

FOR IMMEDIATE RELEASE

Axiata Concludes Sale of Ncell, Exits Nepal

KATHMANDU / KUALA LUMPUR, 1 December 2023 – Axiata Group Berhad (“**Axiata**” or “**the Group**”) announces that it had entered into an unconditional sale and purchase agreement with Spectrlite UK Limited (“**Purchaser**”) for the sale of Reynolds Holding Limited (“**Reynolds**”) which owns approximately 80% equity stake in Ncell Axiata Limited (“**Ncell**”).

The Group’s decision to withdraw from Nepal is based on a thorough evaluation of the prevailing business environment in Nepal, which led to the conclusion that continuing operations under the current conditions of unfair taxation and regulatory uncertainties was no longer sustainable for Axiata.

Axiata entered the Nepal market in 2016, following the acquisition of Reynolds for the purchase price of USD1.365 billion, effectively securing an 80% equity interest and controlling stake in Ncell. Between 2016 to 2020, Ncell had settled a total of NPR47.0 billion (approximately USD421.9 million or RM1.8 billion¹) in capital gains tax (“**CGT**”) as full and final liability under Nepalese law and received confirmation from Large Taxpayers Office of Nepal (“**LTPO**”) in April 2020 that no further taxes remain in relation to the acquisition of Reynolds in 2016. Despite the payment of CGT, Ncell was further assessed in January 2021 by the LTPO under Section 57 of the Income Tax Act of Nepal for a sum of approximately NPR57.9 (approximately USD433.6 million or RM2.0 billion) for the same transaction. Collection on this assessment by the Tax Authorities has thus far been suspended due to an interim order issued by the Supreme Court of Nepal based on Ncell’s petition disputing the applicability of the assessment. Capital gains tax was imposed on Ncell and Axiata after Nepal’s efforts to collect tax from the seller failed.

The international arbitration proceedings filed by Axiata to the International Centre for the Settlement of Investment Disputes (“**ICSID**”) were concluded on 9 June 2023. In delivering its Award the arbitration tribunal (“**Tribunal**”) ruled in the Award that Nepal should refrain from demanding any further tax, fees, penalties or interest in relation to the acquisition of Reynolds in 2016 and, in particular, that Nepal should refrain from enforcing the January 2021 Assessment. For further information on the Award rendered by the Tribunal, please refer to our Media Release dated 12 June 2023.

While Axiata has prevailed on the Government of Nepal to abide by the terms of the Award, and specifically the termination of any attempts to repeatedly tax the same transaction, the Government of Nepal and its Tax Authority the LTPO have thus far failed to withdraw the January 2021 assessment which is likely to carry a present day value of USD433.6 million inclusive of interest up to 13 January 2021 and penalties but excluding any further interest after that date. If the January 2021 Assessment was upheld, and ignoring any further interest

¹Based on the actual transacted historical rates.

after 13 January 2021, this would take the total taxation on the USD1.365 billion transaction in 2016 to USD855.5 million, or 62.7% of the transaction value.

Considering the imminent and existential exposure arising from the scenario of double taxation, additional risk associated with the expiry of the company's mobile license in 2029, with the potential of expropriation of Axiata's stake by the Government of Nepal and the unfavourable foreign investment protection environment in Nepal, Axiata had accelerated its exploration of an exit. The terms of the Share Purchase Agreement ("**SPA**") with the Purchaser would enable Axiata to exit on a clean basis.

Key terms of the SPA include a fixed consideration and a conditional consideration. The fixed consideration is USD50 million, of which USD5 million is payable within 6 months of transaction completion and the remainder is payable after 48 months post transaction completion. Meanwhile, the conditional consideration is a share of the going forward distributions contingent upon the future business performance and net distributions declared by Ncell until 2029, and any windfall gains secured by the Purchaser during this period.

Ncell retains full responsibility for its business and any of its liabilities, and the Purchaser will further indemnify Axiata against existing and future Nepalese tax claims in relation to Ncell. The Board of Axiata has resolved that the best path forward for the Group would be to exit Nepal on the terms described.

Axiata and Ncell have made significant contributions to the socio-economic development of Nepal. As the country's largest taxpayer, Ncell contributed NPR283.0 billion (RM9.9 billion) in taxes and fees as of last Fiscal Year FY 2021/2022 since its inception. Ncell, both directly and indirectly, supports more than 25,000 jobs and connects over 17 million customers across its networks. Under its Corporate Social Responsibility ambit, Ncell has invested more than NPR1.75 billion (RM61.2 million) in various social projects identified as critical to the nation that include education, health, disaster management and environment.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "Axiata and Ncell has made significant contributions to the national development of Nepal. As the country's largest taxpayer, Ncell contributed NPR283.0 billion (RM9.9 billion) in taxes and fees as of last Fiscal Year FY 2021/2022 since its inception.

Meanwhile, over the past seven years, Ncell has made a total dividend contribution to the Group of RM2.2 billion.

This transaction has allowed us to exit the country in a responsible manner. The closing of the sale and the completion of our exit from Nepal enables us to focus on our strategic priorities and continue our value creation journey. We are now in a much stronger position to deliver on our strategy, refine our capital allocation priorities and explore the right strategic partnerships."

Vivek Sood, Group Chief Executive Officer and Managing Director of Axiata said,

“Axiata has been in Nepal for seven years, working alongside hard-working colleagues in Ncell. However, the increasing challenges in the operating environment represents a fundamental shift. It has led the Axiata board to conclude, after a thorough process, that our foray in Nepal cannot continue due to the unfavourable conditions for Axiata, the uncertain regulatory and tax environment and the looming risks associated with the expiry of the mobile license in 2029.

The offer we received has enabled and accelerated a clean exit for Axiata. Ncell retains full responsibility for its business and any of its liabilities, while The Purchaser will further indemnify Axiata against existing and future Nepalese tax claims in relation to Ncell. We believe this decision is in the best long-term interests of all our shareholders.

I would like to thank our exceptional Ncell colleagues who played a vital role in the development of our business over the past seven years with their relentless dedication and expertise. I am confident that they will continue to thrive in the future under the helm of Spectrlite UK Limited.”

-Ends-

About Ncell

Ncell Axiata Limited is the first private sector telecommunications service provider of Nepal since 2004 and is constantly working towards its goal of connecting every Nepalese through its network, providing high-quality modern services to consistently create better value for our customers and partners.

Contributing to the vision of 'Digital Nepal' and the development of the country's economy and infrastructure, Ncell has built world-class networks and communication services and operates the widest 4G network in the country, fulfilling the national need of high-speed mobile broadband and creating new opportunities for the people of Nepal towards a brighter digital future.

Ncell is one of the largest taxpayers in Nepal. Ncell has contributed over NPR 283 billion (as of the FY 2021/22) as taxes and fees since its inception. We have contributed over NPR 1.75 billion under our Corporate Social Responsibility (CSR) initiatives in focus areas-education, environment, and health, supporting Government of Nepal extensively.

Ncell is a part of Axiata Group Berhad. Together with Axiata, Ncell is committed to contribute to the development of the country's economy and infrastructure, building best-in-class networks and bringing people of Nepal within the reach of communications. Ncell converted into a public limited company into Ncell Axiata Limited on 3 August 2020. Ncell has been serving over 16 million Nepalese.

Issued By:

Corporate Communications, NCell Axiata Limited
NCell ICON, Lainchaur, Kathmandu, Nepal
Email: info@ncell.axiata.com

For media enquiries, please contact:

Bishakha Lakshmi Khadka
Head, Corporate Communications & Sustainability
Tel: +977 980 210 0657
Email: bishakha.khadka@ncell.axiata.com

About Axiata

In pursuit of its vision to be The Next Generation Digital Champion, Axiata is a diversified telecommunications and digital conglomerate operating Digital Telcos, Digital Businesses and Infrastructure businesses across a footprint spanning ASEAN and South Asia.

The Group has controlling stakes in market-leading mobile and fixed operators in the region including 'XL' and 'Link Net' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal while 'CelcomDigi' in Malaysia is a Key Associate Company. Axiata's regional digital business verticals comprise 'Boost' a fintech company, and 'ADA', a digital analytics and AI company. 'EDOTCO' is among the top 10 independent TowerCos globally, operating in nine countries to deliver telecommunications infrastructure services.

As a committed and long-term investor, the Group actively supports and drives young talent development; community outreach; as well as climate change initiatives. Axiata's broader goal of Advancing Asia aims to piece together the best in the region in terms of innovation, connectivity and talent to drive digital inclusion and sustainable progress across our markets. Find out more at www.axiata.com

Issued By:

Corporate Communications, Axiata Group Berhad
Axiata Corporate Headquarters, Axiata Tower,
9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral.
50470 Kuala Lumpur, Malaysia
Email: info@axiata.com

For media enquiries, please contact:

Sujartha Kumar
Corporate Communications
Tel: +6011.10.000.177
Email: sujartha@axiata.com