

AXIATA GROUP BERHAD - PROPOSED DIVESTMENT OF INVESTMENTS IN MYANMAR

(Unless stated otherwise, an exchange rate of USD1:RM4.2265, being the middle rate prevailing at 5.00 p.m. on 12 June 2025 as published by Bank Negara Malaysia (“BNM”) has been applied in this Announcement for illustrative purposes only.)

1.0 INTRODUCTION

We refer to our announcements on the Proposed Divestment – Myanmar dated 4 April 2024 and 4 April 2025.

We wish to announce that edotco Investments (Labuan) Limited, a wholly owned subsidiary of EDOTCO, which in turn is a 63% subsidiary of Axiata, had today entered into an Amendment and Restatement Agreement to the Share Purchase Agreement dated 4 April 2024 (“**Amended SPA**”) with Zillion Tower Holdings Limited and completed the sale of its entire 87.5% stake in EDOTCO Investments Singapore Pte. Ltd. (“**EDOTCO Singapore**”) for a total cash consideration of USD90.0 million (equivalent to RM380.4 million) (“**Revised Consideration**”).

(edotco Investments (Labuan) Limited and Zillion Tower Holdings Limited, collectively referred to hereafter as “**Parties**”)

2.0 INFORMATION OF THE PARTIES

2.1 edotco Investments (Labuan) Limited

edotco Investments (Labuan) Limited (“**EIL**”) is a private limited company incorporated in the Federal Territory of Labuan, Malaysia on 15 December 2014. The issued and paid-up share capital of EIL currently stands at USD145,939,105.42 comprising of 145,939,105 ordinary shares. EIL holds 1,750,000 ordinary shares (“**Sale Shares**”) representing 87.5% of the issued and paid-up share capital in EDOTCO Singapore.

EDOTCO Singapore is a special purpose investment holding company for EDOTCO Group’s investments in Myanmar and the sole shareholder of EDOTCO Myanmar Limited (“**EDOTCO Myanmar**”) (EDOTCO Singapore and EDOTCO Myanmar, collectively referred to hereafter as “**EDOTCO Singapore Group**”).

EDOTCO Myanmar is principally involved in the provision of telecommunication infrastructure and services in Myanmar. EDOTCO Group entered Myanmar in 2015 following the acquisition of a 75% stake in EDOTCO Myanmar¹ at a purchase consideration of USD125.0 million. In 2016, EDOTCO Singapore exercised a call option to acquire a further 12.5% in EDOTCO Myanmar for a consideration of USD35.0 million.

To-date, EDOTCO Myanmar is the third largest independent tower infrastructure company in Myanmar with a tower portfolio of 2,437 towers and managed sites.

2.2 Zillion Tower Holdings Limited

Zillion Tower Holdings Limited (“**ZTHL**” or “**Purchaser**”) is a company incorporated under the laws of Hong Kong as an investment holding company. Directors and shareholders of ZTHL are as follows:

Directors

1. Pun Chi Tung Melvyn
2. Lum Phai Limited
3. Thiri Kalyar

Shareholder

Pun Chi Tung Melvyn – 100%

¹Formerly known as Digicel Myanmar Tower Company Ltd.

3.0 DETAILS OF AMENDED SPA

The Revised Consideration for the Sale Shares totalling USD90.0 million has been fully paid in cash by the Purchaser on the date of the Amended SPA. The Revised Consideration is not subject to any post-completion adjustments.

The Amended SPA is not subject to any condition precedent. The Sale Shares are sold with all businesses, rights, benefits and entitlements and free from any encumbrances together with all benefits and rights attaching to them, as at the date of the Amended SPA, also the date of completion of the Proposed Divestment – Myanmar.

The Purchaser shall not be entitled to a refund of the Revised Consideration or any of part of it, nor entitled to rescind or terminate the Amended SPA.

No liabilities, including contingent liabilities remain with EDOTCO and no guarantees are given by Axiata in relation to the Proposed Divestment – Myanmar.

4.0 BASIS AND JUSTIFICATION FOR THE REVISED CONSIDERATION

The Revised Consideration has been negotiated on a willing buyer, willing seller basis, and is the result of a strategic review which included an outreach to alternative credible potential acquirors and towards ensuring certainty of deal closure.

In determining the Revised Consideration, in addition to certainty of deal closure, the Board has considered the future potential of the business of EDOTCO Myanmar along with uncertainties in relation to the country's political and economic situation together with the potential sanction risk. All of these factors are detailed in the rationale section below. In general, conditions in Myanmar have continued to deteriorate with no imminent sign of stability or recovery. The above, coupled with impending sanction risks, significantly affects EDOTCO Myanmar's operations and business, posing an insurmountable challenge to continue operating in Myanmar.

5.0 RATIONALE FOR THE PROPOSED DIVESTMENT – MYANMAR

The following factors were considered in undertaking the Proposed Divestment – Myanmar:

- **Nationwide Operation Challenges**

Internal security concerns following the state of emergency in Myanmar in 2021 has not abated and the number of inaccessible sites and sites with limited access has increased, with 28% of sites in conflict areas. This also led to regular maintenance activities being significantly hampered due to stringent regulations to access these areas. With regular maintenance impeded, this could result in breaches in service level terms with customers, leading to higher penalties and additional CAPEX replacement costs. Delayed restoration efforts, and hindered service continuity, would ultimately have an adverse impact on long-term operational efficiency.

- **Economic Contraction and Exchange Rate Fluctuations**

Since 2021, Myanmar's economy has faced a significant downturn, exacerbated by natural disasters and ongoing security concerns. In addition, USD/MMK exchange rate has experienced notable depreciation, moving from ~1,300 to ~3,600 since 2021. Limited availability of USD, currency controls and repatriation restrictions have made it increasingly difficult to conduct cross-border transactions, adding to financial and operational stress and with the liquidity crunch further adding to exchange rate volatility.

- **Increasing Sanctions Risk**

Since 2021, the European Union, UK and US have imposed a number of sanctions measures targeting Myanmar and the current administration. While EDOTCO maintains ongoing compliance monitoring to identify and mitigate exposure to sanctioned entities, taking mitigation and/or corrective actions including terminating contractual links where necessary, there is rising concern over not only vendors and landlords but also, customers being included in Sanctions Lists or Entity Lists.

Increase of sanctions risk not only extends to Axiata but may also impact various other stakeholders.

6.0 USE OF FUNDS

The cash received shall be utilised to repay debt and for the working capital requirements of EDOTCO Group.

7.0 RISK FACTORS

Revised Consideration was fully paid at completion of the Amended SPA, with no deferred payment obligations and no post-closing adjustments. This structure eliminates any exposure to future payment risks.

8.0 FINANCIAL EFFECTS

8.1 Issued and Paid-up Share Capital and Substantial Shareholders' Shareholdings

The Proposed Divestment – Myanmar will not have any effect on the issued and paid-up share capital of Axiata and substantial shareholders' shareholdings in Axiata as it does not involve any issuance of ordinary shares in Axiata.

8.2 Net Assets ("NA"), NA per share and Gearing

For illustrative purposes only, based on the latest audited consolidated statements of financial position of Axiata as at FYE 31 December 2024 and on the assumption that the Proposed Divestment – Myanmar was completed on that date, the pro forma effects⁽¹⁾ of the Proposed Divestment – Myanmar on the NA and gearing of Axiata are as follows:

	Audited as at 31 December 2024	After the Proposed Divestment - Myanmar
	RM'000	RM'000
Share capital	13,932,756	13,932,756
Reserves	7,260,458	⁽²⁾ 7,089,003
Total equity attributable to owners of the Company	21,193,214	21,021,759
Non-controlling interests	6,383,499	6,231,743
Total equity	27,576,713	27,253,502
No. of Axiata Shares in issue ('000)	9,182,802	9,182,802
NA per Axiata Share (RM) ⁽³⁾	2.31	2.29
Total interest-bearing borrowings (including lease liabilities) (RM'000) ⁽⁴⁾	34,225,972	34,180,314
Gearing (times) ⁽⁵⁾	1.24	1.25

Notes:

- (1) The pro forma effects have been arrived at using the exchange rate of USD1:RM4.4720, being the middle rate prevailing at 5.00 p.m. as at 31 December 2024 as published by BNM.
- (2) After taking into account, a pro forma net loss on the Proposed Divestment – Myanmar of approximately RM130.3 million computed based on Revised Consideration of USD90.0 million (approximately RM402.5 million), net of estimated transaction costs of USD5.3 million (approximately RM23.8 million) assuming the Proposed Divestment - Myanmar had been effected on 31 December 2024.
- (3) Computed based on total equity attributable to owners of Axiata divided by total number of Axiata Shares in issue as of 31 December 2024.
- (4) After de-consolidation of EDOTCO Singapore Group's interest-bearing borrowings (lease liabilities) of RM45.7 million.
- (5) Computed based on total interest-bearing borrowings (including lease liabilities) divided by total equity.

8.3 Earnings and Earnings per Share (“EPS”)

For illustrative purposes only, based on the latest audited consolidated financial statements of Axiata for FYE 31 December 2024 and assuming that the Proposed Divestment – Myanmar has been effected on 1 January 2024, being the beginning of the FYE 31 December 2024, the pro forma effects⁽¹⁾ on the basic EPS of Axiata are as follows:

	Audited	After the Proposed Divestment - Myanmar
	RM'000	RM'000
Profit after tax and minority interests ("PATAMI")⁽²⁾	946,824	813,321
Weighted average number of Axiata shares in issue ('000)	9,181,495	9,181,495
Basic EPS⁽³⁾	10.3	8.9

Notes:

- (1) Save for the pro forma net loss from the Proposed Divestment - Myanmar, the pro forma effects have been arrived at using the exchange rate of USD1:RM4.5758, being the average middle rate prevailing at 5.00 p.m. for the financial year ended 31 December 2024 as published by BNM.
- (2) Includes pro forma net loss on the Proposed Divestment - Myanmar of RM23.2 million computed based on Revised Consideration of USD90.0 million (approximately RM413.1 million), net of estimated transaction costs of USD5.3 million (approximately RM24.4 million) assuming the Proposed Divestment - Myanmar had been effected on 1 January 2024. The pro forma net loss from the Proposed Divestment - Myanmar has been arrived at using the exchange rate of USD1: RM4.5900, being the middle rate prevailing at 5.00 p.m. as at 31 December 2023 as published by BNM.
- (3) Computed based on the relevant PATAMI divided by weighted average number of Axiata Shares in issue during the FYE 31 December 2024.

9.0 REGULATORY APPROVAL OR SHAREHOLDER APPROVAL REQUIRED

The sale of the Sale Shares does not require the approval of the shareholders of Axiata or any regulatory authorities in Malaysia.

10.0 INTERESTS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders of Axiata, and/or persons connected to them has any direct or indirect interest in the transaction.

11.0 DIRECTORS' STATEMENT

The Board of Axiata, after having considered all aspects including but not limited to the rationale discussed in Section 5 above, is of the opinion that the Proposed Divestment – Myanmar is in the best interest of Axiata.

12.0 INFORMATION REQUIRED UNDER THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("MAIN LR")

Highest percentage ratio applicable to the Proposed Divestment – Myanmar pursuant to paragraph 10.02(1) (g) of Main LR is 5.3% based on the audited consolidated financial statements of Axiata for the financial year ended 31 December 2024.

13.0 ADVISORS

No advisor has been appointed by Axiata on the Proposed Divestment – Myanmar.

14.0 DOCUMENTS FOR INSPECTION

The Amended SPA and ancillary agreements in relation to the Proposed Divestment – Myanmar are available for inspection at Axiata's registered office at Level 30, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia, during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 13 June 2025.