Resources Berhad ("Celcom Resources") vs Tan Sri Dato' Tajudin Ramli ("TSDTR") & 6 others (Conspiracy Suit)

In 2008, Celcom and Celcom Resources initiated a claim against five (5) of its former directors, DeTe Asia Holding GmbH ("DeTe Asia"), and Beringin Murni Sdn Bhd ("Defendants") for conspiring with each other to injure Celcom and Celcom Resources by causing and/or committing them to enter into various agreements in relation to certain rights issue shares in Celcom Resources. Celcom and Celcom Resources are seeking damages for conspiracy against the Defendants.

On 15 November 2021, Celcom and Celcom Resources reached an amicable settlement with DeTe Asia including the DeTe Asia representatives. The settlement was entered into without any admission of liability by the parties and pursuant to the above, Celcom and Celcom Resources filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DeTe Asia and the DeTe Asia representatives.

Two (2) of the Defendants, TSDTR and Dato' Bistamam Ramli ("DBR") filed a counterclaim against Celcom and Celcom Resources for damages for breach of an alleged global settlement involving, inter-alia, the present action and also for conspiracy and misrepresentation in inducing TSDTR to withdraw a counterclaim in another suit. Full trial of the case commenced on 22 January 2018. The potential exposure arising from the Conspiracy Suit is RM7,215.0 million.

On 10 February 2023, the High Court had decided the suit in favour of Celcom and Celcom Resources and also dismissed TSDTR's and DBR's counterclaims in the suit with costs. Following the decision, Celcom and Celcom Resources have on 29 July 2023 entered a judgement against TSDTR and DBR in respect of the Conspiracy Suit.

On 29 November 2023, Celcom, Celcom Resources, TSDTR and DBR reached an amicable settlement in respect of the judgements entered in both Conspiracy Suit and Indemnity Suit (as defined in Note 29(d)2 to the financial statements). There was no financial impact arising from the settlement to the Group.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

29. ASSOCIATES (CONTINUED)

(d) Other contractual arrangements with a material associate (continued)

Description of litigations indemnified (continued)

2. Celcom & Celcom Resources vs TSDTR & 8 others (Indemnity Suit)

In 2006, Celcom and Celcom Resources initiated a claim against nine (9) of its former directors ("Defendants") seeking, inter-alia, for indemnity in respect of the sums paid out to DeTe Asia under the Award dated 2 August 2005 handed down by the Tribunal of the International Court of Arbitration of the International Chamber of Commerce in Paris and damages for breach of their fiduciary duties.

On 15 November 2021, Celcom and Celcom Resources reached an amicable settlement with DeTe Asia including the DeTe Asia representatives. The settlement was entered into without any admission of liability by the parties and pursuant to the above, Celcom and Celcom Resources filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DeTe Asia and the DeTe Asia representatives.

Two (2) of the Defendants, TSDTR and DBR filed a counterclaim against Celcom and Celcom Resources for damages for breach of an alleged global settlement involving, inter-alia, the present action and also for conspiracy and misrepresentation in inducing TSDTR to withdraw a counterclaim in another suit. Full trial of the case commenced on 22 January 2018. The potential exposure arising from the Indemnity Suit is RM7,215.0 million.

On 10 February 2023, the High Court had decided the suit in favour of Celcom and Celcom Resources and also dismissed TSDTR's and DBR's counterclaims in the suit with costs. Following the decision, Celcom and Celcom Resources have on 29 July 2023 entered a judgement against TSDTR and DBR in respect of the Indemnity Suit.

On 29 November 2023, Celcom, Celcom Resources, TSDTR and DBR reached an amicable settlement in respect of the judgements entered in both Conspiracy Suit (as defined in Note 29(d)1 to the financial statements) and Indemnity Suit. There was no financial impact arising from the settlement to the Group.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

30. JOINT VENTURES

|                                    | Group         |               |
|------------------------------------|---------------|---------------|
|                                    | <u>2023</u>   | <u>2022</u>   |
|                                    | RM'000        | RM'000        |
| Unquoted investments               | 40,358        | 40,358        |
| Share of post-acquisition reserves | (23,133)      | (24,036)      |
| Currency translation differences   | (640)         | (640)         |
| Total                              | <u>16,585</u> | <u>15,682</u> |

The Group's ownership interests in the joint ventures, their respective principal activities and countries of incorporation are listed in Note 43 to the financial statements.

The summarised financial information of a material joint venture of the Group for the financial year ended 31 December is as follows:

(i) The summarised statement of comprehensive income is as follows:

|  | Merchantrade |             |
|--|--------------|-------------|
|  | <u>2023</u>  | <u>2022</u> |
|  | RM'000       | RM'000      |
| Revenue  | 273,361      | 207,633     |
| Profit/ (Loss) for the financial year                  | 4,753        | (21,851)    |
| Group's share of profit/ (loss) for the financial year | 903          | (3,270)     |

(ii) The summarised statement of financial position is as follows:

|                         | Merchantrade   |               |
|-------------------------|----------------|---------------|
|                         | <u>2023</u>    | <u>2022</u>   |
|                         | RM'000         | RM'000        |
| Non-current assets      | 97,627         | 72,113        |
| Current assets          | 390,824        | 337,068       |
| Current liabilities     | (364,464)      | (295,216)     |
| Non-current liabilities | (10,466)       | (15,931)      |
|                         | <u>113,521</u> | <u>98,034</u> |

The Group's share of results of other individually immaterial joint ventures is nil (2022: loss of RM6.4 million).

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

31. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI comprise the following investments:

|                                | <u>2023</u>    | <u>Group</u><br><u>2022</u> |
|--------------------------------|----------------|-----------------------------|
|                                | RM'000         | RM'000                      |
| Unquoted securities:           |                |                             |
| - Pegasus 7 Ventures Pte. Ltd. | 99,511         | 176,346                     |
| - Others                       | 14,736         | 2,834                       |
| Total                          | <u>114,247</u> | <u>179,180</u>              |

The Group has, at initial recognition, irrevocably elected to present the fair value changes of non-trading equity securities above in OCI. The Group considers this classification to be more relevant as these instruments are strategic investments of the Group and not held for trading purpose.

32. INVENTORIES

|                                      | <u>2023</u>    | <u>Group</u><br><u>2022</u> |
|--------------------------------------|----------------|-----------------------------|
|                                      | RM'000         | RM'000                      |
| Trading inventories                  | 239,794        | 241,698                     |
| Allowance for inventory obsolescence | (20,905)       | (25,347)                    |
| Total                                | <u>218,889</u> | <u>216,351</u>              |

Inventories comprise of SIM cards, handsets, vouchers and other consumables.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

33. AMOUNTS DUE FROM/TO SUBSIDIARIES

The carrying amount and currencies profile of the amounts due from/to subsidiaries are as follows:

|                              | 2023                |                      |                      |                         |                        | 2022                |                      |                      |                         |                        |
|------------------------------|---------------------|----------------------|----------------------|-------------------------|------------------------|---------------------|----------------------|----------------------|-------------------------|------------------------|
|                              | <u>RM</u><br>RM'000 | <u>USD</u><br>RM'000 | <u>LKR</u><br>RM'000 | <u>Others</u><br>RM'000 | <u>Total</u><br>RM'000 | <u>RM</u><br>RM'000 | <u>USD</u><br>RM'000 | <u>LKR</u><br>RM'000 | <u>Others</u><br>RM'000 | <u>Total</u><br>RM'000 |
| Amounts due from             |                     |                      |                      |                         |                        |                     |                      |                      |                         |                        |
| - Non-current <sup>1</sup>   | 51,695              | 49,548               | -                    | -                       | 101,243                | 31,951              | 486,301              | -                    | -                       | 518,252                |
| - Current <sup>2</sup>       | 339,888             | 162,280              | 25,395               | 1,634                   | 529,197                | 226,559             | 72,787               | 28,219               | 329                     | 327,894                |
| <b>Total</b>                 | <b>391,583</b>      | <b>211,828</b>       | <b>25,395</b>        | <b>1,634</b>            | <b>630,440</b>         | <b>258,510</b>      | <b>559,088</b>       | <b>28,219</b>        | <b>329</b>              | <b>846,146</b>         |
| Amounts due to subsidiaries: |                     |                      |                      |                         |                        |                     |                      |                      |                         |                        |
| - Non-current <sup>3</sup>   | 8,104,248           | -                    | -                    | -                       | 8,104,248              | 7,941,380           | -                    | -                    | -                       | 7,941,380              |
| - Current                    | 55,251              | -                    | -                    | -                       | 55,251                 | 966,352             | 138                  | -                    | -                       | 966,490                |
| <b>Total</b>                 | <b>8,159,499</b>    | <b>-</b>             | <b>-</b>             | <b>-</b>                | <b>8,159,499</b>       | <b>8,907,732</b>    | <b>138</b>           | <b>-</b>             | <b>-</b>                | <b>8,907,870</b>       |

<sup>1</sup> Include amounts due from subsidiaries (non-trade) of RM51.7 million which bear interest ranging from 7.00% to 8.00% p.a. (2022: 2.75% to 8.00% p.a.) and is repayable in 2025.

<sup>2</sup> Include amounts due from subsidiaries (non-trade) of RM305.4 million which bear interest of 6.00% p.a. and are repayable in 2024.

<sup>3</sup> Include the following amounts:

- amount due to a subsidiary (non-trade) of RM4,036.0 million which bears an interest of 3.214% p.a. and is repayable on 19 August 2050; and
- amount due to a subsidiary (non-trade) amounting to RM2,018.0 million which bears an interest of 2.163% p.a. and is repayable on 19 August 2030 and RM2,018.0 million which bears an interest of 4.357% p.a. and is repayable on 24 March 2026.

The finance costs are recognised in the profit or loss as disclosed in Note 10 to the financial statements.

Except as disclosed otherwise above, amounts due from/to subsidiaries are trade in nature, unsecured, interest free and repayable on demand.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

33. AMOUNTS DUE FROM/TO SUBSIDIARIES (CONTINUED)

Amounts due from subsidiaries

Maximum exposure to credit risk

Generally, the Company considers amounts due from subsidiaries to have low credit risk as the subsidiaries have capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions may, but will not necessarily, reduce the ability of the subsidiaries to fulfil their contractual cash flow obligations. The Company does not specifically monitor the ageing of amounts due from subsidiaries as the Company is able to determine the timing of payments of the subsidiaries' balances when they are payable. The Company considers the amount payable to be in default when the subsidiaries are not able to pay when demanded.

Details of the measurement of ECL is shown below:

| <u>Category</u> | <u>Company's definition of categories</u>  | <u>Basis for recognising ECL</u> |
|-----------------|--|----------------------------------|
| Performing      | Subsidiaries have a low risk of default and a strong capacity to meet contractual cash flows.  | Twelve (12) months ECL           |
| Underperforming | Subsidiaries for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the subsidiary's ability to meet its obligations. | Lifetime ECL                     |
| Non-performing  | Subsidiaries for which there are evidence indicating the assets are credit impaired.   | Lifetime ECL                     |

Based on the above, loss allowance is measured on either twelve (12) months ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") – the likelihood that the subsidiary would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

33. AMOUNTS DUE FROM/TO SUBSIDIARIES (CONTINUED)

Amounts due from subsidiaries (continued)

Maximum exposure to credit risk (continued)

In deriving at the PD and LGD, the Company considers the historical collection trend and expected future cash flows generated by individual subsidiaries. The Company also identified other relevant factors in relation to the geographical area that the subsidiaries operate in and adjust the loss rates based on the expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs.

Movements in provision for impairment of amounts due from subsidiaries are as follows:

|                          | <u>2023</u><br>RM'000 | <u>2022</u><br>RM'000 |
|--------------------------|-----------------------|-----------------------|
| At 1 January             | 232,485               | 93,620                |
| Provision for impairment | 29,510                | 138,865               |
| At 31 December           | <u>261,995</u>        | <u>232,485</u>        |

The table below contains an analysis of the credit risk exposure of amounts due from subsidiaries for which loss allowance is recognised. The gross carrying amount of amounts due from subsidiaries also represent the maximum exposure to credit risk on these assets.

|                 | <u>Expected credit loss rate</u> | <u>Basis for recognition of expected credit loss</u><br>RM'000 | <u>Estimated gross carrying amount at default</u><br>RM'000 | <u>Loss allowance</u><br>RM'000 | <u>Carrying amount (net of impairment)</u><br>RM'000 |
|-----------------|----------------------------------|--|---|---------------------------------|--|
| <u>2023</u>     |                                  |  |   |                                 |  |
| Performing      | 0.0%                             | 12 months ECL  | 19,168  | -                               | 19,168   |
| Underperforming | 29.8%                            | Lifetime ECL   | 871,297   | (260,025)                       | 611,272  |
| Non-performing  | 100.0%                           | Lifetime ECL   | 1,970   | (1,970)                         | -  |
| Total           |                                  |  | <u>892,435</u>  | <u>(261,995)</u>                | <u>630,440</u>                                       |
| <u>2022</u>     |                                  |  |   |                                 |  |
| Performing      | 0.0%                             | 12 months ECL  | 339,673   | -                               | 339,673  |
| Underperforming | 25.9%                            | Lifetime ECL   | 683,527   | (177,054)                       | 506,473  |
| Non-performing  | 100.0%                           | Lifetime ECL   | 55,431  | (55,431)                        | -  |
| Total           |                                  |  | <u>1,078,631</u>  | <u>(232,485)</u>                | <u>846,146</u>                                       |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

33. AMOUNTS DUE FROM/TO SUBSIDIARIES (CONTINUED)

Amounts due to subsidiaries

The movements in the amounts due to subsidiaries are as follows:

|                                      | <u>Note</u> | <u>2023</u><br>RM'000 | <u>Company</u><br><u>2022</u><br>RM'000 |
|--------------------------------------|-------------|-----------------------|---|
| At 1 January                         |             | 8,907,870             | 9,293,645                               |
| Advances from subsidiaries           |             | 111,871               | 21,844                                  |
| Cash repayments                      |             | -                     | (11,258)                                |
| Payment of finance costs             |             | (341,084)             | (319,500)                               |
| Finance costs                        | 10          | 340,918               | 317,724                                 |
| Waiver of amount due to a subsidiary | (a)         | (769,910)             | (345,363)                               |
| Others                               | (b)         | (90,166)              | (49,222)                                |
| At 31 December                       |             | <u>8,159,499</u>      | <u>8,907,870</u>                        |

- (a) The substance of the waiver is a distribution from the subsidiary to the Company via return of capital to shareholders.
- (b) Included in others are reclassifications to amounts due from subsidiaries. Amounts due to certain subsidiaries have been presented on a net basis as the Company has a legal enforceable right to offset these amounts with amounts due from certain subsidiaries. The Company currently has the intention to settle on a net basis or realise/settle the amounts due from/to subsidiaries simultaneously.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

34. **TRADE AND OTHER RECEIVABLES**

|                                | Note | 2023                  |                   |                  | 2022                  |                   |                  |
|--------------------------------|------|-----------------------|-------------------|------------------|-----------------------|-------------------|------------------|
|                                |      | Non-current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000  | Non-current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000  |
| <u>Group</u>                   |      |                       |                   |                  |                       |                   |                  |
| Finance lease receivables      | (a)  | -                     | 20,398            | 20,398           | 6,482                 | 20,472            | 26,954           |
| Accrued lease receivables      | (b)  | 56,378                | -                 | 56,378           | 141,537               | -                 | 141,537          |
| Prepayment                     |      | 16,114                | 1,501,099         | 1,517,213        | 23,125                | 1,412,302         | 1,435,427        |
| Contract assets                | (c)  | 1,295                 | 141,655           | 142,950          | 1,348                 | 104,056           | 105,404          |
| Trade receivables              |      | 24,907                | 2,782,100         | 2,807,007        | 20,019                | 2,455,953         | 2,475,972        |
| Deposits <sup>1</sup>          |      | 126,504               | 86,700            | 213,204          | 455,627               | 99,505            | 555,132          |
| Other receivables <sup>2</sup> |      | 533,618               | 581,943           | 1,115,561        | 148,263               | 665,841           | 814,104          |
| Advances                       |      | 169,260               | 297,367           | 466,627          | 205,752               | 256,802           | 462,554          |
| Amount due from an associate   | (d)  | -                     | -                 | -                | -                     | 2,420,414         | 2,420,414        |
| Provision for impairment:      | (e)  |                       |                   |                  |                       |                   |                  |
| - Accrued lease receivables    |      | (8,608)               | -                 | (8,608)          | (9,594)               | -                 | (9,594)          |
| - Trade receivables            |      | (1,601)               | (593,842)         | (595,443)        | (1,883)               | (472,655)         | (474,538)        |
| - Deposits                     |      | (223)                 | (3,162)           | (3,385)          | -                     | (7,148)           | (7,148)          |
| - Other receivables            |      | (5,471)               | (29,798)          | (35,269)         | (138,163)             | (11,950)          | (150,113)        |
| <b>Total</b>                   |      | <b>912,173</b>        | <b>4,784,460</b>  | <b>5,696,633</b> | <b>852,513</b>        | <b>6,943,592</b>  | <b>7,796,105</b> |

<sup>1</sup> Includes deposits for rental and utilities as well as deposits for ongoing legal, regulatory and taxation claims and disputes amounting to RM71.3 million (2022: RM424.6 million).

<sup>2</sup> Includes present value of non-current and current fixed consideration receivables of RM141.0 million and RM23.3 million respectively, on the disposal of Reynolds Group as disclosed in Note 5(a)(i) to the financial statements.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

34. TRADE AND OTHER RECEIVABLES (CONTINUED)

|                              | <u>Note</u> | <u>2023</u> | <u>Company</u><br><u>2022</u> |
|------------------------------|-------------|-------------|-------------------------------|
|                              |             | RM'000      | RM'000                        |
| <u>Current</u>               |             |             |                               |
| Trade receivables            |             | 77,312      | -                             |
| Prepayment                   |             | 2,783       | 28,385                        |
| Deposits                     |             | 1,901       | 65                            |
| Other receivables            |             | 9,614       | 14,381                        |
| Amount due from an associate | (d)         | -           | 2,420,414                     |
| Advances                     |             | 204         | 350                           |
| Provision for impairment:    |             |             |                               |
| - Trade receivables          |             | (77,312)    | -                             |
| - Other receivables          |             | (6,197)     | (2,553)                       |
| Total                        |             | 8,305       | 2,461,042                     |

- (a) Finance lease receivables are receivables related to the lease of fibre optic cable and telecommunication infrastructures and equipment of subsidiaries.

The movements in finance lease receivables are as follows:

|                                  | <u>Note</u> | <u>2023</u> | <u>Group</u><br><u>2022</u> |
|----------------------------------|-------------|-------------|-----------------------------|
|                                  |             | RM'000      | RM'000                      |
| At 1 January                     |             | 26,954      | 58,463                      |
| Lease payments received          |             | (7,636)     | (12,121)                    |
| Finance income                   | 10          | 3,105       | 5,336                       |
| Currency translation differences |             | (2,025)     | (24,724)                    |
| At 31 December                   |             | 20,398      | 26,954                      |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

34. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) Finance lease receivables are receivables related to the lease of fibre optic cable and telecommunication infrastructures and equipment of subsidiaries. (continued)

Details of finance lease receivables according to maturity schedule are as follows:

|                               | <u>Group</u>         |                      |
|-------------------------------|----------------------|----------------------|
|                               | <u>2023</u>          | <u>2022</u>          |
|                               | RM'000               | RM'000               |
| Within 1 year                 | 20,769               | 22,780               |
| Between 1 and 2 years         | -                    | 5,544                |
| Between 2 and 3 years         | -                    | 4,238                |
|                               | <u>20,769</u>        | <u>32,562</u>        |
| Unearned finance lease income | (371)                | (5,608)              |
| Total                         | <u><u>20,398</u></u> | <u><u>26,954</u></u> |

- (b) Accrued lease receivables relate to the effect of fixed price escalation clauses that are spread on a straight-line basis over the lease term.

- (c) The movements in contract assets are as follows:

|                                      | <u>Group</u>          |                       |
|--------------------------------------|-----------------------|-----------------------|
|                                      | <u>2023</u>           | <u>2022</u>           |
|                                      | RM'000                | RM'000                |
| At 1 January                         | 105,404               | 175,191               |
| Transfer to trade receivables        | (719,349)             | (531,014)             |
| New subscriptions                    | 792,538               | 523,923               |
| Provision for impairment             | -                     | 68,192                |
| Disposal of a group of subsidiaries  | -                     | (130,790)             |
| Reclassified as assets held for sale | (35,902)              | -                     |
| Currency translation differences     | 259                   | (98)                  |
| At 31 December                       | <u><u>142,950</u></u> | <u><u>105,404</u></u> |

- (d) The amount due from an associate relates to non-trade shareholder's loans provided by the Company in two separate tranches of RM1,200.0 million and RM1,200.0 million, which beared interest of 3.3% p.a. and 3.6% p.a. respectively. Both tranches were repaid on 31 May 2023 pursuant to the merger between Celcom and Digi as disclosed in Note 5(b)(ii) to the financial statements.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

34. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (e) Movements in provision for impairment of certain components of trade and other receivables are as follows:

|                                      | Group          |                |
|--------------------------------------|----------------|----------------|
|                                      | <u>2023</u>    | <u>2022</u>    |
|                                      | RM'000         | RM'000         |
| <u>Accrued lease receivables</u>     |                |                |
| At 1 January                         | 9,594          | 8,608          |
| Provision for impairment             | -              | 1,029          |
| Reclassified as assets held for sale | (1,074)        | -              |
| Currency translation differences     | 88             | (43)           |
| At 31 December                       | <u>8,608</u>   | <u>9,594</u>   |
| <u>Contract assets</u>               |                |                |
| At 1 January                         | -              | 87,091         |
| Provision for impairment             | -              | 4,283          |
| Reversal of provision for impairment | -              | (72,475)       |
| Disposal of a group of subsidiaries  | -              | (18,899)       |
| At 31 December                       | <u>-</u>       | <u>-</u>       |
| <u>Trade receivables</u>             |                |                |
| At 1 January                         | 474,538        | 666,968        |
| Provision for impairment             | 264,313        | 201,492        |
| Reversal of provision for impairment | (13,380)       | (26,906)       |
| Write-off                            | (121,231)      | (253,351)      |
| Acquisition of subsidiaries          | 2,791          | 138,090        |
| Disposal of a group of subsidiaries  | (14,166)       | (186,695)      |
| Reclassified as assets held for sale | (16,788)       | -              |
| Currency translation differences     | 19,366         | (65,060)       |
| At 31 December                       | <u>595,443</u> | <u>474,538</u> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

34. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (e) Movements in provision for impairment of certain components of trade and other receivables are as follows: (continued)

|                                       | Group         |                |
|---------------------------------------|---------------|----------------|
|                                       | <u>2023</u>   | <u>2022</u>    |
|                                       | RM'000        | RM'000         |
| <u>Deposits and other receivables</u> |               |                |
| At 1 January                          | 157,261       | 716,930        |
| Provision for impairment              | 21,669        | 31,074         |
| Reversal of provision for impairment  | (3,543)       | (31,761)       |
| Write-off                             | (1,048)       | 924            |
| Disposal of group of subsidiaries     | (136,368)     | (559,756)      |
| Currency translation differences      | 683           | (150)          |
| At 31 December                        | <u>38,654</u> | <u>157,261</u> |
|                                       | Company       |                |
|                                       | <u>2023</u>   | <u>2022</u>    |
|                                       | RM'000        | RM'000         |
| <u>Trade receivables</u>              |               |                |
| At 1 January                          | -             | -              |
| Provision for impairment              | 77,312        | -              |
| At 31 December                        | <u>77,312</u> | <u>-</u>       |
| <u>Other receivables</u>              |               |                |
| At 1 January                          | 2,553         | 2,553          |
| Provision for impairment              | 3,644         | -              |
| At 31 December                        | <u>6,197</u>  | <u>2,553</u>   |

- (f) The carrying amounts of trade and other receivables approximate their fair value. Credit terms of trade receivables for the Group range from five (5) to ninety (90) days (2022: five (5) to ninety (90) days).

- (g) Measurement of ECL

- (i) Simplified approach - accrued lease receivables, finance lease receivables, trade receivables and contract assets within the scope of MFRS 15

The expected loss rates are based on the payment profiles of sales over a period of twenty-four (24) months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle receivables. The Group has identified the GDP, inflation rates, interest rates and unemployment rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. At every reporting date, the historical loss rates are updated and changes in the forward-looking estimates are analysed.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

34. TRADE AND OTHER RECEIVABLES (CONTINUED)

(g) Measurement of ECL (continued)

- (ii) General 3-stage approach for trade receivables arising from loan receivables and all other financial instruments

The Group and the Company use three (3) categories for trade receivables arising from loan receivables and all other financial instruments which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

| <u>Category</u> | <u>Group's definition of categories</u>   | <u>Basis of recognising ECL</u> |
|-----------------|---|---------------------------------|
| Performing      | Debtors have a low risk of default and a strong capacity to meet contractual cash flows.  | Twelve (12) months ECL          |
| Underperforming | Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are thirty (30) to ninety (90) days past due.<br><br>For debtors with repayments of ninety (90) days past due, historically, there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than thirty (30) days past due, but there exists a correlation when payments are more than ninety (90) days past due. | Lifetime ECL                    |
| Non-performing  | Interest and/or principal repayments are ninety (90) days to three hundred and sixty five (365) days past due or there is evidence indicating the asset is credit-impaired.   | Lifetime ECL                    |

Based on the above, loss allowance is measured on either twelve (12) months ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each receivable by categories and adjusts for forward-looking macroeconomic data. The Group and the Company have identified GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. There is no significant change to estimation techniques or assumptions used.



**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

34. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(h) Maximum exposure to credit risk

(i) Trade receivables and contract assets within the scope of MFRS 15 - simplified approach (collective assessment)

The gross carrying amount of receivables below, which also represent the maximum exposure to credit risk to the Group, are as follows:

|                          | Current         | Past due         |                   | Total             |                  |
|--------------------------|-----------------|------------------|-------------------|-------------------|------------------|
|                          |                 | 1-3<br>months    | 4-6<br>months     |                   | Over 6<br>months |
|                          | RM'000          | RM'000           | RM'000            | RM'000            | RM'000           |
| <u>2023</u>              |                 |                  |                   |                   |                  |
| Expected loss rate       | 5.7% -<br>33.1% | 12.4% -<br>98.3% | 20.5% -<br>100.0% | 51.4% -<br>100.0% |                  |
| Gross trade receivables  | 737,463         | 154,386          | 70,615            | 286,578           | 1,249,042        |
| Provision for impairment | (32,655)        | (34,394)         | (22,193)          | (174,830)         | (264,072)        |
| Net trade receivables    | <u>704,808</u>  | <u>119,992</u>   | <u>48,422</u>     | <u>111,748</u>    | <u>984,970</u>   |
| Gross contract assets    | 141,504         | -                | -                 | -                 | 141,504          |
| Provision for impairment | -               | -                | -                 | -                 | -                |
| Net contract assets      | <u>141,504</u>  | <u>-</u>         | <u>-</u>          | <u>-</u>          | <u>141,504</u>   |
| <u>2022</u>              |                 |                  |                   |                   |                  |
| Expected loss rate       | 7.4% -<br>30.8% | 7.6% -<br>91.7%  | 23.5% -<br>100.0% | 40.3% -<br>100.0% |                  |
| Gross trade receivables  | 570,940         | 170,879          | 125,660           | 399,520           | 1,266,999        |
| Provision for impairment | (27,549)        | (23,654)         | (19,831)          | (215,715)         | (286,749)        |
| Net trade receivables    | <u>543,391</u>  | <u>147,225</u>   | <u>105,829</u>    | <u>183,805</u>    | <u>980,250</u>   |
| Gross contract assets    | 105,404         | -                | -                 | -                 | 105,404          |
| Provision for impairment | -               | -                | -                 | -                 | -                |
| Net contract assets      | <u>105,404</u>  | <u>-</u>         | <u>-</u>          | <u>-</u>          | <u>105,404</u>   |

Expected loss rates disclosed represent range of expected loss rates applied by the Group on trade receivables balances across different entities of the Group. Changes in expected loss rates are mainly attributed by the acquisition of a subsidiary and the completion of merger of Celcom and Digi in the previous financial year, as disclosed in Note 5(b)(ii) to the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

34. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(h) Maximum exposure to credit risk (continued)

- (ii) Accrued lease receivables, finance lease receivables, trade receivables and contract assets within the scope of MFRS 15 - simplified approach (individual assessment)

The gross carrying amount of accrued lease receivables, finance lease receivables, trade receivables and contract assets within the scope of MFRS 15 (with individually significant balances which are separately assessed for ECL measurement) represent maximum exposure to credit risk to the Group are as follows:

|                             | 2023                      |                           |                 |                   | 2022                      |                           |                 |                   |
|-----------------------------|---------------------------|---------------------------|-----------------|-------------------|---------------------------|---------------------------|-----------------|-------------------|
|                             | Accrued lease receivables | Finance lease receivables | Contract assets | Trade receivables | Accrued lease receivables | Finance lease receivables | Contract assets | Trade receivables |
|                             | RM'000                    | RM'000                    | RM'000          | RM'000            | RM'000                    | RM'000                    | RM'000          | RM'000            |
| <u>Group</u>                |                           |                           |                 |                   |                           |                           |                 |                   |
| Gross balances:             |                           |                           |                 |                   |                           |                           |                 |                   |
| Current (not past due)      | 47,770                    | 20,398                    | 1,446           | 483,806           | 131,943                   | 26,954                    | -               | 525,451           |
| Up to 3 months past due     | -                         | -                         | -               | 275,259           | -                         | -                         | -               | 182,588           |
| 3 to 6 months past due      | -                         | -                         | -               | 78,865            | -                         | -                         | -               | 46,043            |
| More than 6 months past due | -                         | -                         | -               | 115,225           | -                         | -                         | -               | 90,337            |
| Credit impaired             | 8,608                     | -                         | -               | 180,213           | 9,594                     | -                         | -               | 151,333           |
|                             | 56,378                    | 20,398                    | 1,446           | 1,133,368         | 141,537                   | 26,954                    | -               | 995,752           |
| Provision for impairment:   |                           |                           |                 |                   |                           |                           |                 |                   |
| Credit impaired             | (8,608)                   | -                         | -               | (180,214)         | (9,594)                   | -                         | -               | (151,333)         |
| Non-credit impaired         | -                         | -                         | -               | (26,873)          | -                         | -                         | -               | (26,410)          |
| Total                       | 47,770                    | 20,398                    | 1,446           | 926,281           | 131,943                   | 26,954                    | -               | 818,009           |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

34. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(h) **Maximum exposure to credit risk (continued)**

(iii) **Trade receivables - 3-stage approach (individual assessment)**

The gross carrying amount of trade receivables arising from loan receivables (with individually significant balances which are separately assessed for ECL measurement) represent maximum exposure to credit risk to the Group are as follows:

|                 | Expected<br>credit loss<br>rate | Basis for<br>recognition<br>of<br>expected<br>credit loss | Estimated<br>gross<br>carrying<br>amount at<br>default | Loss<br>allowance | Carrying<br>amount (net<br>of<br>impairment) |
|-----------------|---------------------------------|---|--|-------------------|--|
|                 |                                 | RM'000  | RM'000   | RM'000            | RM'000                                       |
| <u>2023</u>     |                                 |   |  |                   |  |
| <u>Group</u>    |                                 |   |  |                   |  |
| Performing      | 0.7%                            | 12 months<br>ECL  | 279,553  | (2,095)           | 277,458                                      |
| Underperforming | 17.6%                           | Lifetime<br>ECL   | 19,073   | (3,360)           | 15,713                                       |
| Non-performing  | 94.3%                           | Lifetime<br>ECL   | 125,971  | (118,829)         | 7,142  |
| <b>Total</b>    |                                 |   | <b>424,597</b>   | <b>(124,284)</b>  | <b>300,313</b>                               |
| <u>Company</u>  |                                 |   |  |                   |  |
| Non-performing  | 100.0%                          | Lifetime<br>ECL   | 77,312   | (77,312)          | -  |
| <b>Total</b>    |                                 |   | <b>77,312</b>  | <b>(77,312)</b>   | <b>-</b>                                     |
| <u>2022</u>     |                                 |   |  |                   |  |
| <u>Group</u>    |                                 |   |  |                   |  |
| Performing      | 1.2%                            | 12 months<br>ECL  | 194,851  | (2,321)           | 192,530                                      |
| Underperforming | 29.4%                           | Lifetime<br>ECL   | 9,797  | (2,883)           | 6,914  |
| Non-performing  | 56.5%                           | Lifetime<br>ECL   | 8,573  | (4,842)           | 3,731  |
| <b>Total</b>    |                                 |   | <b>213,221</b>   | <b>(10,046)</b>   | <b>203,175</b>                               |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

34. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(h) Maximum exposure to credit risk (continued)

(iv) Deposits and other receivables - 3-stage approach (individual assessment)

The gross carrying amount of deposits and other receivables (excluding non-financial assets) (with individually significant balances which are separately assessed for ECL measurement) represent maximum exposure to credit risk to the Group and the Company are as follows:

|                 | Expected<br>credit loss<br>rate | Basis for<br>recognition<br>of<br>expected<br>credit loss<br>RM'000 | Estimated<br>gross<br>carrying<br>amount at<br>default<br>RM'000 | Loss<br>allowance<br>RM'000 | Carrying<br>amount (net<br>of<br>impairment)<br>RM'000 |
|-----------------|---------------------------------|---|--|-----------------------------|--|
| <u>2023</u>     |                                 |   |  |                             |  |
| <u>Group</u>    |                                 |   |  |                             |  |
| Performing      | 4.4%                            | 12 months<br>ECL  | 640,134  | (28,139)                    | 611,995  |
| Underperforming | 0.0%                            | Lifetime<br>ECL   | 12,627   | -                           | 12,627   |
| Non-performing  | 47.6%                           | Lifetime<br>ECL   | 22,072   | (10,515)                    | 11,557   |
| <b>Total</b>    |                                 |   | <b>674,833</b>   | <b>(38,654)</b>             | <b>636,179</b>   |
| <u>Company</u>  |                                 |   |  |                             |  |
| Performing      | 0.0%                            | 12 months<br>ECL  | 5,318  | -                           | 5,318  |
| Underperforming | 100.0%                          | Lifetime<br>ECL   | 6,197  | (6,197)                     | -  |
| <b>Total</b>    |                                 |   | <b>11,515</b>  | <b>(6,197)</b>              | <b>5,318</b>   |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

34. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(h) **Maximum exposure to credit risk (continued)**

(iv) **Deposits and other receivables - 3-stage approach (individual assessment)  
(continued)**

The gross carrying amount of deposits and other receivables (excluding non-financial assets) (with individually significant balances which are separately assessed for ECL measurement) represent maximum exposure to credit risk to the Group and the Company are as follows: (continued)

|                 | Expected<br>credit loss<br>rate | Basis for<br>recognition<br>of<br>expected<br>credit loss<br>RM'000 | Estimated<br>gross<br>carrying<br>amount at<br>default<br>RM'000 | Loss<br>allowance<br>RM'000 | Carrying<br>amount (net<br>of<br>impairment)<br>RM'000 |
|-----------------|---------------------------------|---|--|-----------------------------|--|
| <u>2022</u>     |                                 |   |  |                             |  |
| <u>Group</u>    |                                 |   |  |                             |  |
| Performing      | 0.7%                            | 12 months<br>ECL  | 2,842,757  | (18,813)                    | 2,823,944  |
| Underperforming | 0.0%                            | Lifetime<br>ECL   | 6,708  | -                           | 6,708  |
| Non-performing  | 92.3%                           | Lifetime<br>ECL   | 149,981  | (138,448)                   | 11,533   |
| <b>Total</b>    |                                 |   | <b>2,999,446</b>   | <b>(157,261)</b>            | <b>2,842,185</b>                                       |
| <u>Company</u>  |                                 |   |  |                             |  |
| Performing      | 0.0%                            | 12 months<br>ECL  | 2,432,307  | -                           | 2,432,307  |
| Underperforming | 100.0%                          | Lifetime<br>ECL   | 2,553  | (2,553)                     | -  |
|                 |                                 |   | <b>2,434,860</b>   | <b>(2,553)</b>              | <b>2,432,307</b>                                       |

In respect to other receivables that are performing, the risk of default is immaterial if debtors have a strong capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtors to fulfill their contractual cash flow obligations.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

34. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

The currencies profiles of trade and other receivables are as follows:

|                | 2023                |                  |                |                |                |                |                  | 2022                |                  |                |                |                |                |                |                  |
|----------------|---------------------|------------------|----------------|----------------|----------------|----------------|------------------|---------------------|------------------|----------------|----------------|----------------|----------------|----------------|------------------|
|                | Functional currency |                  |                |                |                |                |                  | Functional currency |                  |                |                |                |                |                |                  |
|                | <u>RM</u>           | <u>IDR</u>       | <u>LKR</u>     | <u>BDT</u>     | <u>USD</u>     | <u>Others</u>  | <u>Total</u>     | <u>RM</u>           | <u>IDR</u>       | <u>LKR</u>     | <u>BDT</u>     | <u>NPR</u>     | <u>USD</u>     | <u>Others</u>  | <u>Total</u>     |
| Group          | RM'000              | RM'000           | RM'000         | RM'000         | RM'000         | RM'000         | RM'000           | RM'000              | RM'000           | RM'000         | RM'000         | RM'000         | RM'000         | RM'000         | RM'000           |
| RM             | 1,033,628           | -                | -              | -              | -              | -              | 1,033,628        | 3,042,883           | 227              | 2,002          | -              | -              | 3,540          | -              | 3,048,652        |
| USD            | 14,404              | 88,999           | 94,779         | 7,566          | 337,905        | -              | 543,653          | 111,460             | 63,138           | 83,110         | 3,308          | 77,707         | 457,126        | 67             | 795,916          |
| IDR            | 47,840              | 2,001,750        | -              | -              | -              | -              | 2,049,590        | 43,543              | 1,775,176        | -              | -              | -              | -              | -              | 1,818,719        |
| LKR            | -                   | -                | 554,197        | -              | 31             | -              | 554,228          | -                   | -                | 319,764        | -              | -              | 29             | -              | 319,793          |
| BDT            | -                   | -                | -              | 796,756        | -              | -              | 796,756          | -                   | -                | -              | 668,942        | -              | -              | -              | 668,942          |
| NPR            | -                   | -                | -              | -              | -              | -              | -                | -                   | -                | -              | -              | 498,578        | -              | -              | 498,578          |
| MMK            | -                   | -                | -              | -              | -              | -              | -                | -                   | -                | -              | -              | -              | 73,334         | -              | 73,334           |
| PKR            | -                   | -                | -              | -              | -              | 105,397        | 105,397          | -                   | -                | -              | -              | -              | -              | 129,007        | 129,007          |
| PHP            | -                   | -                | -              | -              | -              | 531,858        | 531,858          | -                   | -                | -              | -              | -              | -              | 402,082        | 402,082          |
| Others         | -                   | -                | 21,018         | -              | -              | 60,505         | 81,523           | 739                 | -                | -              | -              | 2,008          | 5,099          | 33,236         | 41,082           |
| <b>Total</b>   | <b>1,095,872</b>    | <b>2,090,749</b> | <b>669,994</b> | <b>804,322</b> | <b>337,936</b> | <b>697,760</b> | <b>5,696,633</b> | <b>3,198,625</b>    | <b>1,838,541</b> | <b>404,876</b> | <b>672,250</b> | <b>578,293</b> | <b>539,128</b> | <b>564,392</b> | <b>7,796,105</b> |
| <b>Company</b> |                     |                  |                |                |                |                |                  |                     |                  |                |                |                |                |                |                  |
| RM             | 7,493               | -                | -              | -              | -              | -              | 7,493            | 2,460,330           | -                | -              | -              | -              | -              | -              | 2,460,330        |
| Others         | 812                 | -                | -              | -              | -              | -              | 812              | 712                 | -                | -              | -              | -              | -              | -              | 712              |
| <b>Total</b>   | <b>8,305</b>        | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>8,305</b>     | <b>2,461,042</b>    | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>2,461,042</b> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

35. DEPOSITS, CASH AND BANK BALANCES

|  | Note      | Group            |                  | Company          |                  |
|--|-----------|------------------|------------------|------------------|------------------|
|  |           | 2023<br>RM'000   | 2022<br>RM'000   | 2023<br>RM'000   | 2022<br>RM'000   |
| Deposits with licensed banks                 |           | 1,465,209        | 2,434,471        | 539,103          | -                |
| Deposits under Islamic principles            |           | 921,441          | 2,067,378        | 720,255          | 1,887,433        |
| Total deposits                               |           | 2,386,650        | 4,501,849        | 1,259,358        | 1,887,433        |
| Cash and bank balances                       |           | 2,225,484        | 2,949,894        | 167,302          | 236,672          |
| Total deposits, cash and bank balances       |           | <u>4,612,134</u> | <u>7,451,743</u> | <u>1,426,660</u> | <u>2,124,105</u> |
| Represented by:                              |           |                  |                  |                  |                  |
| Cash and cash equivalents in banks           |           | 3,872,156        | 6,468,675        | 1,426,660        | 1,453,902        |
| Deposits pledged                             | 16(a)     | 89,273           | 103,838          | -                | -                |
| Trust account balances                       | 16(d)(ii) | 83               | 61,045           | -                | -                |
| Restricted cash                              |           | 86,200           | 76,354           | -                | -                |
| Deposits maturing more than three (3) months |           | 564,422          | 741,831          | -                | 670,203          |
| Total deposits, cash and bank balances       |           | <u>4,612,134</u> | <u>7,451,743</u> | <u>1,426,660</u> | <u>2,124,105</u> |

Deposits are placed mainly with a number of creditworthy financial institutions. There is no major concentration of deposits in any single financial institution. Maturity range of deposits are as follows:

| (In days)                             | Group     |     | Company   |     |
|---------------------------------------|-----------|-----|-----------|-----|
|                                       | From      | To  | From      | To  |
| Financial year ended 31 December 2023 | Overnight | 365 | 6         | 120 |
| Financial year ended 31 December 2022 | Overnight | 365 | Overnight | 120 |

The effective interest rates on deposits for the Group and the Company range from 0.50% to 13.00% (2022: 0.03% to 23.75%) per annum.

The Group and the Company placed its cash and bank balances with licensed financial institutions with credit rating range from P1 to B3 (2022: P1 to B3) in managing its credit exposure.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

35. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The currencies profiles of deposits, cash and bank balances are as follows:

|                | 2023                |                |                |                |                |               |                  | 2022                |                  |                |                |                |                  |               |                  |
|----------------|---------------------|----------------|----------------|----------------|----------------|---------------|------------------|---------------------|------------------|----------------|----------------|----------------|------------------|---------------|------------------|
|                | Functional currency |                |                |                |                |               |                  | Functional currency |                  |                |                |                |                  |               |                  |
|                | <u>RM</u>           | <u>IDR</u>     | <u>LKR</u>     | <u>BDT</u>     | <u>USD</u>     | <u>Others</u> | <u>Total</u>     | <u>RM</u>           | <u>IDR</u>       | <u>LKR</u>     | <u>BDT</u>     | <u>NPR</u>     | <u>USD</u>       | <u>Others</u> | <u>Total</u>     |
| Group          | RM'000              | RM'000         | RM'000         | RM'000         | RM'000         | RM'000        | RM'000           | RM'000              | RM'000           | RM'000         | RM'000         | RM'000         | RM'000           | RM'000        | RM'000           |
| RM             | 1,654,367           | 2,277          | 1,118          | -              | 7,059          | 114           | 1,664,935        | 2,800,286           | 30,795           | 40,274         | -              | -              | 206              | 139           | 2,871,700        |
| USD            | 747,195             | 44,336         | 287,456        | 24,534         | 882,090        | 7,598         | 1,993,209        | 471,467             | 40,803           | 170            | 2,654          | 436,308        | 647,117          | 1,265         | 1,599,784        |
| IDR            | 7,074               | 386,435        | -              | -              | -              | -             | 393,509          | 3,940               | 1,641,992        | -              | -              | -              | -                | -             | 1,645,932        |
| LKR            | -                   | -              | 299,591        | -              | 410            | -             | 300,001          | 18                  | -                | 499,546        | -              | -              | 392              | -             | 499,956          |
| BDT            | -                   | -              | -              | 178,406        | -              | -             | 178,406          | -                   | -                | -              | 207,195        | -              | -                | -             | 207,195          |
| NPR            | -                   | -              | -              | -              | -              | -             | -                | -                   | -                | -              | -              | 198,481        | -                | -             | 198,481          |
| MMK            | -                   | -              | -              | -              | -              | -             | -                | -                   | -                | -              | -              | -              | 364,545          | -             | 364,545          |
| PKR            | -                   | -              | -              | -              | -              | 23,122        | 23,122           | -                   | -                | -              | -              | -              | -                | 6,304         | 6,304            |
| PHP            | -                   | -              | -              | -              | -              | 43,200        | 43,200           | -                   | -                | -              | -              | -              | -                | 45,808        | 45,808           |
| Others         | 169                 | -              | -              | -              | -              | 15,582        | 15,751           | 159                 | -                | -              | -              | -              | 5,457            | 6,422         | 12,038           |
| <b>Total</b>   | <b>2,408,805</b>    | <b>433,048</b> | <b>588,165</b> | <b>202,940</b> | <b>889,559</b> | <b>89,616</b> | <b>4,612,133</b> | <b>3,275,870</b>    | <b>1,713,590</b> | <b>539,990</b> | <b>209,849</b> | <b>634,789</b> | <b>1,017,717</b> | <b>59,938</b> | <b>7,451,743</b> |
| <b>Company</b> |                     |                |                |                |                |               |                  |                     |                  |                |                |                |                  |               |                  |
| RM             | 770,028             | -              | -              | -              | -              | -             | 770,028          | 1,929,155           | -                | -              | -              | -              | -                | -             | 1,929,155        |
| USD            | 656,477             | -              | -              | -              | -              | -             | 656,477          | 194,804             | -                | -              | -              | -              | -                | -             | 194,804          |
| Others         | 155                 | -              | -              | -              | -              | -             | 155              | 146                 | -                | -              | -              | -              | -                | -             | 146              |
| <b>Total</b>   | <b>1,426,660</b>    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>1,426,660</b> | <b>2,124,105</b>    | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>         | <b>-</b>      | <b>2,124,105</b> |



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

36. CASH FLOWS FROM/(USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES

|  | Group              |                     | Company          |                    |
|--|--------------------|---------------------|------------------|--------------------|
|  | 2023<br>RM'000     | 2022<br>RM'000      | 2023<br>RM'000   | 2022<br>RM'000     |
| Receipts from customers and others   | 21,978,081         | 23,956,521          | -                | -                  |
| Payments to suppliers, employees and others                                    | (11,142,145)       | (12,524,399)        | (283,839)        | (229,004)          |
| Payments of finance costs  | (2,296,339)        | (1,589,069)         | (515,981)        | (392,923)          |
| Payments of income taxes   | (676,560)          | (908,219)           | -                | -                  |
| <b>Total cash flows from/(used in) operating activities</b>                    | <b>7,863,037</b>   | <b>8,934,834</b>    | <b>(799,820)</b> | <b>(621,927)</b>   |
| Proceeds from disposal of PPE  | 20,251             | 30,713              | 8                | 4                  |
| Proceeds from disposal of IA   | -                  | 1,556               | -                | -                  |
| Purchase of PPE  | (7,126,661)        | (9,760,988)         | (1,934)          | (4,698)            |
| Acquisition of IA  | (732,999)          | (448,614)           | -                | -                  |
| Placement of deposits maturing more than three (3) months                      | (495,610)          | (518,122)           | -                | (670,203)          |
| Withdrawal of deposits maturing more than three (3) months                     | 673,019            | -                   | 670,203          | -                  |
| Investments in subsidiaries (net of cash acquired)                             | (53,691)           | (2,780,487)         | -                | -                  |
| Investments in associates  | (640)              | (731)               | -                | -                  |
| Additional investments in associates   | -                  | (3,773)             | -                | -                  |
| Interest received  | 308,256            | 228,787             | 152,603          | 18,027             |
| Additional investment in a subsidiary  | -                  | -                   | -                | (169,940)          |
| Purchase of other investments  | (14,549)           | (8,068)             | -                | -                  |
| Net proceeds from disposal of Celcom Group (net of cash disposed)              | 402,000            | 1,753,040           | 402,000          | 2,687,940          |
| Transaction costs and cash and cash equivalents of Reynolds Group disposed off | (547,083)          | -                   | -                | -                  |
| Settlement of contingent consideration by a subsidiary                         | (112,766)          | -                   | -                | -                  |
| Repayment of loan from an associate  | 2,431,867          | -                   | 2,431,867        | -                  |
| Dividends received from an associate and other investment                      | 497,254            | 16,300              | 497,254          | -                  |
| Dividends received from subsidiaries (Advances to)/Repayment from employees    | -                  | -                   | 558,000          | 1,691,834          |
| Payments for ROU assets  | (775)              | 1,094               | -                | -                  |
| Advances to subsidiaries   | (162,110)          | (95,703)            | -                | -                  |
| Repayments from subsidiaries   | -                  | -                   | (188,585)        | (5,122,796)        |
| Repayments from subsidiaries   | -                  | -                   | 347,615          | 448,213            |
| <b>Total cash flows (used in)/from investing activities</b>                    | <b>(4,914,237)</b> | <b>(11,584,996)</b> | <b>4,869,031</b> | <b>(1,121,619)</b> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

36. CASH FLOWS GENERATED FROM/(USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES (CONTINUED)

|   | Group              |                  | Company            |                  |
|---|--------------------|------------------|--------------------|------------------|
|   | <u>2023</u>        | <u>2022</u>      | <u>2023</u>        | <u>2022</u>      |
|   | RM'000             | RM'000           | RM'000             | RM'000           |
| Proceeds from borrowings                                  | 8,874,102          | 17,281,030       | 1,256,350          | 4,627,234        |
| Proceeds from Sukuk                                       | -                  | 1,823,000        | -                  | -                |
| Repayments of borrowings                                  | (10,417,708)       | (11,319,031)     | (3,709,060)        | (1,811,943)      |
| Repayments of Sukuk                                       | (44,402)           | (790,914)        | -                  | -                |
| Additional investments in subsidiaries by NCI             | 25,733             | 106              | -                  | -                |
| Capital injections in subsidiaries by NCI                 | 74,000             | 123              | -                  | -                |
| Net proceeds from rights issue of subsidiaries            | -                  | 167,997          | -                  | -                |
| Net cash paid from mandatory tender offer of a subsidiary | -                  | (1,349,081)      | -                  | -                |
| Advances from subsidiaries                                | -                  | -                | 111,871            | 21,844           |
| Repayments of advances to subsidiaries                    | -                  | -                | -                  | (11,258)         |
| Repayments of lease liabilities                           | (1,759,069)        | (1,705,311)      | (1,792)            | (4,144)          |
| Dividends paid to NCI                                     | (304,461)          | (190,865)        | -                  | -                |
| Dividends paid to shareholders                            | (1,743,854)        | (504,724)        | (1,743,854)        | (504,724)        |
|   |                    |                  |                    |                  |
| Total cash flows (used in)/from financing activities      | <u>(5,295,659)</u> | <u>3,412,330</u> | <u>(4,086,485)</u> | <u>2,317,009</u> |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

37. **ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS**

The Board of Directors approved EDOTCO's proposed intention to exit from the infrastructure segment in Myanmar which comprised of edotco Investments Singapore Pte Ltd and its subsidiaries ("EIS Group"), attributed to worsening macroeconomic parameters, business conditions and an active program to seek buyers has commenced. The management has assessed and concluded that the proposed exit met the requirements of MFRS 5 as disclosed on Note 4(a)(iii) to the financial statements.

Accordingly, the Group has presented the financial results of EIS Group as discontinued operations as EIS Group represented a separate major geographical area of operations of the Group.

The comparative figures in the consolidated statement of comprehensive income and its related notes have been re-presented to show EIS Group as discontinued operations in the previous financial year.

The following assets and liabilities were classified as held for sale in relation to the discontinued operations as at 31 December 2023.

|   | <u>Note</u> | <u>Group</u><br>RM'000 |
|---|-------------|------------------------|
| <u>Assets classified as held for sale</u>                         |             |                        |
| IA  | 24          | 40,496                 |
| PPE   | 26          | 97,942                 |
| ROU assets  | 27          | 15,812                 |
| Deferred tax assets   | 22          | 22,272                 |
| Trade and other receivables                                       |             | 314,644                |
| Cash and bank balances  |             | 390,270                |
| Total assets of a disposal group classified as held for sale      |             | <u>881,436</u>         |
| <u>Liabilities classified as held for sale</u>                    |             |                        |
| Trade and other payables  |             | 68,249                 |
| Lease liabilities   | 23          | 61,113                 |
| Current tax liabilities   |             | 11,571                 |
| Deferred tax liabilities  | 22          | 46,601                 |
| Provision for asset retirement                                    | 21          | 181,044                |
| Total liabilities of a disposal group classified as held for sale |             | <u>368,578</u>         |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

37. **ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)**

The financial performance and cash flow information presented are for the financial year ended 31 December.

|   | <u>Group</u>     |                |
|---|------------------|----------------|
|   | <u>2023</u>      | <u>2022</u>    |
|   | RM'000           | RM'000         |
| Revenue   | 316,057          | 306,016        |
| Expenses*   | (1,098,405)      | (177,697)      |
| (Loss)/Profit before tax from discontinued operations             | (782,348)        | 128,319        |
| Taxation  | (14,576)         | (33,452)       |
| (Loss)/Profit after tax from discontinued operations              | <u>(796,924)</u> | <u>94,867</u>  |
| Currency translation differences                                  | 47,329           | 46,426         |
| Total comprehensive (expense)/income from discontinued operations | <u>(749,595)</u> | <u>141,293</u> |

\* Included an impairment of RM887.9 million during the financial year as disclosed in Note 24(e)(iii) to the financial statements.

Net cash flows from/(used in) discontinued operations are as follows:

|  | <u>Group</u>   |                |
|--|----------------|----------------|
|  | <u>2023</u>    | <u>2022</u>    |
|  | RM'000         | RM'000         |
| Cash flows from operating activities           | 143,281        | 314,082        |
| Cash flows used in investing activities        | (31,320)       | (7,804)        |
| Cash flows from/(used in) financing activities | 17,485         | (107,458)      |
| Net increase in cash and cash equivalents      | <u>129,446</u> | <u>198,820</u> |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS

(a) Capital commitments

|   | <u>2023</u>      | <u>Group</u><br><u>2022</u> |
|---|------------------|-----------------------------|
|   | RM'000           | RM'000                      |
| <u>PPE</u>  |                  |                             |
| Commitments in respect of expenditure approved and contracted for | <u>1,733,415</u> | <u>3,048,523</u>            |

(b) 3G annual fees commitment

XL has committed to pay annual fees within ten (10) years, as long as XL holds the 3G licence. The amount of annual payment is based on the scheme of payment set out in Regulation No. 07/PER/M.KOMINFO/2/2006 of the Minister of Communication & Information and Decree No.323/KEP/M.KOMINFO/09/2010 of the Minister of Communication & Information. No penalty will be imposed in the event that XL returns the licence.

(c) Operating lease - The Group as a lessor

The Group leases out its telecommunication towers, sites and network equipment. The Group classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following tables sets out the maturity schedule of undiscounted lease payments to be received after the reporting date.

|  | <u>2023</u>      | <u>Group</u><br><u>2022</u> |
|--|------------------|-----------------------------|
|  | RM'000           | RM'000                      |
| Within 1 year                                    | 1,081,929        | 925,691                     |
| Between 1 and 2 years                            | 1,020,253        | 900,964                     |
| Between 2 and 3 years                            | 911,636          | 806,310                     |
| Between 3 and 4 years                            | 791,408          | 762,854                     |
| Between 4 and 5 years                            | 745,587          | 718,410                     |
| Later than 5 years                               | 3,448,920        | 2,846,540                   |
| Total undiscounted lease payments to be received | <u>7,999,733</u> | <u>6,960,769</u>            |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(d) Lists of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:

| <u>Description</u>  | <u>Potential exposure</u> |                           |
|---|---------------------------|---------------------------|
|   | <u>2023</u><br>RM'million | <u>2022</u><br>RM'million |
| 1. <u>Robi vs Large Taxpayer Unit ("LTU-VAT") of the National Board of Revenue of Bangladesh ("NBR") (SIM Replacement Tax)</u>  |                           |                           |
| <u>Robi SIM Replacement Dispute March 2007 - June 2011</u>  | 173.2                     | 177.0                     |
| <p>On 17 May 2015, the LTU-VAT of the NBR issued a revised demand letter for BDT4,145.5 million (RM173.2 million) ("2007 to 2011 Revised Claim") to Robi alleging that Robi had evaded payment of supplementary duty and value-added tax ("VAT") levied on the issuance of a certain number of SIM cards to new customers of Robi for the duration from March 2007 to June 2011 when such SIM cards were issued as replacement cards to existing subscribers of Robi.</p> <p>In August 2015, Robi filed an appeal against the 2007 to 2011 Revised Claim to the Customs, Excise and VAT Appellate Tribunal. Robi deposited 10% of the sum set out in the 2007 to 2011 Revised Claim with the LTU-VAT of the NBR based on provisions of the Value Added Tax Act 1991, as disclosed in Note 34 to the financial statements.</p> <p>This appeal was first heard on 28 September 2016 by the Customs, Excise and VAT Appellate Tribunal and later reheard on 11 April 2017 by a reconstituted bench of the Customs, Excise and VAT Appellate Tribunal. The Customs, Excise and VAT Appellate Tribunal dismissed Robi's appeal.</p> <p>In September 2017, Robi filed an appeal to the High Court of Bangladesh against the Customs, Excise and VAT Appellate Tribunal's decision ("VAT Appeal No. 1").</p> |                           |                           |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- (d) Lists of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:  
(continued)

| <u>Description</u>   | <u>Potential exposure</u> |                           |
|--|---------------------------|---------------------------|
|  | <u>2023</u><br>RM'million | <u>2022</u><br>RM'million |
| 1. <u>Robi vs Large Taxpayer Unit ("LTU-VAT") of the National Board of Revenue of Bangladesh ("NBR") (SIM Replacement Tax) (continued)</u>   |                           |                           |
| <u>Robi SIM Replacement Dispute March 2007 – June 2011 (continued)</u>   |                           |                           |
| On 23 November 2020, the VAT Appeal No. 1 pending in the High Court of Bangladesh was fixed for hearing whereupon the High Court of Bangladesh ordered parties to file the remaining paper books and fixed VAT Appeal for continued hearing from 20 January 2021 onwards, with no further developments to date.  |                           |                           |
| The Board of Directors, based on external legal advice received, are of the view that it has good prospects of succeeding on the claim.  |                           |                           |
| 2. <u>Robi vs LTU-VAT of the NBR (SIM Replacement Tax)</u>   |                           |                           |
| <u>Robi SIM Replacement Dispute July 2012 to June 2015</u>   | 119.2                     | 121.8                     |
| On 20 November 2017, the LTU-VAT of the NBR issued a demand letter for BDT2,852.0 million (RM119.2 million) ("2012 to 2015 Claim") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of certain number of SIM cards to new customers of Robi for the duration from July 2012 to June 2015 when such SIM cards were issued as replacement cards to existing subscribers of Robi.   |                           |                           |
| On 18 February 2018, Robi filed an appeal against the 2012 to 2015 Claim to the Customs, Excise and VAT Appellate Tribunal on the basis that replacement cards do not establish new connections and do not change existing subscribers' numbers. Robi deposited 10% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the Value Added Tax Act 1991, as disclosed in Note 34 to the financial statements. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal. |                           |                           |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- (d) Lists of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:  
(continued)

| <u>Description</u> | <u>Potential exposure</u> |             |
|--------------------|---------------------------|-------------|
|                    | <u>2023</u>               | <u>2022</u> |
|                    | RM'million                | RM'million  |

2. Robi vs LTU-VAT of the NBR (SIM Replacement Tax)  
(continued)

Robi SIM Replacement Dispute July 2012 to June 2015  
(continued)

Robi has filed an appeal to the High Court of Bangladesh against the Customs, Excise and VAT Appellate Tribunal's decision ("VAT Appeal No. 2").

On 23 November 2020, the VAT Appeal No. 2 pending in the High Court of Bangladesh was fixed for hearing whereupon the High Court of Bangladesh ordered parties to file the remaining paper books.

On 3 December 2020, the High Court of Bangladesh took the view that Robi will need to file a Revision Application for the VAT Appeal No. 2 under the new Value Added Tax and Supplementary Duty Act 2012 which became effective on 1 July 2019. Pursuant thereto, Robi will have to deposit a further 10% of the sum set out in the respective demand notice with the LTU-VAT of the NBR.

Robi has filed written arguments against such view on the basis that the new Value Added Tax and Supplementary Duty Act 2012 is not applicable. This legal point was heard on 2 March 2021 in which the High Court of Bangladesh dismissed Robi's argument and advised Robi to file a Revision Application under the new Value Added Tax and Supplementary Duty Act 2012. Subsequently on 23 March 2021, Robi filed a Civil Miscellaneous Petition for Leave to Appeal ("CMP") before the Appellate Division of the Supreme Court of Bangladesh contending the dismissal. Pending the hearing of the CMP by the Appellate Division, the High Court Division of Supreme Court of Bangladesh issued a certified copy of the judgement on maintainability on 23 August 2021. Robi subsequently filed a Civil Petition for Leave to Appeal ("CP") before the Appellate Division of the Supreme Court of Bangladesh. The CP is now pending for hearing.

The Board of Directors, based on external legal advice received, are of the view that it has good prospects of succeeding on the claim.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- (d) Lists of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:  
(continued)

| <u>Description</u>            | <u>Potential exposure</u> |                           |
|-------------------------------|---------------------------|---------------------------|
|                               | <u>2023</u><br>RM'million | <u>2022</u><br>RM'million |
| 3. <u>Robi's tax position</u> | 133.5                     | 136.4                     |

Robi has claimed certain expenses as deductible expenses in its tax provision computations for the FY 2005 to 2019 (2022: FY 2005 to 2018). The NBR has challenged its claims and regarded those expenses as non-deductible.

Robi deposited between 10% to 25% of the tax liability with the NBR at different stages of appeal based on provisions of the Income Tax Ordinance 1984.

Included in Robi's tax provision computations is a claim on SIM tax subsidy as a deductible expense. NBR has challenged this claim on grounds that the subsidy is collected from customers and therefore is not a 'business expense'.

Based on external legal advice received, the Board of Directors are of the view that Robi has good prospects of succeeding on the remaining claims.

In addition, there are similar Bharti Airtel Limited ("Airtel") cases amounting to BDT339.8 million (RM14.2 million) which are indemnified by a third party arising from a business combination.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- (d) Lists of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:  
(continued)

| <u>Description</u>  | <u>Potential exposure</u> |             |
|---|---------------------------|-------------|
|   | <u>2023</u>               | <u>2022</u> |
|   | RM'million                | RM'million  |
| 4. <u>Robi vs Bangladesh Telecommunication Regulatory Commission ("BTRC")</u> | 303.3                     | 310.0       |

BTRC conducted an information system audit on Robi for the years between 1997 to 2014 and issued a claim of BDT8,672.4 million (RM362.3 million) against Robi on 31 July 2018 ("Information System Audit Claim"). This Information System Audit Claim was disputed by Robi, and a Notice of Arbitration was served on BTRC on 30 May 2019.

On 13 June 2019, notwithstanding Robi's Notice of Arbitration, BTRC directed Robi to make payment for the Information System Audit Claim within 10 days. Challenging the demand, Robi filed a suit on 25 August 2019 before the Joint District Judge, Dhaka seeking a declaration and permanent injunction against BTRC's Information System Audit Claim. The District Court admitted the suit.

Additionally, Robi filed an application seeking an ad interim relief in relation to (i) temporary injunction restraining BTRC from demanding payment of the Information System Audit Claim; (ii) temporary injunction restraining BTRC from causing any interference with the operations of Robi's mobile telecommunication services; and (iii) direction from the court to the effect that BTRC shall issue all relevant No Objection Certificate(s) for the importation of telecommunication equipment and software, and grant all relevant approvals for tariff, service, package, etc. as and when required by Robi from time to time.

The abovementioned application for ad interim relief was dismissed on 1 September 2019 by the Joint District Judge, Dhaka. Robi preferred an appeal before the High Court of Bangladesh in respect of the rejection of temporary injunction application on 5 September 2019.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- (d) Lists of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:  
(continued)

| <u>Description</u>  | <u>Potential exposure</u> |             |
|---|---------------------------|-------------|
|   | <u>2023</u>               | <u>2022</u> |
|   | RM'million                | RM'million  |
| 4. <u>Robi vs Bangladesh Telecommunication Regulatory Commission ("BTRC") (continued)</u> |                           |             |

On 5 January 2020, the High Court of Bangladesh issued an injunction upon BTRC on condition that Robi deposit BDT1,380.0 million (RM69.0 million) in five instalments. Robi deposited these five (5) equal instalments by 31 May 2020, as disclosed in Note 34 to the financial statements. This matter is currently pending for hearing before the Joint District Judge, Dhaka.

Separately, on 10 January 2023, the Honourable Appellate Division of Supreme Court of Bangladesh announced verbal judgement on the 2G spectrum fees and licence fees that allows the appeal filed by BTRC, without deducting 15% value added tax. Similar claim amounting to BDT1,412.1 million (RM59.0 million) is included in one of the items from the Information System Audit Claim of BDT8,672.4 million. Robi recognised BDT1,412.1 million as provision in the previous financial year following the verbal judgement and consequently, reduced the potential exposure by the same amount.

Based on external legal advice received, the Board of Directors are of the view that Robi has good prospects of succeeding on the balance of the claim.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- (d) Lists of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:  
(continued)

| <u>Description</u>   | <u>Potential exposure</u> |                           |
|--|---------------------------|---------------------------|
|  | <u>2023</u><br>RM'million | <u>2022</u><br>RM'million |
| 5. <u>Robi vs LTU-VAT of the NBR (VAT rebate cancellation)</u> | 117.2                     | 119.7                     |

For the period of 2010 to 2016, Robi claimed rebate for input VAT payable on certain goods and services relating to capital machineries (i.e. antenna, cable, media gateway switch, battery, modem, telephone and telegraphic switch, power system, optical multi service systems, universal service router, printed service board, racks, etc.). The LTU-VAT of the NBR issued five (5) show cause cum demand notices to Robi to cancel such rebate for input VAT and demanded for a total amount of BDT2,805.6 million (RM117.2 million).

- (i) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM24.9 million).
- (ii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM41.5 million).
- (iii) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM1.7 million).
- (iv) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM29.6 million).

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

38. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- (d) Lists of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:  
(continued)

| <u>Description</u>  | <u>Potential exposure</u> |              |
|---|---------------------------|--------------|
|   | <u>2023</u>               | <u>2022</u>  |
|   | RM'million                | RM'million   |
| 5. <u>Robi vs LTU-VAT of the NBR (VAT rebate cancellation)</u><br>(continued)   |                           |              |
| (v) The demand notice for the period of July 2010 to June 2012 is for BDT466.9 million (RM19.5 million). Robi filed an appeal to the Customs, Excise and VAT Appellate Tribunal.  |                           |              |
| Pursuant to each demand notice in items (i) to (v), Robi deposited 10% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on the provisions of the Value Added Tax Act 1991, as disclosed in Note 34 to the financial statements.  |                           |              |
| For items (i) to (iv), Robi filed four (4) separate VAT appeals to the High Court of Bangladesh on 21 January 2019 to challenge the said demand notices. For item (v), the earlier appeal to the Customs, Excise and VAT Appellate Tribunal was dismissed and Robi thereafter filed a VAT appeal to the High Court of Bangladesh on 1 June 2020 to challenge the said demand notice. All VAT appeals are currently pending for hearing before the High Court of Bangladesh. |                           |              |
| The Board of Directors, based on external legal advice received, are of the view that it has good prospects of succeeding on the claim.   |                           |              |
| In addition, there are similar Airtel cases amounting to BDT442.8 million (RM18.5 million) which are indemnified by a third party arising from a business combination.  |                           |              |
| Total exposure  | <u>846.4</u>              | <u>864.9</u> |

The Company does not have any contingent liability as at 31 December 2023 and 31 December 2022.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

39. **SEGMENTAL REPORTING**

By business segments and geographical locations of the key operating companies of the Group

Management has determined the operating segments to be based on the management reports reviewed by the Board of Directors as CODM.

The business segments of the Group represent the core businesses and geographical locations of the key operating companies based on the operating results regularly reviewed by the Board of Directors. The business segments of the Group are as follows:

(i) **Mobile segment**

The mobile business of the Group is segmented based on the countries in which the key operating companies operate. The reportable segments are principally engaged in the provision of mobile services and other services such as provision of interconnect services, sale of devices, pay television transmission services, broadband services and digital business and others.

(ii) **Fixed broadband segment**

The fixed broadband segment is principally engaged in broadband and broadcasting business.

(iii) **Infrastructure segment**

The infrastructure segment is principally engaged in the provision of telecommunication infrastructure and related services. Although the infrastructure segment operates in different geographical locations, resource allocation decisions and business performance management for this segment are viewed as a single business unit by the Board of Directors. This is consistent with the current practice of internal reporting. As such, the geographical information on infrastructure segment is not presented.

(iv) **Digital segment**

The digital segment is principally engaged in multimedia advertising, creative content, e-commerce enablement, digital financial (including digital banking business), digital lifestyle and its related businesses.

(v) **Others**

Others comprise of investment holding entities, financing entities and other operating companies providing other services including information technology related services in Malaysia and other countries that contributed less than 10% of consolidated revenue.

The Board of Directors assess the performance of the operating segment, before its respective tax charge or tax credits, mainly based on the measure of EBITDA. EBITDA is derived after revenue less operating costs (domestic interconnect, international outpayment and other direct costs, marketing, advertising and promotion, other operating costs, staff costs and net impairment on financial assets). Segment assets and segment liabilities are not used in decisions about allocation of resources and in assessing the performance of the operating segments.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

39. SEGMENTAL REPORTING (CONTINUED)

|   | Mobile segment      |                     |                     |                    | Fixed BB <sup>1</sup><br>segment<br>Indonesia<br>RM'000 | Infra-<br>structure<br>segment<br>RM'000 | Digital                    |                              | Others <sup>4</sup><br>RM'000 | Consolidation<br>adjustments/<br>eliminations<br>RM'000 | Continuing<br>operations<br>RM'000 |
|---|---------------------|---------------------|---------------------|--------------------|---|--|----------------------------|------------------------------|-------------------------------|---|------------------------------------|
|   | Indonesia<br>RM'000 | Banladesh<br>RM'000 | Sri Lanka<br>RM'000 | Cambodia<br>RM'000 |   |  | ADA <sup>2</sup><br>RM'000 | Boost <sup>3</sup><br>RM'000 |                               |   |                                    |
| <u>Financial year ended</u>                                       |                     |                     |                     |                    |   |  |                            |                              |                               |   |                                    |
| <u>31 December 2023</u>   |                     |                     |                     |                    |   |  |                            |                              |                               |   |                                    |
| Revenue:  |                     |                     |                     |                    |   |  |                            |                              |                               |   |                                    |
| Total revenue   | 9,664,473           | 4,200,408           | 2,624,102           | 1,721,474          | 1,173,749   | 2,475,224                                | 882,158                    | 152,001                      | 193,541                       | -   | 23,087,130                         |
| Inter-segment <sup>5</sup>  | (89,479)            | (87,454)            | (1,257)             | (34,195)           | (1,732)   | (609,967)                                | (125,345)                  | (1,294)                      | (134,138)                     | -   | (1,084,861)                        |
| External revenue  | <u>9,574,994</u>    | <u>4,112,954</u>    | <u>2,622,845</u>    | <u>1,687,279</u>   | <u>1,172,017</u>  | <u>1,865,257</u>                         | <u>756,813</u>             | <u>150,707</u>               | <u>59,403</u>                 | <u>-</u>  | <u>22,002,269</u>                  |
| Results:  |                     |                     |                     |                    |   |  |                            |                              |                               |   |                                    |
| EBITDA <sup>6</sup>   | 4,776,579           | 1,922,829           | 859,292             | 918,619            | 488,638   | 1,595,573                                | 16,550                     | (129,194)                    | (441,454)                     | (378,560)   | 9,628,872                          |
| Finance income  | 29,929              | 7,253               | 27,666              | 31,356             | 1,833   | 17,585                                   | 11,241                     | 7,810                        | 137,458                       | (23,768)  | 248,363                            |
| Finance costs   | (886,336)           | (275,557)           | (140,445)           | (30,395)           | (145,981)   | (502,432)                                | (1,293)                    | (21,911)                     | (504,762)                     | 221,243   | (2,287,869)                        |
| Depreciation of PPE   | (1,950,636)         | (646,641)           | (408,845)           | (318,166)          | (439,468)   | (617,494)                                | (3,442)                    | (1,345)                      | (7,154)                       | 7,939   | (4,385,252)                        |
| Depreciation of ROU assets  | (1,428,019)         | (177,801)           | (22,989)            | (71,092)           | (44,558)  | (297,873)                                | (4,660)                    | (3,730)                      | (4,810)                       | 210,570   | (1,844,962)                        |
| Amortisation of intangible assets                                 | (47,007)            | (362,183)           | (48,065)            | (13,051)           | (20,273)  | (47,125)                                 | (17,048)                   | (36,333)                     | (5,117)                       | (140,504)   | (736,706)                          |
| Impairment of PPE, ROU assets and IA<br>(licence and others), net | (91)                | (28,896)            | (2,947)             | 6,849              | (16,166)  | (2,315)                                  | -                          | -                            | (5,378)                       | -   | (48,944)                           |
| Impairment of goodwill  | -                   | -                   | -                   | -                  | -   | (40,459)                                 | -                          | -                            | -                             | -   | (40,459)                           |
| Joint ventures:   |                     |                     |                     |                    |   |  |                            |                              |                               |   |                                    |
| - share of results (net of tax)                                   | -                   | -                   | -                   | -                  | -   | -  | -                          | -                            | 903                           | -   | 903                                |
| Associates:   |                     |                     |                     |                    |   |  |                            |                              |                               |   |                                    |
| - share of results (net of tax)                                   | (57,366)            | -                   | (983)               | 424                | -   | -  | -                          | -                            | 535,362                       | 53,306  | 530,743                            |
| - gain on dilution of equity interest                             | 110                 | -                   | -                   | -                  | -   | -  | -                          | -                            | -                             | -   | 110                                |
| Other income/(expense)  | 82,991              | (141,756)           | 57,934              | 10,943             | 689   | (95,939)                                 | 9,716                      | 1,114                        | (184,498)                     | (12,628)  | (271,434)                          |
| Taxation  | (127,912)           | (161,649)           | (39,575)            | (111,814)          | 15,925  | (185,023)                                | (4,881)                    | 4,349                        | (62,049)                      | 21,461  | (651,168)                          |
| Segment profit/(loss) for the<br>financial year                   | <u>392,242</u>      | <u>135,599</u>      | <u>281,043</u>      | <u>423,673</u>     | <u>(159,361)</u>  | <u>(175,502)</u>                         | <u>6,183</u>               | <u>(179,240)</u>             | <u>(541,499)</u>              | <u>(40,941)</u>   | <u>142,197</u>                     |

<sup>1</sup> Fixed broadband

<sup>2</sup> ADA refers to ADA and its subsidiaries.

<sup>3</sup> Boost refers to Boost Holdings and its subsidiaries.

<sup>4</sup> Others include the Company, special purpose vehicles and other entities.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

39. SEGMENTAL REPORTING (CONTINUED)

|  | Continuing operations <sup>7</sup><br>RM'000 | ----- Discontinued operations ----- |                              |                                | Discontinued operations<br>RM'000 | Total<br>RM'000 |
|--|--|-------------------------------------|------------------------------|--------------------------------|-----------------------------------|-----------------|
|  |  | ----- Mobile segment -----          |                              | Infrastructure segment         |                                   |                 |
|  |  | Malaysia<br>RM'000                  | Nepal <sup>8</sup><br>RM'000 | Myanmar <sup>9</sup><br>RM'000 |                                   |                 |
| <u>Financial year ended</u><br><u>31 December 2023</u> (continued) |  |                                     |                              |                                |                                   |                 |
| Revenue:   |  |                                     |                              |                                |                                   |                 |
| Total revenue  | 23,087,130                                   | -                                   | 1,172,699                    | 316,057                        | 1,488,756                         | 24,575,886      |
| Inter-segment <sup>5</sup>   | (1,084,861)                                  | -                                   | (1,546)                      | -                              | (1,546)                           | (1,086,407)     |
| External revenue   | 22,002,269                                   | -                                   | 1,171,153                    | 316,057                        | 1,487,210                         | 23,489,479      |
| Results:   |  |                                     |                              |                                |                                   |                 |
| EBITDA <sup>6</sup>  | 9,628,872                                    | -                                   | 650,930                      | 280,472                        | 931,402                           | 10,560,274      |
| Finance income   | 248,363                                      | -                                   | 22,979                       | 38,807                         | 61,786                            | 310,149         |
| Finance costs  | (2,287,869)                                  | -                                   | (135,219)                    | (8,748)                        | (143,967)                         | (2,431,836)     |
| Depreciation of PPE  | (4,385,252)                                  | -                                   | (174,097)                    | (73,421)                       | (247,518)                         | (4,632,770)     |
| Depreciation of ROU assets   | (1,844,962)                                  | -                                   | (15,791)                     | (14,069)                       | (29,860)                          | (1,874,822)     |
| Amortisation of intangible assets                                  | (736,706)                                    | -                                   | (251,532)                    | (25,378)                       | (276,910)                         | (1,013,616)     |
| Impairment of PPE, ROU assets and IA (licence and others), net     | (48,944)                                     | -                                   | (1,929,904)                  | (747,224)                      | (2,677,128)                       | (2,726,072)     |
| Impairment of goodwill   | (40,459)                                     | -                                   | -                            | (140,639)                      | (140,639)                         | (181,098)       |
| Joint ventures:  |  |                                     |                              |                                |                                   |                 |
| - share of results (net of tax)                                    | 903  | -                                   | -                            | -                              | -                                 | 903             |
| Associates:  |  |                                     |                              |                                |                                   |                 |
| - share of results (net of tax)                                    | 530,743                                      | -                                   | -                            | -                              | -                                 | 530,743         |
| - gain on dilution of equity interest                              | 110  | -                                   | -                            | -                              | -                                 | 110             |
| Other income/(expense)   | (271,434)                                    | 402,000                             | (770,656)                    | (92,148)                       | (460,804)                         | (732,238)       |
| Taxation   | (651,168)                                    | -                                   | 398,859                      | (14,576)                       | 384,283                           | (266,885)       |
| Segment profit/(loss) for the financial year                       | 142,197                                      | 402,000                             | (2,204,431)                  | (796,924)                      | (2,599,355)                       | (2,457,158)     |

<sup>5</sup> Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

<sup>6</sup> EBITDA consolidation adjustments/eliminations mainly due to inter-segment elimination for leases under MFRS 16.

<sup>7</sup> Reference to previous page disclosure of continuing operations.

<sup>8</sup> Nepal refers to Reynolds Group as defined in Note 5(a)(i) to the financial statements.

<sup>9</sup> Infrastructure segment Myanmar refers to EIS Group as defined in Note 37 to the financial statements.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

39. SEGMENTAL REPORTING (CONTINUED)

|   | Mobile segment      |                      |                     |                    | Fixed BB <sup>1</sup><br>Indonesia<br>RM'000 | Infra-<br>structure<br>segment<br>RM'000 | Digital                    |                              | Others <sup>4</sup><br>RM'000 | Consolidation<br>adjustments/<br>eliminations<br>RM'000 | Continuing<br>operations<br>RM'000 |
|---|---------------------|----------------------|---------------------|--------------------|--|--|----------------------------|------------------------------|-------------------------------|---|------------------------------------|
|   | Indonesia<br>RM'000 | Bangladesh<br>RM'000 | Sri Lanka<br>RM'000 | Cambodia<br>RM'000 |  |  | ADA <sup>2</sup><br>RM'000 | Boost <sup>3</sup><br>RM'000 |                               |   |                                    |
| <u>Financial year ended</u><br><u>31 December 2022</u>            |                     |                      |                     |                    |  |  |                            |                              |                               |   |                                    |
| Revenue:  |                     |                      |                     |                    |  |  |                            |                              |                               |   |                                    |
| Total revenue   | 8,626,030           | 4,053,610            | 2,515,741           | 1,642,593          | 669,299                                      | 2,175,172                                | 874,848                    | 156,216                      | 301,384                       | -   | 21,014,893                         |
| Inter-segment <sup>5</sup>  | (264)               | (85,546)             | (7,908)             | (31,850)           | (30)   | (637,761)                                | (15,070)                   | (2,510)                      | (213,674)                     | -   | (994,613)                          |
| External revenue  | <u>8,625,766</u>    | <u>3,968,064</u>     | <u>2,507,833</u>    | <u>1,610,743</u>   | <u>669,269</u>                               | <u>1,537,411</u>                         | <u>859,778</u>             | <u>153,706</u>               | <u>87,710</u>                 | <u>-</u>  | <u>20,020,280</u>                  |
| Results:  |                     |                      |                     |                    |  |  |                            |                              |                               |   |                                    |
| EBITDA <sup>6</sup>   | 4,219,018           | 1,804,990            | 729,856             | 827,859            | 309,074                                      | 1,395,009                                | 118,175                    | (132,343)                    | (263,809)                     | (387,915)   | 8,619,914                          |
| Finance income  | 33,068              | 3,784                | 33,839              | 21,365             | 391  | 17,636                                   | 4,568                      | 2,826                        | 131,686                       | (25,358)  | 223,805                            |
| Finance costs   | (830,507)           | (280,328)            | (74,974)            | (30,638)           | (39,477)                                     | (283,175)                                | (867)                      | (9,737)                      | (438,890)                     | 286,364   | (1,702,229)                        |
| Depreciation of PPE   | (1,766,865)         | (707,853)            | (411,943)           | (287,280)          | (190,363)                                    | (464,535)                                | (3,227)                    | (945)                        | (7,867)                       | 4,585   | (3,836,293)                        |
| Depreciation of ROU assets  | (1,345,661)         | (161,096)            | (27,050)            | (64,639)           | (26,063)                                     | (270,262)                                | (3,503)                    | (2,645)                      | (9,311)                       | 207,816   | (1,702,414)                        |
| Amortisation of intangible assets                                 | (2,240)             | (278,007)            | (51,085)            | (13,815)           | (9,958)                                      | (46,151)                                 | (13,359)                   | (27,881)                     | (8,127)                       | (97,112)  | (547,735)                          |
| Impairment of PPE, ROU assets and IA<br>(licence and others), net | (1,909)             | (34,783)             | (44,116)            | -                  | (3,745)                                      | (29,904)                                 | -                          | -                            | (2,644)                       | -   | (117,101)                          |
| Impairment of goodwill  | -                   | -                    | (66,948)            | -                  | -  | -  | -                          | -                            | -                             | (1,486,854)   | (1,553,802)                        |
| Joint ventures:   |                     |                      |                     |                    |  |  |                            |                              |                               |   |                                    |
| - share of results (net of tax)                                   | -                   | -                    | -                   | -                  | -  | -  | -                          | -                            | (9,709)                       | -   | (9,709)                            |
| Associates:   |                     |                      |                     |                    |  |  |                            |                              |                               |   |                                    |
| - share of results (net of tax)                                   | 1,136               | -                    | (1,103)             | (15,768)           | -  | -  | -                          | -                            | 3,043                         | (44,125)  | (56,817)                           |
| Other income/(expense) <sup>10</sup>                              | 105,901             | (209,552)            | (518,751)           | (85,075)           | (3,657)                                      | (41,591)                                 | 8,331                      | 2,580                        | (365,992)                     | (19,303)  | (1,127,109)                        |
| Taxation  | (70,968)            | (50,890)             | (92,165)            | (116,895)          | (8,747)                                      | (180,526)                                | (28,564)                   | (68)                         | (60,012)                      | 3,975   | (604,860)                          |
| Segment profit/(loss) for the<br>financial year                   | <u>340,973</u>      | <u>86,265</u>        | <u>(524,440)</u>    | <u>235,114</u>     | <u>27,455</u>                                | <u>96,501</u>                            | <u>81,554</u>              | <u>(168,213)</u>             | <u>(1,031,632)</u>            | <u>(1,557,927)</u>                                      | <u>(2,414,350)</u>                 |

<sup>1</sup> Fixed broadband

<sup>2</sup> ADA refers to ADA and its subsidiaries.

<sup>3</sup> Boost refers to Boost Holdings and its subsidiaries.

<sup>4</sup> Others include the Company, special purpose vehicles and other entities.

<sup>5</sup> Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

<sup>6</sup> EBITDA consolidation adjustments/eliminations mainly due to inter-segment elimination for leases under MFRS 16.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

39. SEGMENTAL REPORTING (CONTINUED)

|  | Continuing operations <sup>7</sup><br>RM'000 | ----- Discontinued operations ----- |                              |                                | Discontinued operations<br>RM'000 | Total<br>RM'000 |
|--|--|-------------------------------------|------------------------------|--------------------------------|-----------------------------------|-----------------|
|  |  | ----- Mobile segment -----          |                              | Infrastructure segment         |                                   |                 |
|  |  | Malaysia<br>RM'000                  | Nepal <sup>8</sup><br>RM'000 | Myanmar <sup>9</sup><br>RM'000 |                                   |                 |
| <u>Financial year ended</u><br><u>31 December 2022</u> (continued) |  |                                     |                              |                                |                                   |                 |
| Revenue:   |  |                                     |                              |                                |                                   |                 |
| Total revenue  | 21,014,893                                   | 6,385,266                           | 1,390,099                    | 306,016                        | 8,081,381                         | 29,096,274      |
| Inter-segment <sup>5</sup>   | (994,613)                                    | (589,347)                           | (16,244)                     | -                              | (605,591)                         | (1,600,204)     |
| External revenue   | 20,020,280                                   | 5,795,919                           | 1,373,855                    | 306,016                        | 7,475,790                         | 27,496,070      |
| Results:   |  |                                     |                              |                                |                                   |                 |
| EBITDA <sup>6</sup>  | 8,619,914                                    | 2,837,042                           | 725,093                      | 252,205                        | 3,814,340                         | 12,434,254      |
| Finance income   | 223,805                                      | (16,962)                            | 20,453                       | 11,058                         | 14,549                            | 238,354         |
| Finance costs  | (1,702,229)                                  | (125,172)                           | (113,550)                    | (10,478)                       | (249,200)                         | (1,951,429)     |
| Depreciation of PPE  | (3,836,293)                                  | (752,236)                           | (242,396)                    | (83,749)                       | (1,078,381)                       | (4,914,674)     |
| Depreciation of ROU assets   | (1,702,414)                                  | (167,838)                           | (17,876)                     | (14,601)                       | (200,315)                         | (1,902,729)     |
| Amortisation of intangible assets                                  | (547,735)                                    | (60,176)                            | (355,435)                    | (24,472)                       | (440,083)                         | (987,818)       |
| Impairment of PPE, ROU assets and IA (licence and others), net     | (117,101)                                    | -                                   | -                            | (228)                          | (228)                             | (117,329)       |
| Impairment of goodwill   | (1,553,802)                                  | -                                   | (2,598,970)                  | -                              | (2,598,970)                       | (4,152,772)     |
| Joint ventures:  |  |                                     |                              |                                |                                   |                 |
| - share of results (net of tax)                                    | (9,709)                                      | -                                   | -                            | -                              | -                                 | (9,709)         |
| Associates:  |  |                                     |                              |                                |                                   |                 |
| - share of results (net of tax)                                    | (56,817)                                     | 15,714                              | -                            | -                              | 15,714                            | (41,103)        |
| Other income/(expense) <sup>10</sup>                               | (1,127,109)                                  | 13,612,657                          | 34,458                       | (1,416)                        | 13,645,699                        | 12,518,590      |
| Taxation   | (604,860)                                    | (446,740)                           | (9,169)                      | (33,452)                       | (489,361)                         | (1,094,221)     |
| Segment profit/(loss) for the financial year                       | (2,414,350)                                  | 14,896,289                          | (2,557,392)                  | 94,867                         | 12,433,764                        | 10,019,414      |

<sup>7</sup> Reference to previous page disclosure of continuing operations.

<sup>8</sup> Nepal refers to Reynolds Group as defined in Note 5(a)(i) to the financial statements.

<sup>9</sup> Infrastructure segment Myanmar refers to EIS Group as defined in Note 37 to the financial statements.

<sup>10</sup> Included in other expense is unrealised foreign exchange losses mainly arising from the revaluation of USD borrowings and working capital.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

39. **SEGMENTAL REPORTING (CONTINUED)**

By geographical location

In presenting information for geographical segments of the Group, total non-current assets are determined based on where the assets of core businesses and geographical locations of the key operating companies. Non-current assets exclude financial instruments defined under MFRS 9 and deferred tax assets.

|                               | ----- Mobile segment ----- |                      |                     |                 |                    | Fixed BB<br>segment<br>Indonesia<br>RM'000 | Infrastructure<br>segment <sup>2</sup><br>RM'000 | ----- Digital ----- |                 | Others <sup>1</sup><br>RM'000 | Total<br>RM'000 |
|-------------------------------|----------------------------|----------------------|---------------------|-----------------|--------------------|--|--|---------------------|-----------------|-------------------------------|-----------------|
|                               | Indonesia<br>RM'000        | Bangladesh<br>RM'000 | Sri Lanka<br>RM'000 | Nepal<br>RM'000 | Cambodia<br>RM'000 |  |  | ADA<br>RM'000       | Boost<br>RM'000 |                               |                 |
| <u>As at 31 December 2023</u> |                            |                      |                     |                 |                    |  |  |                     |                 |                               |                 |
| Total non-current assets      | 25,036,689                 | 7,148,904            | 2,695,318           | -               | 1,904,233          | 4,768,592                                  | 9,543,294  | 230,685             | 150,275         | 15,617,838                    | 67,095,828      |
| <u>As at 31 December 2022</u> |                            |                      |                     |                 |                    |  |  |                     |                 |                               |                 |
| Total non-current assets      | 22,823,588                 | 6,327,592            | 2,271,878           | 3,320,865       | 1,859,464          | 4,223,197                                  | 9,916,712  | 167,978             | 124,567         | 15,464,098                    | 66,499,939      |

<sup>1</sup> Included in Others is the Company's investment in a material associate in Malaysia, as disclosed in Note 29 to the financial statements.

<sup>2</sup> Geographical locations of infrastructure segment non-current assets are as follows:

|      | Malaysia<br>RM'000 | Bangladesh<br>RM'000 | Myanmar<br>RM'000 | Philippines<br>RM'000 | Pakistan<br>RM'000 | Others <sup>3</sup><br>RM'000 | Total<br>RM'000 |
|------|--------------------|----------------------|-------------------|-----------------------|--------------------|-------------------------------|-----------------|
| 2023 | 2,985,746          | 1,796,572            | -                 | 3,570,649             | 415,868            | 774,459                       | 9,543,294       |
| 2022 | 3,125,510          | 1,665,967            | 1,160,208         | 2,852,877             | 531,501            | 580,649                       | 9,916,712       |

<sup>3</sup> Others include other geographical locations within the infrastructure segment that are not individually material.

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

- (a) Market risks consist of:
- (i) price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instrument traded in the market.
  - (ii) foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
  - (iii) fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
  - (iv) cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.
- (b) Credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
- (c) Liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group's and the Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's and the Company's financial risk management policies. The Board of Directors regularly reviews these risks and approves the treasury policies, which covers the management of these risks. Hedging transactions are determined in the light of commercial commitments. Derivative financial instruments are used to hedge underlying commercial exposures.

(a) **Market risks**

(i) **Price risk**

The Group is exposed to equity securities price risk mainly due to investments held by the Group classified on the consolidated statement of financial position as FVTOCI asset, which is fair valued under level 3 fair value estimation.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(a) **Market risks (continued)**

(ii) **Foreign currency exchange risk**

Group

The foreign exchange risk of the Group predominantly arises from borrowings denominated in foreign currencies. The main currency exposure from borrowings denominated in foreign currency is USD as disclosed in Note 16 to the financial statements. The Group has cross currency swaps and FX forward that are primarily used to hedge selected foreign currency borrowings to reduce the foreign currency exposures on these borrowings.

Based on the borrowings position as at 31 December 2023, if USD were to strengthen/weaken by 10% against BDT, LKR and RM with all other variables held constant, this will result in foreign exchange losses/gains to the profit or loss of RM954.4 million (2022: RM871.6 million) on translation of USD denominated non-hedged borrowings.

The exposure to other foreign currency risk of the Group is not material and hence, sensitivity analysis is not presented.

Company

The foreign exchange risk of the Company predominantly arises from non-hedged borrowings denominated in USD.

As at 31 December 2023, if USD were to strengthen/weaken by 10% against RM with all other variables held constant, this will result in foreign exchange losses/gains to the profit or loss of RM146.9 million (2022: RM165.1 million) on translation of USD denominated non-hedged borrowings.

(iii) **Cash flow and fair value interest rate risk**

The Group and the Company have deposits, cash and bank balances including deposits placed with creditworthy licensed banks and financial institutions. The Group and the Company manage its interest rate risk by actively monitoring the yield curve trend and interest rate movement for the various deposits, cash and bank balances.

The Group's borrowings comprise borrowings from financial institutions, Sukuk, Bonds and Note. The Group's interest rate risk objective is to manage an acceptable level of rate fluctuation on interest expense. In order to achieve this objective, the Group targets a composition of fixed and floating borrowings based on assessment of its existing exposure and desirable interest rate profile. To obtain this composition, the Group uses hedging instruments such as CCIRS and IRS as disclosed in Note 18(b) and Note 18(c) to the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(a) **Market risks (continued)**

(iii) **Cash flow and fair value interest rate risk (continued)**

The Company's borrowings comprise borrowings from financial institutions. The interest rate profiles of the Company's borrowings are regularly reviewed against prevailing and anticipated market interest rates to determine whether refinancing or early repayment is warranted.

The Company provided loan to subsidiaries with fixed interest rate. The interest risk profiles of the Company's loan to subsidiaries are regularly reviewed to manage an acceptable level of rate fluctuation on interest income.

Group

As at 31 December 2023, if interest rates on non-hedged floating borrowings had been lower/higher by 5% with all other variables held constant, this will result in a lower/higher finance costs of the Group amounting to RM30.1 million (2022: RM27.4 million).

Company

As at 31 December 2023, if interest rates on non-hedged floating borrowings had been lower/higher by 5% with all other variables held constant, this will result in a lower/higher finance costs of the Company amounting to RM3.2 million (2022: RM5.3 million).

As at 31 December 2023, if interest rates on loan provided to subsidiaries had been lower/higher by 5% with all other variables held constant, this will result in a lower/higher finance income of the Company amounting to RM1.1 million (2022: RM6.2 million).

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(a) **Market risks (continued)**

(iii) **Cash flow and fair value interest rate risk (continued)**

Effects of IBOR reform

The reform and replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates has become a priority for global regulators. Globally, new alternative reference rates are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates, in line with the LIBOR reforms. It is expected that the Jakarta Interbank Offer Rate ("JIBOR") will be replaced with the Indonesia Overnight Index Average ("IndONIA") as the financial benchmark rate for IDR loans in Indonesia. There remains some uncertainty around the timing and precise nature of these changes.

As at 31 December 2023, the Group has several borrowings which make reference to JIBOR and extends beyond 2023. The JIBOR based financial instrument of the Group holds as of 31 December 2023 amounting to RM3,382.3 million (2022: RM3,018.0 million).

(b) **Credit risk**

Credit risk arises from trade receivables and other receivables, cash and cash equivalents and financial instruments used in hedging activities.

The Group has no significant concentration of credit risk due to its diverse customer base. Credit risk is managed through the application of credit assessment and approval, credit limit and monitoring procedures. Where appropriate, the Group obtains deposits or bank guarantees from customers.

The Group and the Company place its cash and cash equivalents with a number of creditworthy financial institutions. The Group's and the Company's policy limit the concentration of financial exposure to any single financial institution.

All hedging instruments are executed with creditworthy financial institutions with a view to limit the credit risk exposure of the Group and the Company. The Group and the Company, however, are exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but do not expect any counterparties to fail to meet their obligations.

The maximum credit risk exposure of the financial assets of the Group and the Company are approximately their carrying amounts as at the end of the reporting period, except for financial guarantee contracts liability. The Company's maximum credit risk exposure arising from the borrowings including interest expenses under financial guarantee contracts amounted to RM14,743.9 million.

The carrying amount and expected credit losses for amounts due from subsidiaries and trade receivables and other receivables are shown in Note 33 and Note 34 to the financial statements, respectively.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group and the Company aim at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

Surplus cash of the Group and the Company are invested in profit bearing current accounts, money market deposits and other instruments with appropriate maturities and sufficient liquidity levels to provide sufficient headroom and to enable the Group and the Company to discharge liabilities in the normal course of business.

As at 31 December 2023, the Group's current liabilities exceeded its current assets by RM 4,589.6 million (2022: RM6,379.3 million). The Company and its subsidiaries have undrawn facilities from the continuing operations amounting to RM5,514.4 million available to meet liquidity requirements. Additionally, as disclosed in Note 16 to the financial statements, certain subsidiaries of the Group have outstanding undrawn amounts under the Multi-Currency Sukuk, Sukuk Wakalah and EMTN Programme amounting to USD500.0 million (RM2,295.0 million), RM1,600.0 million and USD500.0 million (RM2,295.0 million) respectively. Any issuance of new Sukuk will be subject to market conditions such as market liquidity and market lending rates at the point of issuance. The Group is confident that it will be able to successfully issue the outstanding amounts, if needed, in the next twelve (12) months from the date of the financial statements.

The Group's net cash flows from operating activities for the financial year ended 2023 was RM 7,863.0 million (2022: RM 8,934.8 million). In addition, the Group's deposits, cash and bank balances as at 31 December 2023 was RM 4,612.1 million (2022: RM 7,451.7 million).

Where undrawn facilities are not available, subsidiaries' twelve (12) months cash flow forecasts have been prepared taking into account expected revenue growth, past performance and one-off transactions. Based on these cash flow forecasts and available undrawn facilities, the Group is able to generate sufficient cash flows for the next twelve (12) months from the date of the financial statements to meet operational and financing needs, including capital commitments which are due in the next twelve (12) months, as and when they fall due.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(c) **Liquidity risk (continued)**

The tables below analyse the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the tables are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statements of financial position for trade and other payables, lease liabilities, borrowings and derivative financial liabilities.

|   | 2023  |  |                             |   |                        |
|---|---|--|-----------------------------|---|------------------------|
|   | <u>Trade and<br/>other payables</u><br>RM'000 | <u>Lease<br/>liabilities</u><br>RM'000 | <u>Borrowings</u><br>RM'000 | <u>Gross settled<br/>derivative<br/>financial<br/>liabilities<br/>Outflow</u><br>RM'000 | <u>Total</u><br>RM'000 |
| <u>Group</u>                              |   |  |                             |   |                        |
| Below 1 year                              | 6,174,813                                     | 2,848,928                              | 3,267,403                   | 16,015  | 12,307,159             |
| 1 - 2 years                               | 175,962                                       | 2,288,359                              | 3,882,480                   | -   | 6,346,801              |
| 2 - 3 years                               | -   | 2,155,477                              | 6,284,130                   | -   | 8,439,607              |
| 3 - 4 years                               | -   | 1,919,318                              | 2,407,636                   | -   | 4,326,954              |
| 4 - 5 years                               | -   | 1,606,860                              | 1,962,559                   | -   | 3,569,419              |
| 5 - 10 years                              | -   | 4,135,140                              | 6,241,581                   | -   | 10,376,721             |
| 10 - 15 years                             | -   | 400,241                                | 3,368,803                   | -   | 3,769,044              |
| 15 - 40 years                             | -   | 4,818                                  | 6,226,865                   | -   | 6,231,683              |
| Total contractual undiscounted cash flows | <u>6,350,775</u>                              | <u>15,359,141</u>                      | <u>33,641,457</u>           | <u>16,015</u>   | <u>55,367,388</u>      |
| Total carrying amounts                    | <u>6,350,775</u>                              | <u>12,102,008</u>                      | <u>24,842,148</u>           | <u>16,015</u>   | <u>43,310,946</u>      |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The tables below analyse the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the tables are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statements of financial position for trade and other payables, lease liabilities, borrowings and derivative financial liabilities. (continued)

|   |   |                                       |                             |  |                          | 2022                   |
|---|---|---------------------------------------|-----------------------------|--|--------------------------|------------------------|
|   | Trade and<br>other<br><u>payables</u><br>RM'000 | Lease<br><u>liabilities</u><br>RM'000 | <u>Borrowings</u><br>RM'000 | Gross settled derivative<br>financial liabilities<br><u>(Inflow)</u><br>RM'000 | <u>Outflow</u><br>RM'000 | <u>Total</u><br>RM'000 |
| <u>Group</u>                              |   |                                       |                             |  |                          |                        |
| Below 1 year                              | 7,424,623                                       | 2,755,438                             | 7,504,522                   | (120,255)  | 172,521                  | 17,736,849             |
| 1 - 2 years                               | 185,234   | 1,988,993                             | 1,423,622                   | (120,295)  | 172,561                  | 3,650,115              |
| 2 - 3 years                               | -   | 1,765,451                             | 3,855,606                   | (464,140)  | 515,466                  | 5,672,383              |
| 3 - 4 years                               | -   | 1,669,000                             | 3,548,590                   | (1,395,101)  | 1,361,555                | 5,184,044              |
| 4 - 5 years                               | -   | 1,484,311                             | 1,967,491                   | (47,478)   | 73,495                   | 3,477,819              |
| 5 - 10 years                              | -   | 3,720,982                             | 6,228,953                   | (2,319,873)  | 2,236,731                | 9,866,793              |
| 10 - 15 years                             | -   | 356,177                               | 3,144,947                   | -  | -                        | 3,501,124              |
| 15 - 40 years                             | -   | 240,159                               | 6,090,052                   | -  | -                        | 6,330,211              |
| Total contractual undiscounted cash flows | 7,609,857                                       | 13,980,511                            | 33,763,783                  | (4,467,142)  | 4,532,329                | 55,419,338             |
| Total carrying amounts                    | 7,609,857                                       | 10,443,891                            | 25,435,632                  | -  | 186,642                  | 43,676,022             |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the tables are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statements of financial position for other payables, lease liabilities, borrowings and derivative financial liabilities.

|                                | 2023                                |  |  |                             |                        |
|--------------------------------|-------------------------------------|--|--|-----------------------------|------------------------|
|                                | <u>Other<br/>payables</u><br>RM'000 | <u>Financial<br/>guarantee<br/>contracts</u><br>RM'000 | <u>Amounts<br/>due to<br/>subsidiaries</u><br>RM'000 | <u>Borrowings</u><br>RM'000 | <u>Total</u><br>RM'000 |
| <u>Company</u>                 |                                     |  |  |                             |                        |
| Below 1 year                   | 135,258                             | 345,541  | 368,720  | 110,191                     | 959,710                |
| 1 - 2 years                    | -                                   | 345,541  | 313,471  | 1,887,117                   | 2,546,129              |
| 2 - 3 years                    | -                                   | 2,563,324  | 2,036,810  | -                           | 4,600,134              |
| 3 - 4 years                    | -                                   | 604,160  | 197,212  | -                           | 801,372                |
| 4 - 5 years                    | -                                   | 219,226  | 197,212  | -                           | 416,438                |
| 5 - 10 years                   | -                                   | 3,736,082  | 2,540,935  | -                           | 6,277,017              |
| 10 - 15 years                  | -                                   | 703,188  | 648,585  | -                           | 1,351,773              |
| 15 - 40 years                  | -                                   | 6,226,865  | 5,546,122  | -                           | 11,772,987             |
| Total contractual undiscounted | 135,258                             | 14,743,927   | 11,849,067   | 1,997,308                   | 28,725,560             |
| Total carrying amounts         | 135,258                             | 515,818  | 8,159,499  | 1,833,866                   | 10,509,183             |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the tables are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statements of financial position for other payables, lease liabilities, borrowings and derivative financial liabilities. (continued)

|   | 2022              |                                   |                      |            |   |                   |            |
|---|-------------------|-----------------------------------|----------------------|------------|---|-------------------|------------|
|   | Other<br>payables | Amounts<br>due to<br>subsidiaries | Lease<br>liabilities | Borrowings | Gross settled derivative<br>financial liabilities |                   | Total      |
|   | RM'000            | RM'000                            | RM'000               | RM'000     | (Inflow)<br>RM'000                                | Outflow<br>RM'000 | RM'000     |
| <u>Company</u>                            |                   |                                   |                      |            |   |                   |            |
| Below 1 year                              | 142,858           | 1,095,880                         | 1,881                | 2,303,207  | (14,630)  | 14,590            | 3,543,786  |
| 1 - 2 years                               | -                 | 319,991                           | -                    | 78,790     | (14,670)  | 14,630            | 398,741    |
| 2 - 3 years                               | -                 | 319,991                           | -                    | 2,038,390  | (358,515)   | 357,535           | 2,357,401  |
| 3 - 4 years                               | -                 | 2,139,952                         | -                    | -          | -   | -                 | 2,139,952  |
| 4 - 5 years                               | -                 | 199,374                           | -                    | -          | -   | -                 | 199,374    |
| 5 - 10 years                              | -                 | 2,714,118                         | -                    | -          | -   | -                 | 2,714,118  |
| 10 - 15 years                             | -                 | 648,585                           | -                    | -          | -   | -                 | 648,585    |
| 15 - 40 years                             | -                 | 5,675,839                         | -                    | -          | -   | -                 | 5,675,839  |
| Total contractual undiscounted cash flows | 142,858           | 13,113,730                        | 1,881                | 4,420,387  | (387,815)   | 386,755           | 17,677,796 |
| Total carrying amounts                    | 142,858           | 8,907,870                         | 1,881                | 4,156,943  | -   | 6,415             | 13,215,967 |

As at 31 December 2022, the Company's maximum potential liabilities arising from the borrowings including interest expenses under financial guarantee contracts amounted to RM13,475.9 million.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(d) **Capital risk management**

The Group's and the Company's objective when managing capital is to safeguard the Group's and the Company's abilities to continue as a going concern while at the same time provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. The Group and the Company maintain a strong credit rating and optimal capital structure that will improve its capital efficiency whilst ensuring availability of funds in order to meet financial obligations, support business growth and maximise shareholder's value through a long-term sustainable dividend policy. The Group's credit rating remains unchanged at Baa2 by Moody's Investors Service (Moody's) and BBB by Standard & Poor's 500 (S&P) as at 31 December 2023.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratios. This ratio is calculated as total debts over total equity. Total debts including non-current, current borrowings and lease liabilities as shown in the consolidated statement of financial position. Total equity is calculated as 'equity' in the consolidated statement of financial position.

|                   | <u>Note</u> | <u>2023</u>       | <u>2022</u>       |
|-------------------|-------------|-------------------|-------------------|
|                   |             | <u>RM'000</u>     | <u>RM'000</u>     |
| Total borrowings  | 16          | 24,842,148        | 25,435,632        |
| Lease liabilities | 23          | 12,102,008        | 10,443,891        |
| Total debts       |             | <u>36,944,156</u> | <u>35,879,523</u> |
| Total equity      |             | 28,235,310        | 30,680,350        |
| Gearing ratio     |             | <u>1.31</u>       | <u>1.17</u>       |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(e) Fair value estimation

The tables below analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identified assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as stock prices, dividend yield and volatility) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The Group measures the financial instruments based on published price quotations (Level 1) and market approach valuation technique (Level 2) with inputs of valuation technique such as interest rates and yield curves observable at commonly quoted intervals; implied volatilities; and credit spreads that are observable direct or indirectly as at reporting date.

There is no transfer between Level 1 and Level 2 during the financial year.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

The following tables represent the fair value level of the assets and liabilities that are measured at fair value as at reporting date.

| <u>Group</u>                             | <u>2023</u>              |                          |                          |                        | <u>2022</u>              |                          |                          |                        |
|--|--------------------------|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|--------------------------|------------------------|
|  | <u>Level 1</u><br>RM'000 | <u>Level 2</u><br>RM'000 | <u>Level 3</u><br>RM'000 | <u>Total</u><br>RM'000 | <u>Level 1</u><br>RM'000 | <u>Level 2</u><br>RM'000 | <u>Level 3</u><br>RM'000 | <u>Total</u><br>RM'000 |
| <u>Assets</u>                            |                          |                          |                          |                        |                          |                          |                          |                        |
| Financial assets at FVTPL:               |                          |                          |                          |                        |                          |                          |                          |                        |
| - Trading securities                     | 35                       | -                        | -                        | 35                     | 34                       | -                        | -                        | 34                     |
| - Unquoted securities                    | -                        | -                        | 10,842                   | 10,842                 | -                        | -                        | 5,758                    | 5,758                  |
| - Non-hedging derivatives                | -                        | 2,311                    | -                        | 2,311                  | -                        | 2,311                    | -                        | 2,311                  |
| - Derivatives used for hedging           | -                        | 180,866                  | -                        | 180,866                | -                        | 38,565                   | -                        | 38,565                 |
| Financial assets at FVTOC <sup>1</sup> : |                          |                          |                          |                        |                          |                          |                          |                        |
| - Equity securities                      | -                        | -                        | 114,247                  | 114,247                | -                        | -                        | 179,180                  | 179,180                |
| Assets at FVTPL:                         |                          |                          |                          |                        |                          |                          |                          |                        |
| - Trade and other receivables            | -                        | -                        | 71,318                   | 71,318                 | -                        | -                        | 447,010                  | 447,010                |
| <b>Total assets</b>                      | <b>35</b>                | <b>183,177</b>           | <b>196,407</b>           | <b>379,619</b>         | <b>34</b>                | <b>40,876</b>            | <b>631,948</b>           | <b>672,858</b>         |
| <u>Liabilities</u>                       |                          |                          |                          |                        |                          |                          |                          |                        |
| Financial liabilities at FVTPL:          |                          |                          |                          |                        |                          |                          |                          |                        |
| - Derivatives used for hedging           | -                        | (16,015)                 | -                        | (16,015)               | -                        | (186,642)                | -                        | (186,642)              |
| <b>Total liabilities</b>                 | <b>-</b>                 | <b>(16,015)</b>          | <b>-</b>                 | <b>(16,015)</b>        | <b>-</b>                 | <b>(186,642)</b>         | <b>-</b>                 | <b>(186,642)</b>       |

<sup>1</sup> Fair value of these instruments are obtained from independent valuations.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(e) Fair value estimation (continued)

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows based on observable market curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

(iii) Financial instruments in Level 3

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques where the underlying assets' significant inputs are not available from observable market data.



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(f) **Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amounts are reported in the Statements of Financial Position where the Group and the Company have a legally enforceable right to offset the recognised amounts, and there is intention to settle on a net basis or realise the assets and the liabilities simultaneously.

The following table presents the recognised financial instruments that are offset or subject to enforceable master netting arrangements and other similar agreements, as at financial year end. The column 'Net amounts' shows the impact on the Group's and Company's Statements of Financial Position if all set-off rights were exercised.

|                              | <u>Gross<br/>amounts</u><br>RM'000 | <u>Gross amounts<br/>of recognised<br/>(financial liabilities)/<br/>financial assets set off</u><br>RM'000 | <u>Net<br/>amounts</u><br>RM'000 |
|------------------------------|------------------------------------|--|----------------------------------|
| <u>Group</u>                 |                                    |  |                                  |
| <u>2023</u>                  |                                    |  |                                  |
| Trade receivables            | 638,412                            | (220,144)  | 418,268                          |
| Trade payables               | (3,204,935)                        | 220,144  | (2,984,791)                      |
| <u>2022</u>                  |                                    |  |                                  |
| Trade receivables            | 765,575                            | (188,226)  | 577,349                          |
| Trade payables               | (3,570,162)                        | 188,226  | (3,381,936)                      |
| <u>Company</u>               |                                    |  |                                  |
| <u>2023</u>                  |                                    |  |                                  |
| Amount due from subsidiaries | 836,315                            | (205,875)  | 630,440                          |
| Amount due to subsidiaries   | (8,365,374)                        | 205,875  | (8,159,499)                      |
| <u>2022</u>                  |                                    |  |                                  |
| Amount due from subsidiaries | 2,056,356                          | (1,210,210)  | 846,146                          |
| Amount due to subsidiaries   | (10,118,080)                       | 1,210,210  | (8,907,870)                      |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES

The list of subsidiaries of the Group as at 31 December 2023 is as follows:

| <u>Name of company</u>  | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>   | <u>Country and place of incorporation</u> |
|---|---|---|---|---|---|
| Axiata Digital Labs Sdn Bhd <sup>1</sup>  | 100.00  | 100.00  | -   | Provision of services in relation to information technology (IT), including IT solutions development and maintenance, IT related managed services, analytics and technical advisory | Malaysia                                  |
| Axiata Digital Services Sdn Bhd <sup>1 and 16</sup>   | 96.71   | 96.71   | 3.29                                      | Investment holding  | Malaysia                                  |
| Axiata Enterprise Sdn Bhd (formerly known as Axiata Business Services Sdn Bhd) <sup>1</sup> | 100.00  | 100.00  | -   | Provision of international carrier services and enterprise solutions  | Malaysia                                  |
| Axiata Foundation <sup>1 and 7</sup>  | -   | -   | -   | Develop and nurture talent pool and foster, develop and improve education   | Malaysia                                  |
| Axiata Investments (Cambodia) Limited <sup>1</sup>  | 100.00  | 100.00  | -   | Investment holding  | Federal Territory Labuan, Malaysia        |
| Axiata Investments (Labuan) Limited <sup>1</sup>  | 100.00  | 100.00  | -   | Investment holding  | Federal Territory Labuan, Malaysia        |
| Axiata Investments (Singapore) Limited <sup>1</sup>   | 100.00  | 100.00  | -   | Investment holding  | Federal Territory Labuan, Malaysia        |
| Axiata Investments (UK) Limited <sup>2</sup>  | 100.00  | 100.00  | -   | Investment holding  | United Kingdom                            |
| Axiata Investments 1 (India) Limited <sup>2</sup>   | 100.00  | 100.00  | -   | Investment holding  | Mauritius                                 |
| Axiata SPV1 (Labuan) Limited <sup>1</sup>   | 100.00  | 100.00  | -   | To hold securities and financial instruments on a non-trading basis   | Federal Territory Labuan, Malaysia        |
| Axiata SPV2 Berhad <sup>1</sup>   | 100.00  | 100.00  | -   | Financing   | Malaysia                                  |
| Axiata SPV4 Sdn Bhd <sup>1</sup>  | 100.00  | 100.00  | -   | Investment holding  | Malaysia                                  |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>   | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>  | <u>Country and place of incorporation</u> |
|--|---|---|---|--|---|
| Axiata SPV5 (Labuan) Limited <sup>1</sup>                        | 100.00  | 100.00  | -   | To hold securities and financial instruments on a non-trading basis  | Federal Territory Labuan, Malaysia        |
| edotco Group Sdn Bhd <sup>1</sup>                                | 63.00   | 63.00   | 37.00                                     | Investment holding and provision of technical and operations support services in the telecommunications and related industries in local and/or international markets | Malaysia                                  |
| <u>Subsidiaries held through Axiata Enterprise Sdn Bhd</u>       |   |   |   |  |   |
| Xpand Investments (Labuan) Limited <sup>1</sup>                  | -   | 100.00  | -   | Investment holding   | Federal Territory Labuan, Malaysia        |
| Axiata Global Service Pte Ltd <sup>2</sup>                       | -   | 100.00  | -   | To provide international carrier services, management of partnerships and alliances  | Singapore                                 |
| <u>Subsidiaries held through Axiata Digital Services Sdn Bhd</u> |   |   |   |  |   |
| Apigate Inc. <sup>3</sup>  | -   | 96.71   | 3.29                                      | Technology enabler service provider  | United States of America                  |
| Axiata Digital & Analytics Sdn Bhd <sup>1 and 16</sup>           | -   | 61.38   | 38.62                                     | Investment holding and provision of multimedia advertising services as well as multimedia advertising sales support services   | Malaysia                                  |
| Boost Holdings Sdn Bhd <sup>1 and 16</sup>                       | -   | 75.55   | 24.45                                     | Investment holding   | Malaysia                                  |
| <u>Subsidiary held through Apigate Inc</u>                       |   |   |   |  |   |
| Apigate (Private) Limited <sup>3, 6 and 16</sup>                 | -   | 96.71   | 3.29                                      | Dormant  | Sri Lanka                                 |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>  | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>   | <u>Country and place of incorporation</u> |
|---|---|---|---|---|---|
| <u>Subsidiaries held through Axiata Digital &amp; Analytics Sdn Bhd</u>   |   |   |   |   |   |
| ADA Digital Singapore Pte Ltd <sup>2</sup>  | -   | 61.38   | 38.62                                     | Advertising service provider and investment holding   | Singapore                                 |
| <u>Subsidiaries held through Axiata Digital &amp; Analytics Sdn Bhd and Axiata Digital Services Sdn Bhd</u>                   |   |   |   |   |   |
| PT Axiata Digital Analytics Indonesia <sup>2 and 16</sup>   | -   | 61.50   | 38.50                                     | Provision of digital analytics services   | Indonesia                                 |
| Axiata Digital Bangladesh (Private) Limited <sup>3 and 16</sup>   | -   | 61.39   | 38.61                                     | Advertising service provider  | Bangladesh                                |
| <u>Subsidiaries held through ADA Digital Singapore Pte Ltd</u>  |   |   |   |   |   |
| AAD Holdings Pte Ltd <sup>2 and 16</sup>  | -   | 61.38   | 38.62                                     | Investment holding  | Singapore                                 |
| ADA Asia Malaysia Sdn Bhd <sup>1 and 16</sup>   | -   | 61.38   | 38.62                                     | Provision of multimedia advertising services and creative content, as well as multimedia advertising sales support services | Malaysia                                  |
| ADA Digital Philippines Inc <sup>2 and 16</sup>   | -   | 61.38   | 38.62                                     | Provision of technology and software solutions  | Philippines                               |
| ADA Digital (Thailand) Co., Ltd <sup>2 and 16</sup>   | -   | 61.29   | 38.71                                     | Provision of IT products and services for online media companies  | Thailand                                  |
| Axiata Digital Analytics Private Limited (formerly known as Dhionics Analytics Solutions Private Limited) <sup>2 and 15</sup> | -   | 60.77   | 39.23                                     | Provision of technology and software solutions  | Thailand                                  |
| Adknowledge Asia Pacific (India) Private Limited <sup>2 and 16</sup>  | -   | 61.38   | 38.62                                     | Dormant   | India                                     |
| Komli Network Philippines, Inc <sup>2, 10 and 16</sup>  | -   | 61.38   | 38.62                                     | Dormant   | Philippines                               |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>   | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>  | <u>Country and place of incorporation</u> |
|--|---|---|---|--|---|
| <u>Subsidiaries held through ADA Digital Singapore Pte Ltd (continued)</u> |   |   |   |  |   |
| PT ADA Asia Indonesia <sup>2 and 16</sup>                                  | -   | 60.77   | 39.23                                     | Provision of multimedia advertising services and creative content, as well as multimedia advertising sales support services  | Indonesia                                 |
| ADA Digital Analytics Kabushiki Kaisha <sup>15</sup>                       | -   | 61.38   | 38.62                                     | Dormant  | Japan                                     |
| <u>Subsidiaries held through AAD Holdings Pte Ltd</u>                      |   |   |   |  |   |
| AADistribution Phils Inc <sup>2 and 16</sup>                               | -   | 61.38   | 38.62                                     | e-commerce distribution business and rendering solutions for clients   | Philippines                               |
| AAD Indochina Pte Ltd <sup>2 and 16</sup>                                  | -   | 61.38   | 38.62                                     | Investment holding   | Singapore                                 |
| Awake Asia Distribution Pte Ltd <sup>2 and 16</sup>                        | -   | 61.38   | 38.62                                     | Dormant  | Singapore                                 |
| Awake Asia Distribution Sdn Bhd <sup>1 and 16</sup>                        | -   | 61.38   | 38.62                                     | Dormant  | Malaysia                                  |
| PT Awake Asia Distribution Indonesia <sup>2 and 16</sup>                   | -   | 61.38   | 38.62                                     | e-commerce distribution business   | Indonesia                                 |
| <u>Subsidiary held through AAD Indochina Pte Ltd</u>                       |   |   |   |  |   |
| Thien An Investment Co., Ltd <sup>1 and 16</sup>                           | -   | 61.38   | 38.62                                     | Provision of retail, consignment and service through e-commerce  | Vietnam                                   |
| <u>Subsidiaries held through Boost Holdings Sdn Bhd</u>                    |   |   |   |  |   |
| Axiata Digital Capital Sdn Bhd <sup>1 and 16</sup>                         | -   | 75.55   | 24.45                                     | Provide micro-financing, money lending services, micro-insurance and related services, including related technology services | Malaysia                                  |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>   | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>   | <u>Country and place of incorporation</u> |
|--|---|---|---|---|---|
| <u>Subsidiaries held through Boost Holdings Sdn Bhd (continued)</u>                    |   |   |   |   |   |
| Axiata Digital eCode Sdn Bhd <sup>1 and 16</sup>                                       | -   | 75.55   | 24.45                                     | Conducting e-wallet mobile application and other related services   | Malaysia                                  |
| Boost Bank Berhad (formerly known as Boost Berhad) <sup>3 and 5</sup>                  | -   | 45.33   | 54.67                                     | Digital banking business  | Malaysia                                  |
| Boost Biz Sdn Bhd <sup>1 and 16</sup>  | -   | 75.55   | 24.45                                     | Dormant   | Malaysia                                  |
| Boost Connect Sdn Bhd (formerly known as Apigate Sdn Bhd) <sup>1 and 16</sup>          | -   | 75.55   | 24.45                                     | Application programming interface, software and mobile applications | Malaysia                                  |
| PT Creative Mobile Adventure <sup>2 and 16</sup>                                       | -   | 51.94   | 48.06                                     | IT-based platform lending   | Indonesia                                 |
| <u>Subsidiary held through Boost Holdings Sdn Bhd and Axiata Digital eCode Sdn Bhd</u> |   |   |   |   |   |
| PT Axiata Digital Services Indonesia <sup>2 and 16</sup>                               | -   | 75.55   | 24.45                                     | Provision of digital services                                       | Indonesia                                 |
| <u>Subsidiary held through Boost Holdings Sdn Bhd and Boost Connect Sdn Bhd</u>        |   |   |   |   |   |
| Apigate India Services Private Ltd <sup>2 and 16</sup>                                 | -   | 75.55   | 24.45                                     | Support services  | India                                     |
| <u>Subsidiary held through Axiata Digital Capital Sdn Bhd</u>                          |   |   |   |   |   |
| Salvare Assets Berhad <sup>14</sup>  | -   | -   | -   | Special purpose vehicle for securitisation programme                | Malaysia                                  |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>   | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>   | <u>Country and place of incorporation</u> |
|--|---|---|---|---|---|
| <u>Subsidiary held through</u><br><u>Axiata Digital Capital Sdn Bhd and PT Axiata Digital Services Indonesia</u> |   |   |   |   |   |
| PT Axiata Digital Capital Indonesia <sup>2 and 16</sup>  | -   | 75.55   | 24.45                                     | Provision of service in data processing and management consultation                           | Indonesia                                 |
| <u>Subsidiary held through</u><br><u>Axiata Investments (Cambodia) Limited</u>                                   |   |   |   |   |   |
| Axiata (Cambodia) Holdings Limited <sup>1</sup>  | -   | 72.48   | 27.52                                     | Investment holding  | Federal Territory Labuan, Malaysia        |
| <u>Subsidiary held through</u><br><u>Axiata (Cambodia) Holdings Limited</u>                                      |   |   |   |   |   |
| Smart Axiata Co., Ltd <sup>2</sup>   | -   | 72.48   | 27.52                                     | Mobile telecommunication services   | Cambodia                                  |
| <u>Associate held through</u><br><u>Smart Axiata Co., Ltd</u>  |   |   |   |   |   |
| edotco (Cambodia) Co., Ltd <sup>2</sup>  | -   | 14.50   | 5.50                                      | Telecommunication infrastructure and services   | Cambodia                                  |
| <u>Subsidiaries held through</u><br><u>Axiata Investments (Labuan) Limited</u>                                   |   |   |   |   |   |
| Axiata Digital Labs (Private) Limited <sup>2</sup>   | -   | 100.00  | -   | Software development and IT enabled services venture of Axiata Group                          | Sri Lanka                                 |
| Axiata Investments (Indonesia) Sdn Bhd <sup>1</sup>  | -   | 100.00  | -   | Investment holding  | Malaysia                                  |
| Axiata Lanka (Private) Limited <sup>2</sup>  | -   | 100.00  | -   | Property development and letting of property for commercial purposes                          | Sri Lanka                                 |
| Dialog Axiata PLC <sup>3</sup>   | -   | 82.27   | 17.73                                     | Communication services, telecommunication infrastructure services, media and digital services | Sri Lanka                                 |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>   | Ownership interest directly held by the parent (%) | Ownership interest held by the Group (%) | Ownership interest held by NCI (%) | <u>Principal activities</u>  | <u>Country and place of incorporation</u> |
|--|--|--|------------------------------------|--|---|
| Robi Axiata Limited <sup>3</sup>   | -  | 61.82                                    | 38.18                              | Mobile telecommunication services  | Bangladesh                                |
| <u>Subsidiary held through Axiata Digital Labs (Private) Limited</u>           |  |  |                                    |  |   |
| PT Axiata Digital Labs Indonesia <sup>2</sup>                                  | -  | 100.00                                   | -                                  | Software development and IT enabled services venture of Axiata Group   | Indonesia                                 |
| <u>Subsidiaries held through Axiata Investments (Indonesia) Sdn Bhd</u>        |  |  |                                    |  |   |
| PT Link Net Tbk <sup>2 and 12</sup>  | -  | 92.83                                    | 7.17                               | Provision of telecommunication by cable, multimedia, internet services, trading, and business management consulting services | Indonesia                                 |
| PT XL Axiata Tbk <sup>2 and 12</sup>   | -  | 66.53                                    | 33.47                              | Telecommunication services, network and/or multimedia services provider  | Indonesia                                 |
| <u>Subsidiary held through PT XL Axiata Tbk</u>                                |  |  |                                    |  |   |
| PT Hipernet Indodata <sup>2</sup>  | -  | 33.93                                    | 66.07                              | Managed service provider   | Indonesia                                 |
| <u>Subsidiaries held through PT Link Net Tbk</u>                               |  |  |                                    |  |   |
| Link Net Global Solution Pte Ltd <sup>2</sup>                                  | -  | 92.83                                    | 7.17                               | Dormant  | Singapore                                 |
| PT First Media Television <sup>2</sup>   | -  | 92.82                                    | 7.18                               | Subscription broadcasting  | Indonesia                                 |
| <u>Subsidiaries held through PT Link Net Tbk and PT First Media Television</u> |  |  |                                    |  |   |
| PT Infra Solusi Indonesia <sup>2</sup>   | -  | 92.83                                    | 7.17                               | Outsourcing services   | Indonesia                                 |



Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>  | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>  | <u>Country and place of incorporation</u> |
|---|---|---|---|--|---|
| <u>Subsidiaries held through Dialog Axiata PLC</u>  |   |   |   |  |   |
| Dialog Broadband Networks (Private) Limited <sup>3</sup>  | -   | 82.27   | 17.73                                     | Data and backbone, fixed wireless and transmission infrastructure                    | Sri Lanka                                 |
| Dialog Business Services (Private) Limited <sup>3</sup>   | -   | 82.27   | 17.73                                     | Provision of manpower for call centre operations                                     | Sri Lanka                                 |
| Dialog Device Trading (Private) Limited <sup>3</sup>  | -   | 82.27   | 17.73                                     | Selling information technology enabled equipment                                     | Sri Lanka                                 |
| Dialog Finance PLC <sup>3</sup>   | -   | 81.49   | 18.51                                     | Provision of financial services  | Sri Lanka                                 |
| Digital Holdings Lanka (Private) Limited <sup>3</sup>   | -   | 82.27   | 17.73                                     | Investment holding company for new business areas of Dialog Group                    | Sri Lanka                                 |
| Dialog Network Services (Private) Limited <sup>3</sup>  | -   | 82.27   | 17.73                                     | Provision of network development, operations and maintenance services                | Sri Lanka                                 |
| Dialog Television (Private) Limited <sup>3</sup>  | -   | 82.27   | 17.73                                     | Television broadcasting services and direct-to-home satellite pay television service | Sri Lanka                                 |
| <u>Subsidiaries held through Dialog Broadband Networks (Private) Limited</u>                    |   |   |   |  |   |
| Telecard (Private) Limited <sup>3</sup>   | -   | 82.27   | 17.73                                     | Provision of digital credit facilities   | Sri Lanka                                 |
| H One (Private) Limited <sup>3</sup>  | -   | 82.27   | 17.73                                     | Provision of software licences   | Sri Lanka                                 |
| <u>Subsidiaries held through Digital Holdings Lanka (Private) Limited</u>                       |   |   |   |  |   |
| Dialog Axiata Digital Innovation Fund (Private) Limited <sup>3, 8 and 16</sup>                  | -   | 76.72   | 23.28                                     | Venture capital fund   | Sri Lanka                                 |
| <u>Subsidiaries held through Digital Holdings Lanka (Private) Limited and Dialog Axiata PLC</u> |   |   |   |  |   |
| Digital Commerce Lanka (Private) Limited <sup>3</sup>   | -   | 82.27   | 17.73                                     | e-commerce and digital marketing services  | Sri Lanka                                 |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>  | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>  | <u>Country and place of incorporation</u> |
|---|---|---|---|--|---|
| <u>Subsidiaries held through</u>  |   |   |   |  |   |
| <u>Digital Holdings Lanka (Private) Limited and Dialog Axiata Digital Innovation Fund (Private) Limited</u> |   |   |   |  |   |
| Digital Health (Private) Limited <sup>3 and 8</sup>   | -   | 43.55   | 56.45                                     | Developing and operating a state-of-the-art electronic commerce infrastructure for the healthcare sector   | Sri Lanka                                 |
| Headstart (Private) Limited <sup>3 and 9</sup>  | -   | 80.17   | 19.83                                     | Creating and providing e-learning content  | Sri Lanka                                 |
| <u>Subsidiary held through</u>  |   |   |   |  |   |
| <u>Dialog Television (Private) Limited</u>  |   |   |   |  |   |
| Communiq Broadband Network (Private) Limited <sup>3 and 6</sup>   | -   | 82.27   | 17.73                                     | Dormant  | Sri Lanka                                 |
| <u>Subsidiary held through</u>  |   |   |   |  |   |
| <u>Digital Health (Private) Limited</u>   |   |   |   |  |   |
| My Health Solutions (Private) Limited <sup>3 and 8</sup>  | -   | 35.83   | 64.17                                     | Developing and operating a state-of-the-art electronic commerce infrastructure for the healthcare sector   | Sri Lanka                                 |
| <u>Subsidiaries held through</u>  |   |   |   |  |   |
| <u>Robi Axiata Limited</u>  |   |   |   |  |   |
| AxEnTec PLC <sup>5</sup>  | -   | 61.82   | 38.18                                     | Sales, distribution and marketing services for connectivity, IT and ICT solutions, digital services, software, applications and hardware.        | Bangladesh                                |
| r ventures PLC <sup>5</sup>   | -   | 61.82   | 38.18                                     | Provision of digital services, including over-the-top, ticketing and mobile value-added services and investing in startups and digital ventures. | Bangladesh                                |
| RedDot Digital Limited <sup>3</sup>   | -   | 61.82   | 38.18                                     | Provision of IT, information and communications technology services to facilitate Robi's non-mobile network operator business activities         | Bangladesh                                |
| Smart Pay Limited <sup>3</sup>  | -   | 61.82   | 38.18                                     | To provide a Fintech-driven electronic payments services and other related services  | Bangladesh                                |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>  | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>                                | <u>Country and place of incorporation</u> |
|---|---|---|---|--|---|
| <u>Subsidiaries held through EDOTCO Group Sdn Bhd</u>                                       |   |   |   |  |   |
| edotco Holdings (Labuan) Limited <sup>1</sup>   | -   | 63.00   | 37.00                                     | Investment holding   | Federal Territory Labuan, Malaysia        |
| edotco Investments (Labuan) Limited <sup>1</sup>  | -   | 63.00   | 37.00                                     | Investment holding   | Federal Territory Labuan, Malaysia        |
| edotco Malaysia Sdn Bhd <sup>1</sup>  | -   | 63.00   | 37.00                                     | Telecommunication infrastructure and services              | Malaysia                                  |
| <u>Subsidiary held through EDOTCO Group Sdn Bhd and edotco Investments (Labuan) Limited</u> |   |   |   |  |   |
| edotco Bangladesh Co. Ltd <sup>3</sup>  | -   | 44.10   | 55.90                                     | Telecommunication infrastructure and services              | Bangladesh                                |
| <u>Subsidiary held through EDOTCO Group Sdn Bhd and edotco Malaysia Sdn Bhd</u>             |   |   |   |  |   |
| PT edotco Infrastruktur Indonesia <sup>2</sup>  | -   | 63.00   | 37.00                                     | Telecommunication infrastructure and services              | Indonesia                                 |
| <u>Subsidiary held through edotco Holdings (Labuan) Limited</u>                             |   |   |   |  |   |
| edotco (Cambodia) Co., Ltd <sup>2</sup>   | -   | 50.40   | 29.60                                     | Telecommunication infrastructure and services              | Cambodia                                  |
| <u>Subsidiaries held through edotco Investments (Labuan) Limited</u>                        |   |   |   |  |   |
| edotco Investments Singapore Pte Ltd <sup>2</sup>   | -   | 55.13   | 44.87                                     | Investment holding   | Singapore                                 |
| edotco Lao Company Limited <sup>4</sup>   | -   | 50.40   | 49.60                                     | Telecommunication infrastructure and services              | Laos                                      |
| edotco Pakistan (Private) Limited <sup>2</sup>  | -   | 63.00   | 37.00                                     | Telecommunication infrastructure and services              | Pakistan                                  |
| edotco Services Lanka (Private) Limited <sup>2</sup>  | -   | 63.00   | 37.00                                     | Provision of end to end Integrated Infrastructure Services | Sri Lanka                                 |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>   | <u>Ownership interest directly held by the parent (%)</u> | <u>Ownership interest held by the Group (%)</u> | <u>Ownership interest held by NCI (%)</u> | <u>Principal activities</u>  | <u>Country and place of incorporation</u> |
|--|---|---|---|--|---|
| <u>Subsidiaries held through edotco Investments (Labuan) Limited (continued)</u> |   |   |   |  |   |
| edotco Towers (Bangladesh) Limited <sup>3</sup>                                  | -   | 63.00   | 37.00                                     | Telecommunication infrastructure and services  | Bangladesh                                |
| edotco Towers, Inc. <sup>2</sup>   | -   | 63.00   | 37.00                                     | Telecommunication infrastructure and services  | Philippines                               |
| <u>Subsidiaries held through edotco Investments Singapore Pte Ltd</u>            |   |   |   |  |   |
| Asian Towers Holdings Private Limited <sup>17</sup>                              | -   | 55.13   | 44.87                                     | Investment holding   | Singapore                                 |
| edotco Myanmar Limited <sup>3</sup>  | -   | 55.13   | 44.87                                     | Telecommunication infrastructure and services  | Myanmar                                   |
| edotco Urban Infrashare Ltd <sup>3</sup>   | -   | 55.13   | 44.87                                     | Telecommunications infrastructure and related services   | Myanmar                                   |
| <u>Subsidiary held through edotco Pakistan (Private) Limited</u>                 |   |   |   |  |   |
| edotco Towers Pakistan (Private) Limited <sup>2</sup>                            | -   | 63.00   | 37.00                                     | Telecommunication infrastructure and services  | Pakistan                                  |
| <u>Subsidiaries held through edotco Malaysia Sdn Bhd EDOTCO Group Sdn Bhd</u>    |   |   |   |  |   |
| Tanjung Digital Sdn Bhd <sup>1</sup>   | -   | 50.40   | 49.60                                     | Investment holding   | Malaysia                                  |
| <u>Subsidiaries held through edotco Malaysia Sdn Bhd</u>                         |   |   |   |  |   |
| On Site Services Sdn Bhd <sup>1 and 13</sup>                                     | -   | 63.00   | 37.00                                     | Provision of field line maintenance business including preventive, corrective maintenance and support services | Malaysia                                  |
| Touch Mindscape Sdn Bhd <sup>1</sup>   | -   | 63.00   | 37.00                                     | Telecommunication infrastructure and services  | Malaysia                                  |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

| <u>Name of company</u>  | Ownership interest directly held by the parent (%) | Ownership interest held by the Group (%) | Ownership interest held by NCI (%) | <u>Principal activities</u>                   | <u>Country and place of incorporation</u> |
|---|--|--|------------------------------------|---|---|
| <u>Subsidiary held through</u><br><u>Tanjung Digital Sdn Bhd</u>              |  |  |                                    |   |   |
| Yiked Bina Sdn Bhd <sup>1</sup>   | -  | 50.40                                    | 49.60                              | Telecommunication infrastructure and services | Malaysia                                  |
| <u>Subsidiaries held through</u><br><u>Touch Mindscape Sdn Bhd</u>            |  |  |                                    |   |   |
| Shahzan Alam Muda Sdn Bhd <sup>1</sup>  | -  | 50.40                                    | 49.60                              | Telecommunication infrastructure and services | Malaysia                                  |
| Touch Matrix Sdn Bhd <sup>1</sup>   | -  | 63.00                                    | 37.00                              | Telecommunication infrastructure and services | Malaysia                                  |
| Touch Mindscape (Melaka) Sdn Bhd <sup>1</sup>                                 | -  | 34.65                                    | 65.35                              | Telecommunication infrastructure and services | Malaysia                                  |
| Touch Mobile Sdn Bhd <sup>1</sup>   | -  | 63.00                                    | 37.00                              | Other business support service activities     | Malaysia                                  |
| Vista Bumiria Sdn Bhd <sup>15</sup>   | -  | 63.00                                    | 37.00                              | Telecommunication infrastructure and services | Malaysia                                  |
| <u>Subsidiary held through</u><br><u>Axiata Investments 1 (India) Limited</u> |  |  |                                    |   |   |
| Axiata Investments 2 (India) Limited <sup>11</sup>                            | -  | 100.00                                   | -                                  | Telecommunication infrastructure and services | Malaysia                                  |

<sup>1</sup> Audited by PricewaterhouseCoopers Malaysia.

<sup>2</sup> Audited by member firms of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers Malaysia.

<sup>3</sup> Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited.

<sup>4</sup> No audit is required as allowed by the laws of the respective country of incorporation.

<sup>5</sup> Incorporated during the financial year.

<sup>6</sup> Inactive as at 31 December 2023.

<sup>7</sup> In accordance with IC Interpretation 112 "Consolidation - Special Purpose Vehicles", Axiata Foundation is consolidated in the Group as the substance of the relationship between the Company and the special purpose entity indicates that the entity is controlled by the Company.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

41. LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group as at 31 December 2023 is as follows: (continued)

- <sup>8</sup> The Group exercises its controlling power on DADIF via the Investment and Shareholders' Agreement. The ownership interest in DADIF is calculated based on issued and paid-up capital of DADIF including preference shares with no voting rights.
- Accordingly, the Group also exercises its controlling power on DH and MyHealth via its subsidiaries, DADIF and Dialog.
- <sup>9</sup> The Group exercises its controlling power via its subsidiary, Dialog.
- <sup>10</sup> On 31 October 2019, Komli Network Philippines Inc commenced the voluntary liquidation and dissolution.
- <sup>11</sup> On 17 November 2022, Axiata Investments 2 (India) Limited commenced Members' voluntary winding up and notification of the completion was received on 19 February 2024 as disclosed in Note 47(d) to the financial statements.
- <sup>12</sup> Ownership interest in XL is calculated based on issued and paid-up share capital of XL, excluding treasury shares with no voting rights. Based on the total issued and paid-up share capital of XL, including treasury shares, the ownership interest held by the Group and NCI is 66.53% and 33.47%, respectively.
- <sup>13</sup> Ownership interest in OSS is calculated based on issued and paid-up share capital of OSS, including issued and paid-up share capital held by CIMB Commerce Trustee Berhad ("CIMB Trustee") for the purpose of establishing the employee benefit trust scheme of OSS ("OSS Scheme"). The subscription and dealings of the employee benefit trust shares ("EBT Shares") under the Scheme shall be in the manner prescribed by the Board of OSS or OSS Scheme Committee from time to time.
- In accordance with MFRS 10 "Consolidated Financial Statements" the Group does not recognise any non-controlling interest in relation to the EBT Shares held by CIMB Trustee as the Group effectively has control over the EBT Shares. Based on the total issued and paid-up share capital of OSS, the ownership interest held by the Group excluding EBT Shares is 49.77% and the ownership interest held by CIMB Trustee in relation to the EBT Shares is 50.23%.
- <sup>14</sup> In accordance with IC Interpretation 112 "Consolidation - Special Purpose Vehicles", Salvare Assets Berhad is consolidated in the Group as the substance of the relationship between the Group and the special purpose entity indicates that the entity is controlled by the Group. The entity is a share trustee for the issuance of up to RM300.0 million in nominal value of the medium term notes as disclosed in Note 16(d)(ii) to the financial statements.
- <sup>15</sup> Acquisitions during the financial year as disclosed in Note 5(a)(ii), Note 5(a)(iii) and Note 5(a)(iv) to the financial statements.
- <sup>16</sup> Change in ownership interests due to accretions and dilutions during the financial year as disclosed in Note 5(a)(v) and Note 5(a)(vi) to the financial statements.
- <sup>17</sup> On 29 September 2023, Asian Towers Holdings Private Limited filed an application to have its name struck off and notification of the completion was received on 8 January 2024 as disclosed in Note 47(b) to the financial statements.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

42. LIST OF ASSOCIATES

The list of associates of the Group as at 31 December is as follows:

| <u>Name of company</u>   | <u>Ownership interest held by the Group</u> |                           | <u>Principal activities</u>               | <u>Country and place of incorporation</u> |
|--|---|---------------------------|---|---|
|  | <u>2023</u><br><u>(%)</u>                   | <u>2022</u><br><u>(%)</u> |   |   |
| CelcomDigi Berhad  | 33.10                                       | 33.10                     | Investment holding                        | Malaysia                                  |
| <u>Associate held through Dialog Axiata PLC</u>                            |   |                           |   |   |
| Firstsource - Dialog Solutions (Private) Limited                           | 21.39                                       | 21.39                     | Dormant                                   | Sri Lanka                                 |
| <u>Associate held through Digital Broadband Networks (Private) Limited</u> |   |                           |   |   |
| Digital Realty (Private) Limited   | 28.79                                       | 28.79                     | Establish, operate and manage data centre | Sri Lanka                                 |
| <u>Associate held through Axiata SPV4 Sdn Bhd</u>                          |   |                           |   |   |
| Axiata Digital Innovation Fund Sdn Bhd <sup>1</sup>                        | 62.19                                       | 62.19                     | Venture capital fund                      | Malaysia                                  |
| <u>Associates held through Smart Axiata Co., Ltd</u>                       |   |                           |   |   |
| Milvik (Cambodia) Micro Insurance PLC <sup>4</sup>                         | 21.74                                       | -                         | Micro insurance                           | Cambodia                                  |
| Pi Pay International Co. Limited   | 19.15                                       | 19.15                     | Investment holding                        | Hong Kong                                 |

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

42. LIST OF ASSOCIATES (CONTINUED)

The list of associates of the Group as at 31 December is as follows: (continued)

| <u>Name of company</u>   | <u>Ownership interest held by the Group</u> |             | <u>Principal activities</u> | <u>Country and place of incorporation</u> |
|--|---|-------------|-----------------------------|---|
|  | <u>2023</u>                                 | <u>2022</u> |                             |   |
|  | <u>(%)</u>                                  | <u>(%)</u>  |                             |   |
| <u>Associates held through Smart Axiata Co., Ltd (continued)</u> |   |             |                             |   |
| SADIF LP <sup>2</sup>  | 57.98                                       | 57.98       | Venture capital fund        | Federal Territory Labuan, Malaysia        |
| <u>Associate held through PT XL Axiata Tbk</u>                   |   |             |                             |   |
| PT Princeton Digital Group Data Centres <sup>3 and 5</sup>       | 7.13  | 9.86        | Rack server rental services | Indonesia                                 |

<sup>1</sup> The Group and the Company exercised its significant influence via 1 out of 7 votes in the Investment Committee.

<sup>2</sup> The Group exercised its significant influence via 2 out of 5 votes in the Investment Committee.

<sup>3</sup> The Group exercised its significant influence via material transactions entered with the associate.

<sup>4</sup> Acquisition during the financial year as disclosed in Note 5(a)(ix) to the financial statements.

<sup>5</sup> Change in ownership interest due to dilution during the financial year as disclosed in Note 5(a)(x) to the financial statements.



Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

43. LIST OF JOINT VENTURES

The list of joint ventures of the Group as at 31 December is as follows:

| <u>Name of company</u>  | <u>Ownership interest held by the Group</u> |                    | <u>Principal activities</u>   | <u>Country and place of incorporation</u> |
|---|---|--------------------|---|---|
|   | <u>2023</u><br>(%)                          | <u>2022</u><br>(%) |   |   |
| <u>Joint venture held through Axiata SPV4 Sdn Bhd</u>             |   |                    |   |   |
| Merchantrade Asia Sdn Bhd   | 19.00                                       | 19.00              | Provision of money services business (remittance business and currency business), communication business and payment business | Malaysia                                  |
| <u>Joint venture held through PT XL Axiata Tbk</u>                |   |                    |   |   |
| PT One Indonesia Synergy  | 33.27                                       | 33.27              | Consultancy services in future network collaboration  | Indonesia                                 |
| <u>Joint venture held through Axiata Digital Services Sdn Bhd</u> |   |                    |   |   |
| Trust Axiata Digital Limited <sup>1</sup>                         | 47.39                                       | 47.31              | Mobile financial services   | Bangladesh                                |

<sup>1</sup> Change in ownership interests due to accretions as disclosed in Note 5(a)(v) to the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

44. RELATED PARTY TRANSACTIONS

All related party transactions are entered into in the normal course of business and at prices available at negotiated terms. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of MFRS 124 - Related Parties Disclosure.

Khazanah Nasional Berhad (“Khazanah”) has direct interest of 36.73% in the Company’s shares. Khazanah is the sovereign wealth fund of the Government of Malaysia and was incorporated under the Companies Act 2016 on 3 September 1993 as a public limited company.

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group. The Group enters into transactions with many of these bodies, which includes but are not limited to:

- receiving telecommunications services, including interconnection revenue/charges
- purchasing of goods, including use of public utilities and amenities, and
- placing of bank deposits

The Group has established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The Group provides telecommunications services as part of its ordinary operations. The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are negotiated and agreed upon between the parties.

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Key management personnel of the Group and the Company include the Senior Leadership Team who report directly to the Group Chief Executive Officer.

Whenever it exists, related party transactions also include transactions with entities that are controlled, joint ventures or significantly influenced directly by any key management personnel or their close family members.

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

44. RELATED PARTY TRANSACTIONS (CONTINUED)

|   | Group    |          | Company   |             |
|---|----------|----------|-----------|-------------|
|   | 2023     | 2022     | 2023      | 2022        |
|   | RM'000   | RM'000   | RM'000    | RM'000      |
| (a) Sale of goods and services to associates:         |          |          |           |             |
| - Telecommunication services                          | 20,402   | 9,584    | -         | -           |
| - Information technology services                     | 41,279   | 10,595   | -         | -           |
| - Lease services                                      | 596,144  | 26,746   | -         | -           |
| (b) Purchase of goods and services from associates:   |          |          |           |             |
| - Leaseline charges, maintenance and others           | (74,464) | (46,987) | -         | -           |
| (c) Intercompany service agreement with subsidiaries: |          |          |           |             |
| - Technical and management services                   | -        | -        | 60,123    | 67,704      |
| (d) Interest income on advances to subsidiaries       | -        | -        | 23,768    | 143,361     |
| (e) Interest expense on advances from subsidiaries    | -        | -        | (340,918) | (317,724)   |
| (f) Interest income on advances to associates         | 34,254   | 7,032    | 34,254    | 7,032       |
| (g) Dividends received from subsidiaries              | -        | -        | 558,000   | 1,292,766   |
| (h) Dividends received from an associate              | 497,041  | -        | 497,041   | -           |
| (i) Amounts due from subsidiaries:                    |          |          |           |             |
| - Repayments from                                     | -        | -        | 347,615   | 373,230     |
| - Advances to   | -        | -        | (188,585) | (5,217,753) |

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

44. RELATED PARTY TRANSACTIONS (CONTINUED)

|  | <u>Group</u>     |                  | <u>Company</u> |                  |
|--|------------------|------------------|----------------|------------------|
|  | <u>2023</u>      | <u>2022</u>      | <u>2023</u>    | <u>2022</u>      |
|  | RM'000           | RM'000           | RM'000         | RM'000           |
| (j) Amounts due to subsidiaries:   |                  |                  |                |                  |
| - Advances from  | -                | -                | 111,871        | 21,844           |
| - Repayments to  | -                | -                | -              | (11,258)         |
| (k) Receivable from associates   | <u>54,981</u>    | <u>2,555,096</u> | <u>-</u>       | <u>2,420,414</u> |
| (l) Lease receivable from associates                                     | <u>64,191</u>    | <u>-</u>         | <u>-</u>       | <u>-</u>         |
| (m) Payable to associates  | <u>(11,336)</u>  | <u>(24,746)</u>  | <u>-</u>       | <u>(2,004)</u>   |
| (n) Lease payable to associates  | <u>(107,922)</u> | <u>(112,063)</u> | <u>-</u>       | <u>-</u>         |
| (o) Subsidiary's borrowings with parental financial guarantee            | <u>-</u>         | <u>-</u>         | <u>-</u>       | <u>(659,616)</u> |
| (p) Key management compensation short term employee benefits:            |                  |                  |                |                  |
|  | <u>2023</u>      | <u>2022</u>      | <u>2023</u>    | <u>2022</u>      |
|  | RM'000           | RM'000           | RM'000         | RM'000           |
| - Salaries, allowances and bonus:  | 38,179           | 36,787           | 38,179         | 36,787           |
| - Contribution to EPF  | 1,681            | 2,648            | 1,681          | 2,648            |
| - Estimated money value of benefits                                      | 13               | 6                | 13             | 6                |
| - Other staff benefits   | 86               | 164              | 86             | 164              |
| - Share-based compensation expense                                       | 4,695            | 3,749            | 4,695          | 3,749            |
| - Fees and allowances of Non-Executive Directors of the Company ("NEDs") | 3,349            | 4,363            | 3,349          | 4,363            |
| - Estimated money value of benefits of NEDs                              | <u>822</u>       | <u>771</u>       | <u>822</u>     | <u>771</u>       |

Included in key management compensation is the Directors' remuneration of the Company as disclosed in Note 7(e) to the financial statements.

Registration No.

199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

45. DIVIDENDS

|  |         | Tax exempt dividend under single tier system |                 |         |                                 |                  |
|--|---------|--|-----------------|---------|---------------------------------|------------------|
|  |         | 2023   |                 | 2022    |                                 |                  |
|  | Type    | Per<br>ordinary<br>share<br>Sen              | Total<br>RM'000 | Type    | Per<br>ordinary<br>share<br>Sen | Total<br>RM'000  |
| In respect of<br>financial year<br>ended 31<br>December: |         |  |                 |         |                                 |                  |
| - 2021   | -       | -  | -               | Interim | 5.5                             | 504,724          |
| - 2022*  | -       | -  | -               | Interim | 5.0                             | 458,862          |
| - 2022*  | -       | -  | -               | Interim | 4.0                             | 367,090          |
| - 2022   | Interim | 5.0  | 458,948         | -       | -                               | -                |
| - 2023   | Interim | 5.0  | 458,954         | -       | -                               | -                |
|  |         |  | <u>917,902</u>  |         |                                 | <u>1,330,676</u> |

\* The dividends (includes 4.0 sen special dividend) were subsequently paid by the Company on 20 January 2023.

The Board of Directors had, on 22 February 2024, declared a tax exempt dividend under single tier system of 5.0 sen per ordinary share of the Company in respect of the financial year ended 31 December 2023 amounting to RM458.9 million.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

46. **PRESENTATION OF CONTINUING AND DISCONTINUED OPERATIONS IN A COMBINED FORMAT**

The consolidated profit and loss of the Group for the financial year ended 31 December 2023 and comparative figures of 2022 are re-presented in a combined format of continuing and discontinued operations for reference purposes:

|  | 2023                     |  |  |                                     |              |
|--|--------------------------|--|--|-------------------------------------|--------------|
|  | Continuing<br>operations | Discontinued operations                |  |                                     | Total        |
|  | RM'000                   | Celcom<br>Group <sup>1</sup><br>RM'000 | Reynolds<br>Group <sup>2</sup><br>RM'000 | EIS<br>Group <sup>3</sup><br>RM'000 | RM'000       |
| Revenue  | 22,002,269               | -                                      | 1,171,153                                | 316,057                             | 23,489,479   |
| Operating costs:   |                          |  |  |                                     |              |
| - depreciation, impairment and amortisation                              | (7,199,986)              | -                                      | (2,367,712)                              | (1,002,396)                         | (10,570,094) |
| - foreign exchange gains/(losses)  | 143,947                  | -                                      | (17,406)                                 | (95,963)                            | 30,578       |
| - domestic interconnect, international outpayment and other direct costs | (2,479,354)              | -                                      | (40,219)                                 | (18,188)                            | (2,537,761)  |
| - marketing, advertising and promotion                                   | (1,774,327)              | -                                      | (70,661)                                 | -                                   | (1,844,988)  |
| - other operating costs  | (6,128,716)              | -                                      | (331,336)                                | (6,556)                             | (6,466,608)  |
| - staff costs  | (1,719,190)              | -                                      | (79,457)                                 | (12,142)                            | (1,810,789)  |
| - (provision for)/reversal of impairment on financial assets, net        | (271,810)                | -                                      | 1,450                                    | 1,301                               | (269,059)    |
| Other (losses)/gains - net   | (5,342)                  | -                                      | 12,778                                   | -                                   | 7,436        |
| Other income/(expense) - net   | 91,067                   | -                                      | (413,211)                                | 5,480                               | (316,664)    |
| Gain/(Loss) on disposal of group of subsidiaries - net                   | -                        | 402,000                                | (356,429)                                | -                                   | 45,571       |
|  | 2,658,558                | 402,000                                | (2,491,050)                              | (812,407)                           | (242,899)    |
| Finance income   | 248,363                  | -                                      | 22,979                                   | 38,807                              | 310,149      |
| Finance costs  | (2,287,869)              | -                                      | (135,219)                                | (8,748)                             | (2,431,836)  |
| Foreign exchange losses on financing activities                          | (357,443)                | -                                      | -  | -                                   | (357,443)    |
|  | (2,645,312)              | -                                      | (135,219)                                | (8,748)                             | (2,789,279)  |
| Associates   |                          |  |  |                                     |              |
| - share of results (net of tax)  | 530,743                  | -                                      | -  | -                                   | 530,743      |
| - gain on dilution of equity interest                                    | 110                      | -                                      | -  | -                                   | 110          |
| Joint ventures   |                          |  |  |                                     |              |
| - share of results (net of tax)  | 903                      | -                                      | -  | -                                   | 903          |
| Profit/(Loss) before taxation  | 793,365                  | 402,000                                | (2,603,290)                              | (782,348)                           | (2,190,273)  |
| Taxation   | (651,168)                | -                                      | 398,859                                  | (14,576)                            | (266,885)    |
| Profit/(Loss) for the financial year                                     | 142,197                  | 402,000                                | (2,204,431)                              | (796,924)                           | (2,457,158)  |
| Profit/(Loss) for the financial year attributable to:                    |                          |  |  |                                     |              |
| - owners of the company  | (125,195)                | 402,000                                | (1,835,043)                              | (436,562)                           | (1,994,800)  |
| - non-controlling interests  | 267,392                  | -                                      | (369,388)                                | (360,362)                           | (462,358)    |
|  | 142,197                  | 402,000                                | (2,204,431)                              | (796,924)                           | (2,457,158)  |

<sup>1</sup> Celcom Group as defined in Note 5(b)(ii) to the financial statements.

<sup>2</sup> Reynolds Group as defined in Note 5(a)(i) to the financial statements.

<sup>3</sup> EIS Group as defined in Note 37 to the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

46. PRESENTATION OF CONTINUING AND DISCONTINUED OPERATIONS IN A COMBINED FORMAT (CONTINUED)

The consolidated profit and loss of the Group for the financial year ended 31 December 2023 and comparative figures of 2022 are re-presented in a combined format of continuing and discontinued operations for reference purposes: (continued)

|   | 2022                                   |  |                                     |           | Total<br>RM'000 |
|---|--|--|-------------------------------------|-----------|-----------------|
|   | Continuing<br>operations<br>RM'000     | Discontinued operations                  |                                     |           |                 |
|   | Celcom<br>Group <sup>1</sup><br>RM'000 | Reynolds<br>Group <sup>2</sup><br>RM'000 | EIS<br>Group <sup>3</sup><br>RM'000 |           |                 |
| Revenue   | 20,020,280                             | 5,795,919                                | 1,373,855                           | 306,016   | 27,496,070      |
| Operating costs:  |  |  |                                     |           |                 |
| - depreciation, impairment and amortisation                                 | (7,878,003)                            | (980,250)                                | (3,220,598)                         | (125,121) | (12,203,972)    |
| - foreign exchange (losses)/gains   | (388,816)                              | (1,349)                                  | 15,812                              | 704       | (373,649)       |
| - domestic interconnect, international<br>outpayment and other direct costs | (2,227,676)                            | (277,628)                                | (55,313)                            | (25,904)  | (2,586,521)     |
| - marketing, advertising and promotion                                      | (1,757,810)                            | (249,898)                                | (104,361)                           | (4)       | (2,112,073)     |
| - other operating costs   | (5,747,014)                            | (1,923,297)                              | (401,280)                           | (4,064)   | (8,075,655)     |
| - staff costs   | (1,570,643)                            | (519,240)                                | (83,052)                            | (7,602)   | (2,180,537)     |
| - (provision for)/reversal of impairment on<br>financial assets, net        | (97,223)                               | 11,186                                   | (4,756)                             | (16,237)  | (107,030)       |
| Other gains/(losses) - net  | 5,348                                  | (4)                                      | 22,877                              | -         | 28,221          |
| Other (expense)/income - net  | (104)                                  | 83,929                                   | 1,690                               | (49)      | 85,466          |
| Gain on disposal of group of subsidiaries - net                             | -                                      | 13,530,081                               | -                                   | -         | 13,530,081      |
|   | 358,339                                | 15,469,449                               | (2,455,126)                         | 127,739   | 13,500,401      |
| Finance income  | 223,805                                | (16,962)                                 | 20,453                              | 11,058    | 238,354         |
| Finance costs   | (1,702,229)                            | (125,172)                                | (113,550)                           | (10,478)  | (1,951,429)     |
| Foreign exchange losses on financing<br>activities                          | (622,879)                              | -  | -                                   | -         | (622,879)       |
|   | (2,325,108)                            | (125,172)                                | (113,550)                           | (10,478)  | (2,574,308)     |
| Associates  |  |  |                                     |           |                 |
| - share of results (net of tax)   | (56,817)                               | 15,714                                   | -                                   | -         | (41,103)        |
| Joint ventures  |  |  |                                     |           |                 |
| - share of results (net of tax)   | (9,709)                                | -  | -                                   | -         | (9,709)         |
| (Loss)/Profit before taxation   | (1,809,490)                            | 15,343,029                               | (2,548,223)                         | 128,319   | 11,113,635      |
| Taxation  | (604,860)                              | (446,740)                                | (9,169)                             | (33,452)  | (1,094,221)     |
| (Loss)/Profit for the financial year  | (2,414,350)                            | 14,896,289                               | (2,557,392)                         | 94,867    | 10,019,414      |
| (Loss)/Profit for the financial year<br>attributable to:                    |  |  |                                     |           |                 |
| - owners of the company   | (2,619,309)                            | 14,883,242                               | (2,567,195)                         | 54,339    | 9,751,077       |
| - non-controlling interests   | 204,959                                | 13,047                                   | 9,803                               | 40,528    | 268,337         |
|   | (2,414,350)                            | 14,896,289                               | (2,557,392)                         | 94,867    | 10,019,414      |

<sup>1</sup> Celcom Group as defined in Note 5(b)(ii) to the financial statements.

<sup>2</sup> Reynolds Group as defined in Note 5(a)(i) to the financial statements.

<sup>3</sup> EIS Group as defined in Note 37 to the financial statements.

Registration No.

199201010685 (242188-H)

**AXIATA GROUP BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

47. EVENTS AFTER REPORTING PERIOD

- (a) Approval from Bank Negara Malaysia (“BNM”) and Minister of Finance Malaysia (“MOF”) for Boost Bank to commence operations as a Digital Bank

BNM had vide its letter dated 8 January 2024 notified Boost Holdings and RHB Bank that BNM is satisfied with the outcome of the operational readiness review of Boost Bank and the MOF has agreed to the issuance of the physical digital banking licence to Boost Bank and for the said licence to take effect on 15 January 2024.

- (b) Strike off of Asian Towers Holdings Private Limited (“ATH”)

ATH, a subsidiary of edotco Investments Singapore Pte Ltd, had on 29 September 2023 filed an application under Section 344, Companies Act 1967 (Singapore) to the Accounting and Corporate Regulatory Authority (“ACRA”) to have its name struck off of the Register of Companies (“Register”). ACRA issued a notice on strike off within sixty (60) days from the date of notice dated 30 September 2023 with ATH subsequently struck off the Register with effect 8 January 2024 as published in Final Gazette on even date.

- (c) Accretion of equity interest in CMA

CMA, a subsidiary of Boost Holdings, had on 29 January 2024 issued additional 8,971 Series B shares to Boost Holdings and 2,000 Series B shares to PT Monetrans Mitra Indonesia for a total consideration of IDR109,710.0 million (RM32.7 million). Accordingly, the Group’s effective shareholding in CMA increased from 51.94% to 57.88%.

- (d) Voluntary winding up of Axiata Investments 2 (India) Limited (“AI2”)

AI2, a wholly owned subsidiary of the Company held via Axiata Investments 1 (India) Limited had on 10 November 2023, completed the Members’ voluntary winding up process registered with Director of Insolvency of Mauritius on 17 November 2022. The notification of the completion of the Members’ voluntary winding up of AI2 was received by AI2 on 19 February 2024.



Registration No.

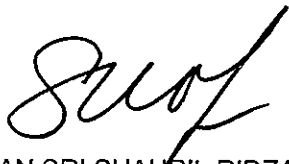
199201010685 (242188-H)

AXIATA GROUP BERHAD  
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO  
SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Shahril Ridza Ridzuan and Vivek Sood, two of the Directors of Axiata Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 8 to 246 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 March 2024.



TAN SRI SHAHRIL RIDZA RIDZUAN  
DIRECTOR



VIVEK SOOD  
DIRECTOR

STATUTORY DECLARATION PURSUANT TO  
SECTION 251(1) OF THE COMPANIES ACT 2016

I, Nik Rizal Kamil Nik Ibrahim Kamil, the officer primarily responsible for the financial management of Axiata Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 246 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



NIK RIZAL KAMIL NIK IBRAHIM KAMIL  
(MIA No: 50894)

Subscribed and solemnly declared by the above named Nik Rizal Kamil Nik Ibrahim Kamil at Kuala Lumpur on 27 March 2024, before me.

COMMISSIONER FOR OATHS



50A-1, Jalan Kemuja  
Bangsar Utama,  
59000 Kuala Lumpur



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF AXIATA GROUP BERHAD  
(Incorporated in Malaysia)  
Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Axiata Group Berhad (“the Company”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 246.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com/my](http://www.pwc.com/my)



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF AXIATA GROUP BERHAD  
(Incorporated in Malaysia)  
Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
 (Incorporated in Malaysia)  
 Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

| Key audit matters   | How our audit addressed the key audit matters  |
|---|--|
| <p><b>Goodwill impairment assessment in the Group's financial statements</b></p> <p>Refer to Note 3(b)(i) – Material accounting policy information – Intangible assets – Goodwill, Note 4(b)(i) – Critical accounting estimates and judgements – Impairment assessment of goodwill and Note 24 – Intangible assets.</p> <p>As at 31 December 2023, the Group's goodwill amounted to RM6,826.3 million were allocated to the Group's cash generating units ("CGU") identified according to the Group's operating segments. The Group is required to test goodwill for impairment annually based on the requirements of MFRS 136 "Impairment of Assets".</p> <p>Management's assessments of the recoverable amounts involved significant estimates and assumptions about future cash flows, discount rates and terminal growth rates. These estimates and assumptions are inherently uncertain.</p> <p>Based on the assessments performed, the carrying amounts of the Pakistan and Myanmar CGUs as at 31 December 2023 exceeded their recoverable amounts and hence, corresponding impairment losses of RM40.5 million and RM140.6 million were recognised during the year for the respective CGUs.</p> <p>We focused on the above as the assumptions made by the Group in determining the recoverable amounts are inherently uncertain, require significant estimates and are sensitive to changes.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the methodology adopted by management for the impairment assessments in accordance with MFRS 136 "Impairment of Assets" with the assistance of our valuation expert;</li> <li>• Assessed key assumptions including the discount rates, terminal growth rates, revenue growth rates, capital expenditure ("capex") to revenue ratios and EBITDA margins by comparing these assumptions against publicly available macroeconomic and industry data, historical data and market expectations from industry reports, where available;</li> <li>• Assessed the reliability of management's forecasts by comparing prior year forecasts against actual results;</li> <li>• Checked the sensitivity analysis performed by management by stress testing the discount rates, terminal growth rates, revenue growth rates, capex to revenue ratios and EBITDA margins for respective CGUs; and</li> </ul> |



INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
 (Incorporated in Malaysia)  
 Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

| Key audit matters  | How our audit addressed the key audit matters   |
|--|---|
| <p><b>Goodwill impairment assessment in the Group's financial statements (continued)</b></p>   | <p>We performed the following audit procedures: (continued)</p> <ul style="list-style-type: none"> <li>• Checked the appropriateness of disclosures in the financial statements.</li> </ul> <p>Based on the procedures performed above, we did not identify any material exceptions.</p>  |
| <p><b>Contingent liabilities</b></p> <p>Refer to Note 3(n) – Material accounting policy information – Provisions, Note 3(y) – Material accounting policy information – Contingent liabilities and contingent assets, Note 4(a)(ii) – Critical accounting estimates and judgements – Legal, regulatory and taxation claims and disputes across the Group and Note 38(d) – Contingencies and commitments.</p> <p>There are a number of ongoing legal, regulatory and taxation claims and disputes across the Group. The accounting treatment for contingent liabilities is based on the Group's view of the expected outcome of these contingencies. These outcomes are assessed in consultation with legal counsel for litigation cases and internal and external experts of the Group for regulatory and taxation matters in the ordinary course of business. Provisions are recorded if it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management's process to identify new contingent liabilities and provisions and changes in existing contingent liabilities and provisions for compliance with the Group's policy and the requirements of MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets";</li> </ul> |



INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
 (Incorporated in Malaysia)  
 Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

| Key audit matters   | How our audit addressed the key audit matters  |
|---|--|
| <p><b>Contingent liabilities (continued)</b></p> <p>We considered the measurement of provisions and contingent liability disclosures to be a key audit matter due to the uncertainties surrounding the outcome of ongoing legal, regulatory and taxation claims and disputes and the degree of estimation and judgements needed in assessing the outcomes.</p> <p>Any change in the expected outcome of ongoing legal, regulatory and taxation claims and disputes and in the estimation and judgement applied in assessing the outcomes could materially impact the financial statements of the Group.</p> | <p>We performed the following audit procedures: (continued)</p> <ul style="list-style-type: none"> <li>• Analysed significant changes in material contingent liabilities and provisions from prior periods, if any, and obtained a detailed understanding of these changes and assumptions applied;</li> <li>• Reviewed the exchanges between the Group and its legal and tax advisors and assessed replies from them to our enquiries. We considered developments up to the issuance date of our report; and</li> <li>• Assessed the appropriateness of disclosures to the financial statements of the Group.</li> </ul> <p>Based on the procedures performed above, we did not identify any material exceptions.</p> |



INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
 (Incorporated in Malaysia)  
 Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

| Key audit matters  | How our audit addressed the key audit matters   |
|--|---|
| <p><b>Accuracy of revenue recorded given the complexity of systems</b></p> <p>Refer to Note 3(q) – Material accounting policy information – Revenue and Note 6 – Revenue.</p> <p>The Group’s revenue from contracts with customers of RM20.6 billion during the financial year ended 31 December 2023 comprised primarily mobile services of RM15.0 billion.</p> <p>We focused on this area because there is an inherent risk around the accuracy of revenue recorded given the complexity of the systems and the impact of various pricing model for different revenue products. Revenue processed by billing systems is complex and involves large volume of data on different products and services sold and price changes.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluated the relevant IT systems and the design of controls and tested the operating effectiveness of controls over the:           <ul style="list-style-type: none"> <li>- capturing and recording of revenue transactions;</li> <li>- authorisation of rate changes and the input of this information to the billing systems; and</li> <li>- accuracy of calculation of amounts billed to customers;</li> </ul> </li> <li>• Obtained supporting evidence such as customer contracts, invoices and relevant supporting documents to test the accuracy of revenue recognition on a sampling basis;</li> <li>• Read and understood the key terms and conditions of revenue agreements entered into during the financial year and modification to existing contracts, if any, to check the accuracy of revenue recognition; and</li> <li>• Examined material non-standard journal entries adjustments posted to revenue accounts.</li> </ul> <p>Based on the procedures performed above, we did not identify any material exceptions.</p> |



INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
 (Incorporated in Malaysia)  
 Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

| Key audit matters  | How our audit addressed the key audit matters  |
|--|--|
| <p><b>Classification of investment in EDOTCO Investments Singapore Pte Ltd and its subsidiaries as a disposal group classified as held for sale and discontinued operations, the consequential impairment assessments and related disclosures</b></p> <p>Refer to Note 3(v) – Material accounting policy information – Non-current assets (or disposal groups) classified as held for sale and discontinued operations, Note 4(a)(iii) – Critical accounting estimates and judgements – Classification of assets and liabilities as held for sale and Note 37 - Assets and liabilities of a disposal group classified as held for sale and discontinued operations.</p> <p>The Board of Directors approved EDOTCO Group Sdn Bhd’s proposed intention to exit from the infrastructure segment in Myanmar which comprised of edotco Investments Singapore Pte Ltd and its subsidiaries (“EIS Group”), attributed to worsening macroeconomic parameters, business conditions and an active program to seek buyers has commenced.</p> <p>Management concluded that the conditions under MFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (“MFRS 5”) were met as at 31 December 2023 and classified the associated assets and liabilities as a disposal group held for sale. The financial statements of the Group for the financial year ended 31 December 2023 presented the results and cash flows of the Myanmar CGU as discontinued operations.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluated management’s assessment of meeting the conditions of MFRS 5 as at 31 December 2023 for the classification as held for sale and discontinued operations of the Myanmar CGU by reviewing minutes of meeting evidencing approvals by the Board of Directors and the other relevant information provided by management to the Board of Directors;</li> <li>• Assessed the appropriateness of the methodology adopted by management for the impairment assessment in accordance with MFRS 136 “Impairment of Assets” with the assistance of our valuation expert;</li> </ul> |





INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
 (Incorporated in Malaysia)  
 Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

| Key audit matters  | How our audit addressed the key audit matters   |
|--|---|
| <p><b>Classification of investment in EDOTCO Investments Singapore Pte Ltd and its subsidiaries as a disposal group classified as held for sale and discontinued operations, the consequential impairment assessments and related disclosures (continued)</b></p> <p>Consequently, the Group performed an impairment assessment and recognised an impairment loss of RM887.9 million on the Myanmar CGU. The recoverable amount was determined based on fair value less cost to sell.</p> <p>We focused on this area because significant judgement involved in determining the appropriateness of the classification of Myanmar CGU as a disposal group held for sale and discontinued operations and the magnitude of the impairment losses recorded in the Group's financial statements.</p> | <p>We performed the following audit procedures: (continued)</p> <ul style="list-style-type: none"> <li>• Assessed the impairment assessment of the Myanmar CGU performed by management by comparing the recoverable amount to the expected transaction bid price based on supporting document;</li> <li>• Reviewed management's discounted cash flow workings of the Myanmar CGU, including its key assumptions to assess the possible range of recoverable amounts being reasonably represented by the expected transaction bid price; and</li> <li>• Reviewed the appropriateness of disclosures in the Group's financial statements.</li> </ul> <p>Based on the procedures performed above, we did not identify any material exceptions.</p> |



INDEPENDENT AUDITORS' REPORT  
 TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
 (Incorporated in Malaysia)  
 Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

| Key audit matters  | How our audit addressed the key audit matters   |
|--|---|
| <p><b>Subsequent measurement of financial guarantee contracts by the Company</b></p> <p>Refer to Note 3(x) – Material accounting policy information – Financial guarantee contracts, Note 4(b)(viii) – Critical accounting estimates and judgements – Measurement of expected credit loss assessment, Note 8 – Other (losses)/gains – net and Note 20 - Trade and other payables</p> <p>As at 31 December 2023, the Company’s financial liabilities in relation to financial guarantee contracts was RM515.8 million, of which RM310.0 million of expected credit losses (“ECL”) was recognised during the financial year. The Company measured the financial guarantee contracts based on ECL, which represents the expected payments to reimburse the holder of the guaranteed debt instrument issued by the Company’s subsidiaries.</p> <p>We focused on this area because management’s measurement of ECL requires significant estimates over the expected credit loss, timing of the cash outflows, forward looking information and probability weighted estimates.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Agreed the contractual repayment dates of the debt instrument issued by the Company’s subsidiaries to loan agreements and held discussions with management to understand the settlement plans;</li> <li>• the key assumptions included in the ECL model, namely on likelihood, quantum and timing of expected payments by the Company to reimburse the holder of the guaranteed debt instrument based on the latest financial position of the subsidiaries; and</li> <li>• Assessed and considered the reasonableness of the forward-looking information included in management’s assessment, particularly the foreign exchange rates of the debt instrument issued by the Company’s subsidiaries.</li> </ul> <p>Based on the procedures performed above, we did not identify any material exceptions.</p> |



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and Axiata Integrated Annual Report 2023 Suite, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 199201010685 (242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.




INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 199201010685 (242188-H)


REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 41 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

  
PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

  
NURUL A'IN BINTI ABDUL LATIF  
02910/02/2025 J  
Chartered Accountant

Kuala Lumpur  
27 March 2024