



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited interim results of the Group for the financial period ended 30 June 2023.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	2nd Quarter Ended		Financial Period Ended	
	<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	5,994,526	5,197,605	11,373,242	10,181,494
Operating costs				
- depreciation, impairment and amortisation	(2,697,068)	(1,626,464)	(4,509,974)	(3,234,816)
- foreign exchange gains/(losses)	161,552	(175,938)	167,384	(417,125)
- domestic interconnect, international outpayment and other direct costs	(638,854)	(460,123)	(1,207,540)	(909,987)
- marketing, advertising and promotion	(471,130)	(449,120)	(897,543)	(925,570)
- other operating costs	(1,647,272)	(1,548,441)	(3,154,917)	(2,965,779)
- staff costs	(474,699)	(395,351)	(907,135)	(770,242)
- provision for impairment on financial assets, net	(33,798)	(14,900)	(60,603)	(33,964)
- other gains - net	6,801	8,756	13,110	20,268
Other (expense)/income - net	(407,090)	(2,400)	(396,098)	27,781
	(207,032)	533,624	419,926	972,060
Finance income	76,942	51,611	160,813	96,447
Finance costs	(721,369)	(400,709)	(1,258,286)	(769,400)
Foreign exchange losses on financing activities	(459,478)	(300,255)	(478,879)	(535,912)
	(1,180,847)	(700,964)	(1,737,165)	(1,305,312)
Joint ventures				
- share of results (net of tax)	(812)	(2,334)	419	(4,320)
Associates				
- share of results (net of tax)	107,114	(10,780)	220,407	(11,579)
Loss before taxation from continuing operations	(1,204,635)	(128,843)	(935,600)	(252,704)
Taxation	80,818	(178,311)	(46,283)	(324,463)
Loss for the financial period from continuing operations	(1,123,817)	(307,154)	(981,883)	(577,167)
<u>Discontinued operations</u>				
Gain on disposal of a group of subsidiaries - net	402,000	-	402,000	-
Profit for the financial period from discontinued operations	-	293,803	-	554,525
Loss for the financial period	(721,817)	(13,351)	(579,883)	(22,642)

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	2nd Quarter Ended		Financial Period Ended	
	<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(expense) (net of tax):				
<u>Continuing operations</u>				
Items that will not be reclassified to profit or loss:				
- actuarial gains on defined benefits plan (net of tax)	1,866	10,469	3,743	12,728
- fair value through other comprehensive income	10,239	11,691	11,416	16,245
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	1,193,990	(105,867)	1,614,706	(642,461)
- net cash flow hedge	(101,172)	(5,573)	(72,085)	(154,367)
- net cost of hedging	(7,333)	(1,366)	(15,541)	(9,606)
<u>Discontinued operations</u>				
- currency translation differences	-	(75)	-	(58)
Other comprehensive income/(expense) for the financial period (net of tax)	1,097,590	(90,721)	1,542,239	(777,519)
Total comprehensive income/(expense) for the financial period	375,773	(104,072)	962,356	(800,161)
(Loss)/Profit for the financial period attributable to:				
- owners of the Company:				
- continuing operations	(978,214)	(394,475)	(904,364)	(696,066)
- discontinued operations	402,000	288,095	402,000	546,713
	(576,214)	(106,380)	(502,364)	(149,353)
- non-controlling interests:				
- continuing operations	(145,603)	87,321	(77,519)	118,899
- discontinued operations	-	5,708	-	7,812
	(145,603)	93,029	(77,519)	126,711
	(721,817)	(13,351)	(579,883)	(22,642)

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	2nd Quarter Ended		Financial Period Ended	
	<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income/(expense) for the financial period attributable to:				
- owners of the Company:				
- continuing operations	(214,786)	(454,581)	230,769	(1,358,665)
- discontinued operations	402,000	288,020	402,000	546,655
	187,214	(166,561)	632,769	(812,010)
- non-controlling interests:				
- continuing operations	188,559	56,781	329,587	4,037
- discontinued operations	-	5,708	-	7,812
	188,559	62,489	329,587	11,849
	375,773	(104,072)	962,356	(800,161)
Earnings Per Share (sen) (Part B, Note 12)				
- basic:				
- continuing operations	(10.7)	(4.3)	(9.9)	(7.6)
- discontinued operations	4.4	3.1	4.4	6.0
	(6.3)	(1.2)	(5.5)	(1.6)
- diluted:				
- continuing operations	(10.7)	(4.3)	(9.9)	(7.6)
- discontinued operations	4.4	3.1	4.4	6.0
	(6.3)	(1.2)	(5.5)	(1.6)

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	<u>30/6/2023</u> RM'000 Unaudited	<u>31/12/2022</u> RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,920,284	13,914,272
Reserves	10,185,188	10,020,787
Total equity attributable to owners of the Company	24,105,472	23,935,059
Non-controlling interests	7,028,378	6,745,291
Total equity	31,133,850	30,680,350
NON-CURRENT LIABILITIES		
Borrowings	22,266,360	18,347,504
Derivative financial instruments	31,939	168,717
Deferred income	3,525	3,403
Deferred gain on sale and leaseback assets	129,806	176,950
Trade and other payables	1,559,116	805,965
Lease liabilities	9,494,053	8,604,274
Provision for asset retirement	1,018,102	846,488
Deferred tax liabilities	733,334	933,812
Total non-current liabilities	35,236,235	29,887,113
	66,370,085	60,567,463

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)		
	<u>30/6/2023</u> RM'000 Unaudited	<u>31/12/2022</u> RM'000 Audited
NON-CURRENT ASSETS		
Intangible assets	14,203,182	13,442,150
Contract cost assets	181,136	138,210
Property, plant and equipment	29,846,974	27,200,975
Right-of-use assets	10,811,667	9,313,782
Joint ventures	16,101	15,682
Associates	15,578,051	15,596,891
Financial assets at fair value through other comprehensive income	198,700	179,180
Financial assets at fair value through profit or loss	7,279	5,758
Derivative financial instruments	110,752	25,945
Trade and other receivables	489,867	852,513
Deferred tax assets	177,036	175,638
Total non-current assets	71,620,745	66,946,724
CURRENT ASSETS		
Inventories	237,605	216,351
Trade and other receivables	5,330,531	6,943,592
Derivative financial instruments	577	14,931
Financial assets at fair value through profit or loss	40	34
Tax recoverable	21,756	67,356
Deposits, cash and bank balances	6,270,490	7,451,743
	11,860,999	14,694,007
LESS: CURRENT LIABILITIES		
Trade and other payables	10,436,017	10,579,565
Deferred gain on sale and leaseback assets	131,937	119,251
Deferred income	17,312	1,728
Lease liabilities	2,229,476	1,839,617
Borrowings	3,775,207	7,088,128
Derivative financial instruments	15,230	17,925
Current tax liabilities	506,480	601,102
Dividend payable	-	825,952
Total current liabilities	17,111,659	21,073,268
Net current liabilities	(5,250,660)	(6,379,261)
	66,370,085	60,567,463
Net assets per share attributable to owners of the Company (sen)	263	261

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
	Attributable to equity holders of the Company							Total equity
	Share capital	Share capital	Currency translation differences	Reserves	Retained earnings	Total	NCI	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2023	9,177,237	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 period	-	-	-	-	(502,364)	(502,364)	(77,519)	(579,883)
Other comprehensive income/(expense):								
-Currency translation differences of subsidiaries	-	-	1,207,044	-	-	1,207,044	407,662	1,614,706
-Net cash flow hedge	-	-	-	(70,116)	-	(70,116)	(1,969)	(72,085)
-Net cost of hedging	-	-	-	(17,203)	-	(17,203)	1,662	(15,541)
-Actuarial gains/(losses) (net of tax)	-	-	-	3,992	-	3,992	(249)	3,743
-Revaluation of financial assets at FVTOCI	-	-	-	11,416	-	11,416	-	11,416
Total comprehensive income/(expense)	-	-	1,207,044	(71,911)	(502,364)	632,769	329,587	962,356
Transactions with owners:								
-Accretion of equity interests in subsidiaries	-	-	(5)	2	(2,844)	(2,847)	2,847	-
-New investment in a subsidiary	-	-	-	-	-	-	43	43
-Capital injection in a subsidiary	-	-	-	-	-	-	40,000	40,000
-Rights issue of a subsidiary	-	-	-	-	-	-	25,764	25,764
-Dividend declared to shareholders of the Company	-	-	-	-	(458,948)	(458,948)	-	(458,948)
-Dividends declared to NCI	-	-	-	-	-	-	(114,727)	(114,727)
-Share-based compensation expense	-	-	-	(561)	-	(561)	(427)	(988)
-Transferred from share-based payment reserve upon vesting/forfeiture	1,715	6,012	-	(27,299)	21,287	-	-	-
Total transactions with owners	1,715	6,012	(5)	(27,858)	(440,505)	(462,356)	(46,500)	(508,856)
At 30 June 2023	9,178,952	13,920,284	(960,180)	(2,335,148)	13,480,516	24,105,472	7,028,378	31,133,850

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

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)



AXIATA GROUP BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the Company							Total equity
	Share capital	Share capital	Currency translation differences	Reserves	Retained earnings	Total	NCI	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022	9,174,987	13,905,207	(741,705)	(1,913,128)	6,754,950	18,005,324	7,060,505	25,065,829
(Loss)/Profit for the financial period	-	-	-	-	(149,353)	(149,353)	126,711	(22,642)
Other comprehensive (expense)/income:								
-Currency translation differences of subsidiaries	-	-	(522,240)	-	-	(522,240)	(120,279)	(642,519)
-Net cash flow hedge	-	-	-	(155,256)	-	(155,256)	889	(154,367)
-Net cost of hedging	-	-	-	(9,231)	-	(9,231)	(375)	(9,606)
-Actuarial gains (net of tax)	-	-	-	7,825	-	7,825	4,903	12,728
-Revaluation of financial assets at FVTOCI	-	-	-	16,245	-	16,245	-	16,245
Total comprehensive (expense)/income	-	-	(522,240)	(140,417)	(149,353)	(812,010)	11,849	(800,161)
Transactions with owners:								
-Dilution/Accretion of equity interests in subsidiaries	-	-	-	-	(234)	(234)	258	24
-New/Additional investments in subsidiaries	-	-	-	-	(74,616)	(74,616)	671,422	596,806
-Rights issue of subsidiaries	-	-	-	-	-	-	31,122	31,122
-Dividend declared to shareholders of the Company	-	-	-	-	(504,724)	(504,724)	-	(504,724)
-Dividends declared to NCI	-	-	-	-	-	-	(108,573)	(108,573)
-Share-based compensation expense	-	-	-	3,936	-	3,936	332	4,268
-Transferred from share-based payment reserve upon vesting/forfeiture	1,817	7,469	-	(7,469)	-	-	-	-
Total transactions with owners	1,817	7,469	-	(3,533)	(579,574)	(575,638)	594,561	18,923
At 30 June 2022	9,176,804	13,912,676	(1,263,945)	(2,057,078)	6,026,023	16,617,676	7,666,915	24,284,591



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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Reserves							Total RM'000
	Capital contribution RM'000	Merger RM'000	Hedging RM'000	Cost of hedging RM'000	Actuarial RM'000	Share-based payment RM'000	FVTOCI 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 (expense)/income:								
-Net cash flow hedge	-	-	(70,116)	-	-	-	-	(70,116)
-Net cost of hedging	-	-	-	(17,203)	-	-	-	(17,203)
-Actuarial gains (net of tax)	-	-	-	-	3,992	-	-	3,992
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	11,416	11,416
Total comprehensive (expense)/income	-	-	(70,116)	(17,203)	3,992	-	11,416	(71,911)
Transactions with owners:								
-Accretion of equity interests in subsidiaries	-	-	-	-	2	-	-	2
-Share-based compensation expense	-	-	-	-	-	(561)	-	(561)
-Transferred from share-based payment reserve upon vesting/forfeiture	-	-	-	-	-	(27,299)	-	(27,299)
Total transactions with owners	-	-	-	-	2	(27,860)	-	(27,858)
At 30 June 2023	16,598	346,774	(386,700)	(35,415)	22,919	381	(2,299,705)	(2,335,148)
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	-	-	(155,256)	-	-	-	-	(155,256)
-Net cost of hedging	-	-	-	(9,231)	-	-	-	(9,231)
-Actuarial gains (net of tax)	-	-	-	-	7,825	-	-	7,825
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	16,245	16,245
Total comprehensive (expense)/income	-	-	(155,256)	(9,231)	7,825	-	16,245	(140,417)
Transactions with owners:								
-Share-based compensation expense	-	-	-	-	-	3,936	-	3,936
-Transferred from share-based payment reserve upon vesting/forfeiture	-	-	-	-	-	(7,469)	-	(7,469)
Total transactions with owners	-	-	-	-	-	(3,533)	-	(3,533)
At 30 June 2022	16,598	346,774	(130,030)	(91,487)	22,451	25,732	(2,247,116)	(2,057,078)



AXIATA GROUP BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/6/2023</u>	<u>30/6/2022</u>
	RM'000	RM'000
Receipts from customers and others	10,862,801	13,412,632
Payments to suppliers, employees and others	(6,222,873)	(7,521,492)
Payments of finance costs	(1,215,876)	(783,551)
Payments of income taxes (net of refunds)	(349,048)	(383,481)
CASH FLOWS FROM OPERATING ACTIVITIES*	<u>3,075,004</u>	<u>4,724,108</u>
Proceeds from disposal of property, plant and equipment ("PPE")	10,275	11,371
Purchase of PPE	(3,832,772)	(5,171,936)
Acquisition of IA	(279,505)	(147,477)
Investments in deposits maturing more than three (3) months	448,015	(46,432)
Investments in subsidiaries (net of cash acquired)	(51,786)	(2,784,890)
Additional investments in associates	(460)	(3,921)
Additional investments in other investments	(7,818)	(8,165)
Repayment of loan from an associate	2,431,867	-
Net proceeds from disposal of other investments	-	224
Payments for right-of-use ("ROU") assets	(77,338)	(87,182)
(Advances to)/Repayments from employees	(294)	935
Dividend received from an associate	244,637	-
Interests received	161,805	78,807
CASH FLOWS USED IN INVESTING ACTIVITIES*	<u>(953,374)</u>	<u>(8,158,666)</u>
Proceeds from borrowings (net of transaction costs)	6,663,120	6,431,065
Repayments of borrowings	(8,220,891)	(1,332,422)
Repayments of Sukuk	-	(74,592)
Repayments of lease liabilities	(1,133,873)	(1,007,298)
Net proceeds from rights issue of subsidiaries	25,764	31,117
Capital injections in subsidiaries by NCI	40,000	26
Dividends paid to shareholders	(1,284,900)	(504,724)
Dividends paid to NCI	(141,901)	(127,276)
CASH FLOWS USED IN FINANCING ACTIVITIES*	<u>(4,052,681)</u>	<u>3,415,896</u>

(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)



AXIATA GROUP BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/6/2023</u>	<u>30/6/2022</u>
	RM'000	RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,931,051)	(18,662)
NET (INCREASE)/ DECREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	(13,340)	18,904
EFFECT OF EXCHANGE RATE CHANGES	790,230	(265,218)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	6,326,194	6,312,330
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>5,172,033</u>	<u>6,047,354</u>
Deposits, cash and bank balances	6,270,490	6,586,276
Less:		
Deposits pledged and restricted cash	(254,582)	(203,632)
Deposits maturing more than three (3) months	(293,815)	(269,854)
Bank overdraft	(550,060)	(65,436)
Total cash and cash equivalents	<u>5,172,033</u>	<u>6,047,354</u>

* Includes net cash flows from/(used in) discontinued operations (Malaysia) as follows:

Cash flows from operating activities	-	1,393,216
Cash flows used in investing activities	-	(672,643)
Cash flows used in financing activities	-	(384,099)
Net increase in cash and cash equivalents	<u>-</u>	<u>336,474</u>

(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)



AXIATA GROUP BERHAD
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**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN
FINANCIAL REPORTING STANDARD 134**

1. Basis of Preparation

The unaudited financial statements for the financial period ended 30 June 2023 of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting”, International Accounting Standards 34 “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022 (“2022 Audited Financial Statements”).

2. Accounting Policies

The accounting policies and method of computation applied in the unaudited financial statements are consistent with those used in the preparation of the 2022 Audited Financial Statements except for the following:

(a) Adoption of the amendments to MFRS issued by MASB that are effective for the Group’s financial year beginning 1 January 2023, as follows:

- 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 above adoptions did not have material impact to the Group during the current quarter and financial period to date.

(b) Application of MFRS 112 “Income Taxes” for the change in tax rules in Bangladesh

The new Income Tax Act (“ITA”), 2023 was implemented in Bangladesh effective from 22 June 2023, replacing the Income Tax Ordinance, 1984. The ITA 2023 requires payment of minimum tax, 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 expense.

3. Seasonal or Cyclical Factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors.



AXIATA GROUP BERHAD
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4. Significant Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The Group's performance has taken into account the following:

- (a) On 19 April 2022, edotco Towers, Inc. ("edotco Towers"), a subsidiary of the Company via EDOTCO Group Sdn Bhd ("EDOTCO") entered into a Sale and Purchase Agreement ("edotco Towers SPA") with Smart Communications, Inc. and Digitel Mobile Philippines, Inc. (collectively, "Sellers") for the acquisition of all of Sellers' rights, title, benefits and interest in 2,973 telecommunication towers, including the energy and passive infrastructure related assets in the Philippines for a total purchase consideration of Philippine Peso ("PHP") 42,000.0 million (equivalent to RM3,358.3 million). A total purchase of 2,203 towers with a total transaction value of PHP31,122.1 million (RM2,490.6 million) was completed in the previous financial year ended 31 December 2022.

edotco Towers had:

- (i) on 10 February 2023 completed the purchase of 287 towers with a transaction value of PHP4,054.4 million (RM327.0 million); and
- (ii) on 18 April 2023 completed the purchase of 135 towers with a transaction value of PHP1,907.2 million (RM153.3 million).

The completion of the remaining towers shall be subject to the completion of, amongst others, the requisite documentation as per the edotco Towers SPA.

- (b) Boost Holdings Sdn Bhd ("Boost Holdings"), RHB Bank Berhad ("RHB Bank") and Boost Berhad have on 31 March 2023, entered into a share subscription agreement for Boost Holdings and RHB Bank to subscribe for 100 million new ordinary shares in Boost Berhad (based on ratio of 60:40 as disclosed in Part A, Note 12(c) of this announcement) for a cash consideration of RM100.0 million for Boost Berhad to meet the minimum capital funds requirements for a digital bank of RM100.0 million unimpaired by losses.

Additionally, Boost Holdings, RHB Bank and Boost Berhad have on 31 March 2023, entered into a shareholders' agreement to regulate the affairs of Boost Berhad as the Proposed Digital Bank, and Boost Holdings and RHB Bank's relationship between themselves as shareholders of Boost Berhad.

- (c) On 31 May 2023, the Company received the repayment from the loan given to an associate, CelcomDigi Berhad ("CelcomDigi") amounting to RM2,431.9 million.



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4. Significant Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows (continued)

The Group's performance has taken into account the following: (continued)

- (d) Pursuant to the unfavourable outcome from the Bilateral Investment Treaty ("BIT") Arbitration proceedings as disclosed in Part B, Note 10(h) of this announcement, the Group has adjusted the following during the current quarter and financial period to date:
- (i) write-off of capital gains tax ("CGT") related receivable assets amounting to RM396.1 million; and
 - (ii) Impairment of assets under MFRS 136 "Impairment of Assets" for Nepal cash generating unit ("CGU") amounting to RM491.8 million, net of tax.

Consequent to the unfavourable award rendered on 9 June 2023, the Group has reassessed the recoverable amount of the Nepal CGU with estimated expected cash outflow for GSM license renewal in 2029. As a result, an impairment of assets was recognised in the current quarter against the carrying amount of Nepal CGU.

- (e) On 7 August 2023, the Company received the final cash consideration from CelcomDigi for the merger between Celcom Berhad (formerly known as Celcom Axiata Berhad) ("Celcom") and CelcomDigi Berhad (formerly known as Digi.Com Berhad) ("Digi") which was completed on 30 November 2022 amounting to RM402.0 million. As the payment is defined as an adjusting event under MFRS 110 "Events after the Reporting Period", the Company has recognised a gain on disposal of a group of subsidiaries in the profit or loss under discontinued operations and provided a receivable from an associate as at 30 June 2023 accordingly.
- (f) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM297.9 million and RM311.5 million respectively, mainly arising from the revaluation of USD borrowings and working capital.

Other than the above and as disclosed in Part A, Note 12 of this announcement, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 June 2023.

5. Estimates

The preparation of unaudited financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial period to date.

In preparing the unaudited financial statements, the significant judgements and estimates made by the management in applying the Group's accounting policies were consistent as those applied to 2022 Audited Financial Statements, except for the change in judgements and estimates on the estimated cash outflow for GSM licence renewal in 2029 in determining the recoverable amount of the Nepal CGU, as a result of the unfavourable outcome from the BIT Arbitration proceedings, as disclosed in Part B, Note 10(h) of this announcement.



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6. Issues, Repurchases and Repayments of Debt and Equity Securities

- (a) During the financial period to date, the Company issued new ordinary shares under the Performance Based Long Term Incentive Plan as below:

Description	Total ordinary shares of the Company issued	
	'000	RM'000
• Restricted Share Plan ("RSP") at an issuance price of RM3.44 and RM4.67 being the fair value of RSP issued	1,715	6,012
Total	1,715	6,012

There were no significant issues, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2023.

7. Dividends Paid

- (a) The Company paid the dividends during the financial period as below:

Date of payment	Description	Per ordinary share	Total
20 January 2023	Tax exempt dividend under single tier in respect of financial year ended 31 December 2022	Sen 9.0	RM'000 825,952
28 March 2023	Tax exempt dividend under single tier in respect of financial year ended 31 December 2022	5.0	458,948
Total		14.0	1,284,900



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8. Segmental Information

For the financial period ended 30 June 2023

Segment	Mobile					Fixed BB ¹	Infrastructure	Digital		Others ⁴	Consolidation adjustments/eliminations	Total
	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Indonesia		ADA ²	Boost ³			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,666,300	2,049,470	1,321,594	638,804	817,647	581,325	1,328,588	355,113	60,351	75,988	-	11,895,180
Inter-segment ⁵	(45,541)	(42,450)	(3,677)	(192)	(16,051)	(39)	(302,336)	(60,060)	(594)	(50,998)	-	(521,938)
External operating revenue	4,620,759	2,007,020	1,317,917	638,612	801,596	581,286	1,026,252	295,053	59,757	24,990	-	11,373,242
Earnings before interest, tax, depreciation and amortisation ("EBITDA") ⁶	2,275,258	880,814	367,367	329,844	430,697	268,621	927,511	(371)	(88,076)	(70,361)	(175,800)	5,145,504
Finance income	13,662	2,979	13,899	9,953	14,594	1,343	25,837	5,094	3,362	81,902	(11,812)	160,813
Finance cost	(421,270)	(131,602)	(89,870)	(85,508)	(13,161)	(65,705)	(237,971)	(501)	(8,460)	(275,413)	71,175	(1,258,286)
Depreciation of PPE	(932,586)	(321,348)	(214,706)	(126,609)	(155,847)	(211,592)	(331,720)	(1,597)	(451)	(3,690)	9,912	(2,290,234)
Depreciation of ROU assets	(692,814)	(77,369)	(10,363)	(9,555)	(33,660)	(22,285)	(153,908)	(2,277)	(2,069)	(3,105)	100,931	(906,474)
Amortisation of IA	(14,333)	(178,475)	(22,548)	(66,715)	(6,656)	(10,183)	(36,036)	(7,314)	(17,448)	(2,485)	(176,191)	(538,384)
Joint ventures:												
- share of results (net of tax)	-	-	-	-	-	-	-	-	-	419	-	419
Associates:												
- share of results (net of tax)	(22,924)	-	(468)	-	1,354	-	-	-	-	227,343	15,102	220,407
Impairment of PPE (net of reversal)	(91)	(27,165)	11,098	-	6,692	(3,104)	(1,217)	-	-	-	-	(13,787)
Other income/(expense) ⁷	39,234	(69,776)	123,754	(2,073)	12,087	2,223	(209,005)	3,068	4,007	(276,813)	(1,082,284)	(1,455,578)
Taxation ⁷	(44,557)	(50,220)	(18,775)	(35,429)	(52,096)	2,654	(97,979)	(967)	(187)	(21,077)	272,350	(46,283)
Continuing operations	199,579	27,838	159,388	13,908	204,004	(38,028)	(114,488)	(4,865)	(109,322)	(343,280)	(976,617)	(981,883)
Discontinued operations (Malaysia)	-	-	-	-	-	-	-	-	-	402,000	-	402,000
Segment profit/(loss) for the financial period	199,579	27,838	159,388	13,908	204,004	(38,028)	(114,488)	(4,865)	(109,322)	58,720	(976,617)	(579,883)

¹ Fixed broadband.

² ADA refers to Axiata Digital & Analytics Sdn Bhd ("ADA") and its subsidiaries.

³ Boost refers to Boost Holdings and its subsidiaries.



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8. Segmental Information (continued)

For the financial period ended 30 June 2022

Segment	Mobile					Infrastructure	Digital		Others ⁴	Consolidation adjustments/eliminations	Continuing operations	Discontinued operations (Malaysia)	Total
	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia		ADA ²	Boost ³					
	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
Total operating revenue	4,154,309	2,013,864	1,290,590	707,820	763,878	1,179,854	409,151	31,395	120,331	-	10,671,192	3,338,375	14,009,567
Inter-segment ⁵	(229)	(46,283)	(6,304)	(2,723)	(17,641)	(318,599)	(9,927)	(4,688)	(83,304)	-	(489,698)	(345,661)	(835,359)
External operating revenue	4,154,080	1,967,581	1,284,286	705,097	746,237	861,255	399,224	26,707	37,027	-	10,181,494	2,992,714	13,174,208
EBITDA ⁶	1,992,907	880,453	434,883	384,995	406,876	820,791	43,893	(89,923)	(156,461)	(142,462)	4,575,952	1,333,148	5,909,100
Finance income	8,860	1,872	10,008	7,530	7,800	11,128	1,836	1,218	54,873	(8,678)	96,447	(15,991)	80,456
Finance cost	(357,371)	(103,525)	(27,944)	(55,323)	(13,581)	(97,865)	(409)	(3,491)	(191,410)	81,519	(769,400)	(68,815)	(838,215)
Depreciation of PPE	(894,215)	(347,883)	(209,742)	(132,810)	(137,504)	(235,400)	(1,541)	(481)	(4,235)	11,318	(1,952,493)	(380,812)	(2,333,305)
Depreciation of ROU assets	(609,013)	(82,105)	(17,798)	(8,250)	(30,595)	(134,516)	(1,746)	(1,083)	(4,019)	102,707	(786,418)	(88,164)	(874,582)
Amortisation of IA	-	(156,342)	(27,722)	(66,898)	(6,615)	(34,904)	(6,421)	(12,552)	(1,429)	(105,780)	(418,663)	(30,925)	(449,588)
Joint venture:													
- share of results (net of tax)	-	-	-	-	-	-	-	-	(4,320)	-	(4,320)	-	(4,320)
Associates:													
- share of results (net of tax)	576	-	(567)	-	(10,106)	-	-	-	(1,482)	-	(11,579)	8,087	(3,492)
Impairment of PPE (net of reversal)	530	(20,339)	3,080	-	-	-	-	-	-	-	(16,729)	-	(16,729)
Other income/(expense) ⁸	76,206	(122,693)	(594,582)	7,843	(5,692)	(27,453)	4,450	4,157	(258,328)	(49,409)	(965,501)	36,145	(929,356)
Taxation	(34,612)	(35,924)	(78,662)	(29,379)	(51,236)	(107,755)	(13,376)	(3)	(99)	26,583	(324,463)	(238,148)	(562,611)
Segment profit/(loss) for the financial period	183,868	13,514	(509,046)	107,708	159,347	194,026	26,686	(102,158)	(566,910)	(84,202)	(577,167)	554,525	(22,642)

⁴ Others include the Company, special purpose vehicles and other entities.

⁵ 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.

⁶ EBITDA consolidation adjustments/eliminations mainly due to inter-segment elimination for leases under MFRS 16.

⁷ Included in consolidation adjustments/eliminations are write-off of CGT related receivable assets amounting to RM396.1 million and impairment of assets for Nepal CGU amounting to RM702.6 million.

⁸ Included in other expense of Sri Lanka's mobile segment is unrealised foreign exchange losses mainly arising from the revaluation of USD borrowings and working capital.



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9. Valuation of PPE

The Group does not adopt a revaluation policy on its PPE.

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM3,040.1 million mainly for its telecommunication network equipment and capital work in progress. Included in the additional PPE is acquisition of telecommunication towers by a subsidiary amounting to RM546.2 million (including the capitalisation of asset retirement obligation provision and transaction costs).

11. Events after the Interim Period

(a) Voluntary Liquidation of Suvitech Co., Ltd. (“Suvitech”)

Xpand Investments (Labuan) Limited, a wholly owned subsidiary of the Company held via Axiata Enterprise Sdn Bhd (formerly known as Axiata Business Services Sdn Bhd), had on 4 July 2023, registered the completion of the Voluntary Liquidation process of Suvitech with the Department of Business Development of Thailand (“DBD”). This is in pursuant to an application for the Voluntary Dissolution by Suvitech registered with DBD on 1 May 2023. The notification of the completion of the Voluntary Liquidation of Suvitech was received by Suvitech on 4 July 2023.

(b) Acquisition of Equity Interest in Milvik (Cambodia) Micro Insurance Plc (“Milvik”) by Smart Axiata Co., Ltd. (“Smart”)

Smart, a subsidiary of the Company held via Axiata Investments (Cambodia) Limited and Axiata (Cambodia) Holdings Limited, had on 4 July 2023, completed its effective ownership of 128,247 ordinary shares representing 30.00% interest in Milvik valued 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 company of Smart.

(c) Dilution of Equity Interest in PT Princeton Digital Group Data Centres (“PDGDC”)

On 14 July 2023, PT XL Axiata Tbk’s equity interest in PDGDC decreased from 14.82% to 10.71% following to the issuance of new ordinary shares by PDGDC which were wholly acquired by Princeton Digital Group (Indonesia Alpha) Pte Ltd.

(d) Incorporation of r ventures PLC (“r ventures”)

Robi Axiata Limited (“Robi”) had on 24 July 2023 completed the incorporation of r ventures (Registration No C-189796/2023), a public company limited by shares, 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 principal activities of r ventures are to operate in the area of digital services, including over-the-top (“OTT”) services, ticketing services and mobile value-added services, while also investing in startups and digital ventures.

Other than the above and as disclosed in Part A, Note 4(e), Part B, Note 10 of this announcement, there was no other significant event after interim period that requires disclosure and/or adjustment as at 22 August 2023.



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12. Effects of Changes in the Composition of the Group

(a) Accretion of Equity Interest in Dialog Axiata Digital Innovation Fund (Private) Limited (“DADIF”)

DADIF, a subsidiary of Digital Holdings Lanka (Private) Limited (“DHL”) which in turn an indirect subsidiary of the Company via Dialog Axiata Plc had:

- (i) from 1 January to 31 March 2023 (“Q1’23”), issued 7,500 preference shares to DHL; and
- (ii) from 1 April to 30 June 2023 (Q2’23), issued 7,548 preference shares out of which 7,500 were issued to DHL and the remaining shares were issued to individual shareholders.

Accordingly, DHL’s equity interest in DADIF increased from 92.93% to 93.00% in Q1’23 and from 93.00% to 93.07% in Q2’23.

The accretions above did not have material impact to the Group during the current quarter and financial period to date.

(b) Dilution of Equity Interest in Axiata Digital Bangladesh (Private) Limited (“ADB”)

ADA, a subsidiary of ADS had on 30 January 2023 completed the acquisition of 2,524,873 ordinary shares, representing 99.99% in ADB from ADS at a purchase consideration of BDT241.1 million (RM9.7 million). As a result, the Group’s effective shareholding in ADB decreased from 96.56% to 61.29%.

The dilution above did not have material impact to the Group during the financial period to date.

(c) Incorporation of Boost Berhad

On 1 March 2023, the Group through Boost Holdings incorporated a new subsidiary, named Boost Berhad with RHB Bank. Boost Holdings and RHB Bank holds 60.00% and 40.00% in Boost Berhad respectively. Boost Berhad was incorporated with an issued and paid-up share capital of RM100. The intended principal activity of Boost Berhad is to set up a digital banking business under the Financial Services Act 2013 and the provision of related services.

The incorporation above did not have material impact to the Group during the financial period to date.

(d) Accretion of Equity Interest in Axiata Digital Services Sdn Bhd (“ADS”)

On 10 March 2023, ADS issued an additional 196,067 ordinary shares to the Company for a total consideration of RM92.0 million. Accordingly, the Company’s equity interest in ADS increased from 96.56% to 96.66%.

On 2 May 2023, ADS issued an additional 94,012 ordinary shares to the Company by way of conversion of the net intercompany balances of RM43.1 million payable to the Company by ADS into equity. Accordingly, the Company’s equity interest in ADS increased from 96.66% to 96.71%.

The accretion above did not have material impact to the Group during the current quarter and financial period to date.



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12. Effects of Changes in the Composition of the Group (continued)

(e) Dilution of Equity Interest in PT Axiata Digital Analytics Indonesia (“ADAI”)

ADAI, an indirect subsidiary of the Company held through ADA and ADS, issued an additional 5,016 ordinary shares to ADA on 15 March 2023 for cash consideration of IDR6,673,788,000. Accordingly, the Group’s effective shareholding in ADAI decreased from 61.64% to 61.47%.

The dilution above did not have material impact to the Group during the financial period to date.

(f) Acquisition of Equity Interest in ADA Digital Analytics Private Limited (formerly known as Dhiomics Analytics Solutions Private Limited) (“ADAPL”) by ADA Digital Singapore Pte Ltd (“ADADS”)

ADADS, an indirect subsidiary of the Company held via ADA, had on 5 April 2023, completed its acquisition of 81,182 ordinary shares representing 99.00% interest in ADAPL held by two individuals, Prabhat Agarwal and Nilesh Gupta (collectively, “Sellers”), at a total purchase consideration of INR1,664.5 million (RM90.0 million), of which:

- (i) Contingent consideration of INR450.0 million (RM24.3 million) will be disbursed upon expiry of 18 months from the date of the relevant sale and purchase agreement, subject to the achievement of the Revenue and Profit After Tax targets as stipulated in said agreement;
- (ii) Contingent consideration of INR150.0 million (RM8.1 million) will be disbursed in 3 equal tranches of INR50.0 million (RM2.7 million) each upon expiry of 12, 24, 36 months from the date of the sale and purchase agreement respectively, subject to retention of the Sellers as employees within ADA Group; and
- (iii) Retention amount of INR22.0 million (RM1.2 million) will be disbursed upon expiry of 36 months from the date of the sale and purchase agreement, unless utilised for tax and legal claims arising from circumstances that took place prior to the acquisition date.

The remaining 1.00% interest held by the Sellers will also be acquired by ADADS upon payment of the above contingent consideration and retention amount. If the contingent consideration is no longer payable due to the Sellers’ failure to meet the stipulated conditions, the Sellers will surrender the shares to ADADS at zero consideration.

Effectively, ADAPL became a direct subsidiary of ADADS.

During the current quarter and financial period to date, the Group has recognised a total goodwill of RM85.8 million (INR1,586.8 million) on the date of acquisition in conjunction with the above acquisition.

(g) Incorporation of AxEnTec PLC (“AxEnTec”)

Robi, a subsidiary of the Company, had on 25 June 2023 completed the incorporation of AxEnTec (Registration No C-189444/2023), a public company limited by shares, under the Bangladesh Companies Act 1994, subject to the approval from the High Court of Bangladesh on Demerger Scheme of RedDot Digital Limited (“RedDot”), a wholly owned subsidiary of Robi. The nature of the business of RedDot will continue to be the development and operations of IT & ICT software, applications, and other related solutions.



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12. Effects of Changes in the Composition of the Group (continued)

(g) Incorporation of AxEnTec PLC (“AxEnTec”) (continued)

AxEnTec was incorporated with an issued and paid-up share capital of BDT10.0 million (RM0.4 million). The principal activities of AxEnTec are to serve the market through sales, distribution and marketing services for connectivity, IT and ICT solutions, digital services, software, applications and hardware, including data center, cloud and cloud infrastructure, IoT and cyber security.

The incorporation above did not have material impact to the Group during the current quarter and financial period to date.

Other than the above, there was no other change in the composition of the Group for the financial period ended 30 June 2023.

13. Significant Changes in Contingent Assets or Contingent Liabilities

The following is the material change in the Group’s contingent liabilities since the last disclosed in the 2022 Audited Financial Statements and other than as disclosed in Part B, Note 10 of this announcement:

(a) Claim Related to Value Added Tax (“VAT”) and Supplementary Duty (“SD”) on SIM and Scratch Cards

On 8 June 2023, the Large Taxpayer Unit (“LTU-VAT”) of the National Board of Revenue of Bangladesh (“NBR”) issued a demand letter for BDT857.6 million (RM37.0 million) (“the Disputed Amount”) to Robi alleging an arrear of payment from Warid Telecom (“Warid”), predecessor of Airtel Bangladesh Ltd which was then merged with Robi in 2016.

Previously, on 14 June 2007, LTU-VAT officials visited Warid’s office, seized the VAT registers and other related documents and demanded BDT434.0 million (RM18.7 million) as VAT and SIM tax for SIM and scratch cards which were absent from Warid’s custody. Warid duly complied and paid the demanded amount in full.

Subsequently, LTU-VAT officials returned and demanded the Disputed Amount which then sums the total claimed amount to BDT1,292.0 million (RM55.7 million). Warid refuted the claim. On 11 June 2009, LTU-VAT of the NBR passed the order No.18/Mushak/09 demanding Warid to pay the Disputed Amount in full. In the same year, Warid filed an appeal to the High Court of Bangladesh.

On 31 May 2016, the appeal was heard and the High Court of Bangladesh dismissed LTU-VAT claim and directed LTU-VAT authorities to reassess the VAT and SD payable and adjust any excess amount paid, to which LTU-VAT failed to comply.

Following to the demand letter issued on the Disputed Amount, on 6 July 2023, Robi issued demand of justice letter requesting LTU-VAT to form a committee to assess any claim based on the documents that LTU-VAT officials have seized. Robi also demanded that those documents to be provided for Robi to assist any claim that LTU-VAT may have.

Based on the external legal advice received, the Board of Directors are of the view that Robi has good prospects of succeeding the claim.



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13. Significant Changes in Contingent Assets or Contingent Liabilities (continued)

The following is the material change in the Group's contingent liabilities since the last disclosed in the 2022 Audited Financial Statements and other than as disclosed in Part B, Note 10 of this announcement: (continued)

(b) Ncell Employee Trade Union ("NETU") vs Ncell Axiata Limited ("Ncell")

On 13 January 2020, NETU filed an application at the Labour and Employment Office of Nepal ("LO") claiming that the calculation of bonus by Ncell is in contrary to the provisions of the Bonus Act, 2030. On 4 September 2022, the LO rejected NETU's claim on the computation of bonus based on taxable income determined by Nepal's Tax Authority.

NETU subsequently filed an appeal at the Labour Court of Nepal ("LC") challenging the decision of the LO on 31 October 2022. Pursuant to the order of the LC dated 15 February 2023, the Large Taxpayer Office of Nepal ("LTPO") submitted Ncell's taxable income for FY 2012/13 to FY 2016/17. Both NETU and Ncell proceeded to submit their respective pleading notes.

Based on the information provided by LTPO, NETU has calculated the shortfall bonus as the difference between the Ncell's self-assessed income and income assessed by the LTPO which amounts to approximately NPR8,751.2 million (RM311.5 million).

On 3 August 2023, LC had ordered Ncell to submit copies of its financial statements by 29 August 2023. Following the submission of the financial statements, the LC will provide a hearing date.

Based on the external legal advice received, the Board of Directors are of the view that Ncell has good prospects of succeeding the claim.

14. Capital Commitments

As at	Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
PPE		
Commitments in respect of expenditure approved and contracted for	2,788,537	3,048,523



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15. 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 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.

Set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

	Financial Period Ended	
	30 June 2023	30 June 2022
	RM'000	RM'000
<u>Continuing operations:</u>		
Sale of telecommunication services to associates	9,561	17,666
Purchase of network related services from associates	(36,476)	(34,373)
Lease services to an associate	294,446	-

	30 June 2023	31 December 2022
Receivables from associates	25,101	2,555,096
Payable to associates	(17,164)	(24,746)
Lease receivable from an associate	83,286	-
Lease payable to an associate	(118,529)	(112,063)



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16. Financial Instruments at Fair Value Measurements

The Group's financial instruments that were measured at fair value as at reporting date were as follow:

- Derivative financial instruments (assets and liabilities); and
- Securities

The Group measured the financial instruments based on:

- Level 1 (traded in active markets): Quoted market prices
- Level 2 (not traded in active markets): Valuation techniques such as quoted market prices or dealer quotes for similar instruments, present value of the estimated future cash flows based on observable market curves and forward exchange rates at reporting date with the resulting value discounted back to present value
- Level 3 (unobservable inputs): underlying assets' significant inputs are not available from observable market data

The Group's financial instruments were grouped as below:

Financial instruments	30 June 2023				31 December 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial assets at FVTPL:								
-Trading securities	40	-	-	40	34	-	-	34
-Unquoted securities	-	-	7,279	7,279	-	-	5,758	5,758
-Non-hedging derivatives	-	2,311	-	2,311	-	2,311	-	2,311
-Derivative used for hedging	-	109,018	-	109,018	-	38,565	-	38,565
Financial assets at FVTOCI ¹ :								
-Equity securities	-	-	198,700	198,700	-	-	179,180	179,180
Assets at FVTPL:								
-Other receivables	-	-	83,474	83,474	-	-	447,010	447,010
Liabilities								
Financial liabilities at FVTPL:								
-Derivatives used for hedging	-	(47,169)	-	(47,169)	-	(186,642)	-	(186,642)
Total	40	64,160	289,453	353,653	34	(145,766)	631,948	486,216

¹ Fair value of these instruments are obtained mainly from independent valuations.



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA SECURITIES**

1. Review of Performance

(a) Quarter-on-Quarter (Q2'23 vs Q2'22)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/06/2023	30/06/2022		
	RM'million	RM'million	RM'million	%
Continuing operations				
Revenue	5,994.5	5,197.6	796.9	15.3
EBITDA	2,728.8	2,329.7	399.1	17.1
EBIT ¹	31.7	703.2	(671.5)	-95.5
PAT ²	(1,123.8)	(307.2)	(816.6)	->100
PATAMI ³	(978.2)	(394.5)	(583.7)	->100
Discontinued operations				
PAT	402.0	293.8	108.2	36.8
PATAMI	402.0	288.1	113.9	39.5
Total⁴				
PAT	(721.8)	(13.4)	(708.4)	->100
PATAMI	(576.2)	(106.4)	(469.8)	->100

¹ EBIT : Earnings before interest and tax

² PAT : Profit after tax

³ PATAMI : Profit after tax and minority interest

⁴ Total : Continuing operations + Discontinued operations

Group Performance

Compared to the preceding year's corresponding quarter (Q2'23 vs Q2'22), Group revenue for **continuing operations** grew by 15.3% to RM5,994.5 million mainly contributed by all Operating Companies ("OpCos") except mobile operations in Nepal and digital business (ADA). Consequently, Group EBITDA grew by 17.1% to RM2,728.8 million. Group EBIT fell by 95.5% to RM31.7 million, impacted by higher depreciation and amortisation and impairment of assets for mobile operations in Nepal amounting to RM702.6 million (PAT: RM491.8 million; PATAMI: RM393.5 million). At constant currency of Q2'22, revenue and EBITDA would have increased by 16.4% and 19.3% respectively, while EBIT would have decreased by 92.4%.



AXIATA GROUP BERHAD
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1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q2'23 vs Q2'22) (continued)

Group Performance (continued)

Group PAT and PATAMI for **continuing operations** both decreased by more than 100% to a loss of RM1,123.8 million and a loss of RM978.2 million respectively, mainly impacted by higher depreciation and amortisation, impairment of assets for mobile operations in Nepal, write-off of CGT related receivables of RM396.1 million (PATAMI: RM316.9 million) following the unfavourable outcome of the BIT Arbitration proceedings in June 2023 and higher finance costs, partially cushioned by higher top lines, lower foreign exchange losses, share of profits from associates mainly from CelcomDigi Berhad and lower taxes.

Following the completion of the merger between Celcom and Digi on 30 November 2022, the Group's share of the financial results of CelcomDigi Berhad is recorded under continuing operations from 1 December 2022 onwards, while Celcom's financial results prior to 1 December 2022 is presented as discontinued operations. The PAT and PATAMI contribution from discontinued operations for Q2'23 is driven by additional gain on disposal of Celcom amounting to RM402.0 million following the completion of final closing adjustments.

Geographical Highlights

- **Indonesia:** Revenue increased by 14.0% to RM2,492.7 million, mainly due to higher prepaid data and digital advertising revenue following contract renegotiation with ADA. EBITDA grew by 16.7% to RM1,236.7 million, flow through from higher revenue. PAT increased by 4.6% to RM138.0 million, driven by higher top lines, partially offset by higher depreciation and amortisation, finance costs, taxes and share of losses from associates.
- **Bangladesh:** Revenue grew by 4.0% to RM1,074.3 million, mainly driven by higher data revenue from prepaid business. EBITDA fell by 5.3% to RM447.9 million, impacted by higher operating costs. PAT increased by more than 100% to RM10.4 million, mainly due to lower foreign exchange losses, partially offset by lower EBITDA, higher depreciation and amortisation, finance costs and taxes.
- **Sri Lanka:** Revenue increased by 25.6% to RM698.0 million, mainly due to higher hubbing and data revenue. EBITDA grew by 35.4% to RM205.3 million, flow through from higher revenue. PAT increased by more than 100% to RM51.2 million, mainly due to higher top lines, lower taxes as there was one-off surcharge tax in Q2'22, foreign exchange gains of RM56.0 million as opposed to foreign exchange losses of RM155.7 million in Q2'22 resulting from USD denominated loans and liabilities, partially offset by higher depreciation and amortisation and finance costs.
- **Nepal:** Revenue fell by 10.0% to RM328.8 million due to lower prepaid voice revenue impacted by downward revision in interconnect rates. EBITDA declined by 16.1% to RM157.5 million, flow through from lower revenue. PAT declined by more than 100% to a loss of RM22.0 million, impacted by lower top lines, foreign exchange losses as opposed to foreign exchange gains in Q2'22, higher taxes, and higher finance costs, partially cushioned by lower depreciation and amortisation.



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1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q2'23 vs Q2'22) (continued)

Group Performance (Continued)

- **Cambodia:** Revenue increased by 6.9% to RM420.7 million, driven by higher data revenue from growth in prepaid business and higher wholesale revenue. EBITDA fell by 2.7% to RM204.8 million, impacted by higher operating costs. PAT increased by 14.3% to RM97.0 million, resulting from reversal of write-off on assets, share of profits from associates as opposed to share of losses in Q2'22, and finance income as opposed to finance costs in Q2'22, partially offset by lower EBITDA, higher depreciation and amortisation and foreign exchange losses.
- **Fixed Broadband (Indonesia):** The acquisition of Link Net was completed in June'22, with financial results consolidated from Q3'22 onwards. Contribution of revenue, EBITDA and PAT for Q2'23 are RM299.7 million, RM146.6 million, and a loss of RM21.1 million respectively.
- **Infrastructure:** Revenue increased by 11.1% to RM684.5 million from organic growth mainly from Bangladesh and contribution from new acquisition of towers. EBITDA grew by 12.0% to RM479.7 million, mainly flow through from higher revenue, partially offset by higher operating costs. PAT declined by more than 100% to a loss of RM98.7 million, impacted by higher depreciation and amortisation, foreign exchange losses from USD denominated loans and working capital, additional provision for previous year taxes amounting to RM36.0 million following enactment of Income Tax Act 2023 in Bangladesh, effective retrospectively from 2022, and higher finance costs, partially cushioned by higher top lines.
- **Digital (ADA):** Revenue decreased by 6.5% to RM206.0 million, primarily due to lower revenue share following contract renegotiation with XL. EBITDA fell by more than 100% to a loss of RM4.4 million, mainly flow through from lower revenue coupled with provision for minimum guarantee shortfall to a related key client. PAT declined by more than 100% to a loss of RM1.0 million, impacted by lower top lines, partially cushioned by lower depreciation and amortisation, higher finance income and lower taxes.
- **Digital (Boost):** Revenue grew by 94.6% to RM29.6 million, driven by monetisation of marketing assets and higher interest income from loan disbursements. EBITDA grew by 3.7% to a loss of RM46.5 million, flow through from higher revenue, partially offset by higher operating costs. PAT declined by 5.5% to a loss of RM56.3 million, impacted higher depreciation and amortisation and higher finance costs, partially cushioned by higher top lines.



AXIATA GROUP BERHAD
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1. **Review of Performance (continued)**

(b) **Year-on-Year (YTD'23 vs YTD'22)**

	Current Year to Date	Preceding Year Corresponding Period	Variance	
	30/06/2023	30/06/2022		
	RM'million	RM'million	RM'million	%
Continuing operations				
Revenue	11,373.2	10,181.5	1,191.7	11.7
EBITDA	5,145.5	4,576.0	569.5	12.4
EBIT	635.5	1,341.1	(705.6)	-52.6
PAT	(981.9)	(577.2)	(404.7)	-70.1
PATAMI	(904.4)	(696.1)	(208.3)	-29.9
Discontinued operations				
PAT	402.0	554.5	(152.5)	-27.5
PATAMI	402.0	546.7	(144.7)	-26.5
Total				
PAT	(579.9)	(22.6)	(557.3)	->100
PATAMI	(502.4)	(149.4)	(353.0)	->100

Group Performance

The Group's **continuing operations** recorded a total revenue of RM11,373.2 million for YTD'23, representing an 11.7% increase compared to the preceding year's corresponding period, with growth across all OpCos except mobile operations in Nepal and digital business (ADA). Consequently, Group EBITDA increased by 12.4% to RM5,145.5 million. Group EBIT fell by RM705.6 million, impacted by higher depreciation and amortisation and impairment of assets for mobile operations in Nepal amounting to RM702.6 million (PAT: RM491.8 million; PATAMI: RM393.5 million). At constant currency of YTD'22, revenue and EBITDA would have increased by 17.9% and 18.0% respectively, while EBIT would have decreased by 46.6%.

Group PAT and PATAMI for **continuing operations** fell by 70.1% and 29.9% to a loss of RM981.9 million and RM904.4 million respectively, impacted by higher depreciation and amortisation, impairment of assets for mobile operations in Nepal, higher finance costs, and write-off of CGT related receivables of RM396.1 million (PATAMI: RM316.9 million) following the unfavourable outcome of the BIT Arbitration proceedings in June 2023. This is partially cushioned by higher top lines, significantly lower foreign exchange losses, share of profits from associates mainly from CelcomDigi Berhad and lower taxes.



AXIATA GROUP BERHAD
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1. Review of Performance (continued)

(b) Year-on-Year (YTD'23 vs YTD'22) (continued)

Group Performance (continued)

Following the completion of the merger between Celcom and Digi on 30 November 2022, The Group's share of the financial results of CelcomDigi Berhad is recorded under continuing operations from 1 December 2022 onwards, while Celcom's financial results prior to 1 December 2022 is presented as discontinued operations. The PAT and PATAMI contribution from **discontinued operations** for YTD'23 is driven by additional gain on disposal of Celcom amounting to RM402.0 million following the completion of final closing adjustments.

Geographical Highlights

- **Indonesia:** Revenue increased by 12.3% to RM4,666.3 million mainly due to higher prepaid data revenue, growth in digital advertising business and higher managed service revenue. Consequently, EBITDA grew by 14.2% to RM2,275.3 million. PAT grew by 8.5% to RM199.6 million, driven by higher top lines and foreign exchange gains as opposed to foreign exchange losses in YTD'22, partially offset by higher depreciation and amortisation, finance costs, share of losses from associates and taxes.
- **Bangladesh:** Revenue rose by 1.8% to RM2,049.5 million, mainly driven by higher data and voice revenue from growth in prepaid business. EBITDA remained flat at RM880.8 million, impacted by higher operating costs. PAT increased by more than 100% to RM27.8 million, due to lower foreign exchange losses as compared to YTD'22, partially offset by higher finance costs and taxes.
- **Sri Lanka:** Revenue grew by 2.4% to RM1,321.6 million, mainly due to higher data revenue and growth in hubbing business. EBITDA declined by 15.5% to RM367.4 million, impacted by higher operating costs. PAT increased by more than 100% to RM159.4 million, mainly due to foreign exchange gains from USD denominated loans and liabilities as opposed to foreign exchange losses in YTD'22, lower depreciation and amortisation, and lower taxes as there was one-off surcharge tax in YTD'22. This is partially offset by lower EBITDA and higher finance costs.
- **Nepal:** Revenue fell by 9.8% to RM638.8 million mainly due to lower voice revenue impacted by downward revision in interconnect rates, cushioned by higher International Long Distance ("ILD") revenue. EBITDA fell by 14.3% to RM329.8 million, flow through from lower revenue. PAT declined by 87.1% to RM13.9 million due to lower top lines, foreign exchange losses as opposed to foreign exchange gains in YTD'22, higher finance costs and taxes, partially cushioned by lower depreciation and amortisation.
- **Cambodia:** Revenue grew by 7.0% to RM817.6 million, primarily due to higher data revenue from growth in prepaid business coupled with higher international roaming and wholesale revenue. EBITDA grew by 5.9% to RM430.7 million, flow through from higher revenue. PAT grew by 28.0% to RM204.0 million mainly due to higher top lines, share of profits from associates as opposed to share of losses in YTD'22 and reversal of write-off on assets, partially offset by higher depreciation and amortisation.



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1. Review of Performance (continued)

(b) Year-on-Year (YTD'23 vs YTD'22) (continued)

Geographical Highlights (continued)

- **Fixed Broadband (Indonesia):** The acquisition of Link Net was completed in June'22, with financial results consolidated from Q3'22 onwards. Contribution of revenue, EBITDA and PAT for YTD'23 are RM581.3 million, RM268.6 million and a loss of RM38.0 million respectively.
- **Infrastructure:** Revenue increased by 12.6% to RM1,328.6 million from organic growth mainly from Bangladesh and contribution from new acquisition of towers. EBITDA grew by 13.0% to RM927.5 million, flow through from higher revenue. Despite higher top lines, PAT fell by more than 100% to a loss of RM114.5 million, mainly resulting from higher depreciation and amortisation, higher foreign exchange losses from USD denominated loans and working capital, additional provision for previous year taxes amounting to RM36.0 million following enactment of Income Tax Act 2023 in Bangladesh, effective retrospectively from 2022 and higher finance costs, partially cushioned by higher top lines.
- **Digital (ADA):** Revenue decreased by 13.2% to RM355.1 million, primarily due to lower revenue share following contract renegotiation with XL. EBITDA fell by more than 100% to a loss of RM0.4 million, mainly flow through from lower revenue. PAT declined by more than 100% to a loss of RM4.9 million, impacted by lower top lines and lower foreign exchange gains, partially cushioned by higher finance income and lower taxes.
- **Digital (Boost):** Revenue grew by 92.2% to RM60.4 million, driven by monetisation of marketing assets and higher interest income from loan disbursements. EBITDA grew by 2.1% to a loss of RM88.1 million, flow through from higher revenue, partially offset by higher operating costs. PAT declined by 7.0% to a loss of RM109.3 million, impacted higher depreciation and amortisation and higher finance costs, partially cushioned by higher top lines and higher foreign exchange gains.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'23 vs Q1'23)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/06/2023	31/03/2023		
	RM'million	RM'million	RM'million	%
Continuing operations				
Revenue	5,994.5	5,378.7	615.8	11.4
EBITDA	2,728.8	2,416.7	312.1	12.9
EBIT	31.7	603.8	(572.1)	-94.7
PAT	(1,123.8)	141.9	(1,265.7)	->100
PATAMI	(978.2)	73.9	(1,052.1)	->100
Discontinued operations				
PAT	402.0	-	402.0	100
PATAMI	402.0	-	402.0	100
Total				
PAT	(721.8)	141.9	(863.7)	->100
PATAMI	(576.2)	73.9	(650.1)	->100

Group Performance

Compared to the immediate preceding quarter (Q2'23 vs Q1'23), Group revenue **for continuing operations** grew by 11.4% to RM5,994.5 million, driven by higher contribution from all OpCos except digital business (Boost). Consequently, Group EBITDA grew by 12.9% to RM2,728.8 million. Group EBIT decreased by 94.7% to RM31.7 million, impacted by impairment of assets for mobile operations in Nepal amounting to RM702.6 million (PAT: RM491.8 million; PATAMI: RM393.5 million).

Group PAT and PATAMI for **continuing operations** decreased by more than 100% to a loss of RM1,123.8 million and a loss of RM978.2 million respectively, impacted by higher foreign exchange losses of RM297.9 million (unrealised: RM225.4 million) mainly from USD denominated borrowings and working capital, higher depreciation and amortisation, impairment of assets for mobile operations in Nepal, higher finance costs and write-off of CGT related receivables of RM396.1 million (PATAMI: RM316.9 million) following the unfavourable outcome of the BIT Arbitration proceedings in June 2023. This is partially cushioned by higher top lines and lower taxes.



AXIATA GROUP BERHAD
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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'23 vs Q1'23) (continued)

Group Performance (continued)

Following the completion of the merger between Celcom and Digi on 30 November 2022, The Group's share of the financial results of CelcomDigi Berhad is recorded under continuing operations from 1 December 2022 onwards, while Celcom's financial results prior to 1 December 2022 is presented as discontinued operations. The PAT and PATAMI contribution from **discontinued operations** for Q2'23 is driven by additional gain on disposal of Celcom amounting to RM402.0 million following the completion of final closing adjustments.

Geographical Highlights

- **Indonesia:** Revenue grew by 14.7% to RM2,492.7 million, driven by higher prepaid data revenue coupled with higher managed service revenue. EBITDA increased by 19.1% to RM1,236.7 million, flow through from higher revenue. PAT surged by more than 100% to RM138.0 million, driven by higher top lines, partially offset by higher depreciation and amortisation, lower foreign exchange gains, higher finance costs and taxes.
- **Bangladesh:** Revenue increased by 10.2% to RM1,074.3 million, driven by higher data and voice revenue. EBITDA grew by 3.4% to RM447.9 million, flow through from higher revenue, partially offset by higher operating costs. Despite the higher EBITDA, PAT fell by 40.5% to RM10.4 million, impacted by higher depreciation and amortisation due to accelerated depreciation and impairment of assets, partially cushioned by higher top lines and lower foreign exchange losses.
- **Sri Lanka:** Revenue grew by 11.9% to RM698.0 million mainly due to appreciation of the Sri Lankan Rupee ("LKR") against Ringgit Malaysia ("RM"). At constant currency of Q1'23, revenue declined by 4.8%, impacted by lower hubbing and software revenue. EBITDA (in RM) grew by 26.7% to RM205.3 million, flow through from higher revenue. PAT decreased by 52.7% to RM51.2 million, impacted by higher depreciation and amortisation, lower foreign exchange gains, and higher finance costs, partially cushioned by higher top lines.

Sri Lanka's mobile operation represents approximately 4% of the Group's net assets. Sri Lanka is engulfed in an economic and political crisis resulting from the impacts of large sovereign debt repayments, significant tax cuts and COVID-19 collectively depleting the limited foreign reserves of the country. Since the crisis started the LKR has depreciated significantly against the USD. The significant rise in inflation, upward revision of interest rates and higher taxes have resulted in continuous challenges in business operations. Subsequent to Sri Lanka securing the much-awaited International Monetary Fund Extended Fund Facility Agreement in Q1'23, 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 endeavours, the successful completion of same would set Sri Lanka on a sustainable growth path. Dialog is sustaining its operations in this challenging period and will continue to monitor the situation and respond accordingly.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'23 vs Q1'23) (continued)

Geographical Highlights (continued)

- **Nepal:** Revenue grew by 6.1% to RM328.8 million mainly due to higher prepaid and international roaming revenue. EBITDA fell by 8.6% to RM157.5 million, impacted by higher operating costs. PAT declined by more than 100% to a loss of RM22.0 million, due to lower EBITDA, higher finance costs and taxes.
- **Cambodia:** Revenue grew by 6.0% to RM420.7 million due to higher prepaid data revenue. EBITDA fell by 9.4% to RM204.8 million, impacted by higher operating costs as there was one-off reversal of revenue sharing provision in Q1'23. PAT declined by 9.4% to RM97.0 million, mainly due to lower EBITDA and higher foreign exchange losses, partially cushioned by lower taxes and one-off upside from reversal of write-off on assets.
- **Fixed Broadband (Indonesia):** Revenue grew by 6.5% to RM299.7 million, mainly attributed to higher enterprise revenue. EBITDA increased by 20.2% to RM146.6 million, flow through from higher revenue and lower impairment of receivables. PAT fell by 24.4% to a loss of RM21.1 million, impacted by higher depreciation and amortisation, lower foreign exchange gains, higher finance costs and taxes, partially cushioned by higher EBITDA.
- **Infrastructure:** Revenue increased by 6.3% to RM684.5 million, driven by organic growth mainly from Bangladesh and contribution from new acquisition of towers. EBITDA grew by 7.1% to RM479.7 million, flow through from higher revenue. PAT fell by more than 100% to a loss of RM98.7 million, due to higher depreciation and amortisation, foreign exchange losses from USD denominated loans, additional provision for previous year taxes amounting to RM36.0 million following enactment of Income Tax Act 2023 in Bangladesh, effective retrospectively from 2022, and higher finance costs, partially cushioned by higher top lines.

Myanmar is one of the infrastructure segment's operating footprint and it represents approximately 4% of Group's net assets. Since the state of emergency announced on 1 February 2021, the United States, United Kingdom and European Union continue to expand sanctions for companies and individuals with ties to the military. To-date, none of the expanded list include or cause our operation in Myanmar to be in violation to sanctions regulation. The Group is consistently communicating with all stakeholders including its employees, customers and vendors in Myanmar and will continue to closely monitor and assess the business, operational, financial and regulatory compliance risks to mitigate against any potential impact arising from this challenging environment.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'23 vs Q1'23) (continued)

Geographical Highlights (continued)

- **Digital (ADA):** Revenue grew by 38.2% to RM206.0 million, primarily driven by higher customer engagement revenue coupled with higher marketing solutions revenue. EBITDA fell by more than 100% to a loss of RM4.4 million, impacted by higher operating costs and provision for minimum guarantee shortfall to a related key client. PAT increased by 75.1% to a loss of RM1.0 million, due to lower depreciation and amortisation and foreign exchange gains as opposed to foreign exchange losses in Q1'23, partially offset by lower EBITDA.
- **Digital (Boost):** Revenue fell slightly by 3.9% to RM29.6 million due to lower monetisation of marketing assets. EBITDA declined by 12.0% to a loss of RM46.5 million, flow through from lower revenue and higher operating costs. PAT fell by 6.1% to a loss of RM56.3 million, impacted by lower top lines and higher depreciation and amortisation, partially cushioned by higher foreign exchange gains.



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2. Headline Key Performance Indicators (“KPIs”) for the Financial Year Ending 31 December 2023

On 23 February 2023, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2023. The Group’s 2023 Headline KPIs announced were as below:

	FY 2023 Headline KPIs @ Constant rate¹
Revenue Growth ²	Mid single Digit
Earnings before Interest, and Tax (“EBIT”) Growth ³	High single Digit

Notes:

¹ Constant rate is based on FY22 Average Forex Rate (e.g. 1 USD = RM4.397)

² Revenue is based on revenue excluding device

³ Exclude impairment of assets

The Group posted steady operational performance in the first half of financial year ending 31 December 2023 with double digit growth in revenue and EBITDA contributed by all OpCos except ADA and Ncell in Nepal. EBIT however was impacted by impairment of asset for Ncell and higher depreciation and amortisation from EDOTCO and XL, Link Net in Indonesia. PATAMI was further impacted by capital gains tax related receivables write-off for Ncell, cushioned by additional gain on disposal of Celcom as a result of final closing adjustment, lower taxation and lower forex losses.

Year on year (YTD’23 versus YTD’22), XL in Indonesia and Robi in Bangladesh have their performances lifted by favorable industry data growth and ARPU uplift. Amidst the macroeconomic crisis in Sri Lanka, Dialog’s revenue growth remained resilient, whilst profitability was boosted by forex gains from appreciation of the LKR against USD. Ncell in Nepal continues to face challenges as data growth has not been sufficient to offset the declining voice segment, impacted by lower interconnection rate and minutes of usage (MoU). Smart in Cambodia continues to deliver stable profits on the back of margin expansion.

On the digital businesses front, Boost continues to benefit from accelerated digitalisation amongst consumers and businesses from its payment and financing segment; conversely, ADA’s profitability has been impacted by a provision for minimum guarantee to a related key client. EDOTCO continues to record strong topline growth, reaping the benefits from its inorganic ventures in Philippines and Indonesia. Despite continued growth in homes passed, Link Net’s profitability has been impacted by higher churn and cost.

Challenging macro environment persist in frontier markets, whilst Indonesia fixed broadband market offers exciting growth opportunities. On balance, the Board of Directors believe that the Group’s performance for the financial year ending 31 December 2023 to be broadly in line with headline KPIs.



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3. Variance of Actual Profit from Forecast Profit / Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 June 2023.

4. Revenue

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
<u>Disaggregation of revenue from contracts with customers under MFRS 15:</u>				
Goods or services transferred:				
-at a point in time	208,913	285,345	413,942	523,242
-over time	5,353,177	4,513,284	10,143,353	8,948,483
<u>Revenue under other MFRS:</u>				
Lease and services of passive infrastructure	419,368	390,049	789,074	691,359
Financial institution interest income	13,068	8,927	26,873	18,410
	5,994,526	5,197,605	11,373,242	10,181,494

5. Taxation

The taxation charge for the Group comprises:

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Income tax	157,971	176,924	293,267	292,974
Deferred tax	(238,789)	1,387	(246,984)	31,489
Zakat	-	-	-	-
Total taxation and zakat	(80,818)	178,311	46,283	324,463

The current quarter and financial period to date's effective tax rate of the Group are lower than the statutory tax rate mainly due to write-off of CGT related receivable assets and impairment of assets for Nepal CGU together with higher non-deductible expenses incurred.



AXIATA GROUP BERHAD
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6. Status of Corporate Proposals

(a) Proposed Combined Operations of Dialog Axiata Plc (“Dialog”) and Bharti Airtel Lanka (Private) Limited (“Airtel Lanka”)

On 2 May 2023, Dialog, a subsidiary of the Company held via Axiata Investments (Labuan) Limited announced that Dialog, the Company and Bharti Airtel Limited (“Airtel”) have entered into a binding term sheet to combine operations of Airtel Lanka, Airtel’s wholly owned subsidiary with Dialog.

The proposed transaction envisages Airtel being granted a stake in Dialog, representing the fair value of Airtel Lanka. Airtel would accordingly be issued new shares of Dialog upon completion of the transaction.

Discussions with respect to the proposed transaction are ongoing between the parties and also with the relevant regulatory authorities as per applicable laws and regulations. The proposed transaction is subject to signing of definitive agreements and necessary closing conditions including applicable regulatory and shareholder approvals.

Other than the above, there was no other corporate proposal announced but not completed as at 22 August 2023.

7. Group’s Borrowings and Debt Securities

(a) Breakdown of the Group’s borrowings and debt securities were as follows:

	30 June 2023		31 December 2022	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	314,106	4,592,254	361,942	2,677,548
Unsecured	3,461,101	17,674,106	6,726,186	15,669,956
Total	3,775,207	22,266,360	7,088,128	18,347,504

(b) Foreign currency borrowings and debt securities in RM equivalent were as follows:

Foreign Currencies	30 June 2023	31 December 2022
	RM'000	RM'000
USD	15,141,436	14,319,900
IDR	5,012,119	4,864,119
BDT	429,602	378,759
SLR	969,396	231,270
NPR	579,182	652,766
PHP	2,173,154	1,900,965
Others	65,590	80,162
Total	24,370,479	22,427,941



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8. Outstanding Derivatives

(a) The details of the Group's outstanding net derivatives financial instruments set out as follow:

Type of derivative financial instruments	30 June 2023		31 December 2022	
	Notional value	Fair value favourable/ (unfavourable)	Notional value	Fair value favourable/ (unfavourable)
	RM'000	RM'000	RM'000	RM'000
<u>Cross currency interest rate swaps:</u>				
- < 1 year	-	(15,230)	790,200	(12,882)
- > 3 years	4,672,000	47,141	4,390,000	(142,564)
<u>Interest rate swaps:</u>				
- < 1 year	-	360	-	9,940
- 1 - 3 years	794,240	19,300	1,097,500	3,844
<u>Forward:</u>				
- < 1 year	-	217	-	(52)
- 1 - 3 years	373,760	10,061	351,200	(6,363)
<u>Call option:</u>				
- > 3 years	5,466	2,311	5,136	2,311
Total		64,160		(145,766)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2022 Audited Financial Statements.

9. Fair Value Changes of Financial Liabilities

There was no derivative financial instrument which is marked to market as at the date of financial statement position that requires the recognition of fair value changes to the consolidated profit or loss for the current quarter and financial period to date.



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10. Material Litigations

The status of material litigation of the Group is as follows:

(a) Robi Axiata Limited (“Robi”) vs Commissioner of Large Taxpayer Unit (“LTU-VAT”) and Ors. (SIM Replacement Tax)

Robi SIM Replacement Dispute 2007-2011

On 17 May 2015, the LTU-VAT of the National Board of Revenue (“LTU-VAT of the NBR”) issued a revised demand letter for BDT4,145.5 million (RM178.8 million) (“2007 to 2011 Revised Claim”) to Robi alleging that Robi had evaded payment of supplementary duty and 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 the existing subscribers of Robi.

In August 2015, Robi filed an appeal against the 2007 to 2011 Revised Claim to the Customs, Excise and VAT Appellate Tribunal. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. 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.

In September 2017, Robi filed an appeal to the High Court Division against the Customs, Excise and VAT Appellate Tribunal’s decision (“VAT Appeal No.1”). This VAT Appeal No. 1 is currently pending for hearing before the High Court Division.

Robi SIM Replacement Dispute July 2012 to June 2015

On 20 November 2017, the LTU-VAT of the NBR issued a demand letter for BDT2,852.0 million (RM123.0 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 the 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 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal.

Robi then filed an appeal to the High Court Division against the Customs, Excise and VAT Appellate Tribunal’s decision (“VAT Appeal No.2”).



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(a) Robi Axiata Limited (“Robi”) vs Commissioner of Large Taxpayer Unit (“LTU-VAT”) and Ors. (SIM Replacement Tax) (continued)

Robi SIM Replacement Dispute July 2012 to July 2015 (continued)

On 23 November 2020, both VAT Appeal No.1 and VAT Appeal No.2 pending in the High Court Division were fixed for hearing whereupon the High Court Division ordered parties to file the remaining paper books.

On 3 December 2020, the High Court Division took the view that Robi needed to file a revision application for the VAT Appeal No. 2 under the new VAT and Supplementary Duty Act 2012 which became effective on 1 July 2019, and pursuant thereto, to deposit a further 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR.

Robi has filed written arguments against such views on the basis that the new VAT and Supplementary Duty Act 2012 is not applicable. This legal point was heard on 2 March 2021 in which the High Court Division dismissed Robi’s argument and advised Robi to file a revision application under the new VAT and Supplementary Duty Act 2012, to which Robi had on 23 March 2021 filed the Civil Miscellaneous Petition for Leave to Appeal (“CMP”) before the Appellate Division contending the dismissal. Pending the hearing of the CMP by the Appellate Division, the High Court Division 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.

(b) Robi vs LTU-VAT of the NBR (VAT Audit)

The LTU-VAT of the NBR issued 5 show cause cum demand notices to Robi for a total amount of BDT9,245.0 million (RM398.8 million). Robi filed writ petitions for judicial review on 3 May 2018 to challenge these claims. The details are as below. The LTU-VAT of the NBR referred the matter to the Directorate General of Audit Intelligence and Investigation (“DGAI”) to re-examine the claims and as such, Robi is not pursuing the Writ Petitions.

- (i) the first show cause cum demand notice for BDT7,118.2 million (RM307.1 million) was issued based on the credit balance of VAT payable General Ledger (“GL”) and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, the LTU-VAT of the NBR asked for month-on-month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The LTU-VAT of the NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents or explanation submitted by Robi.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Robi vs LTU-VAT of the NBR (VAT Audit) (continued)

- (ii) the second show cause cum demand notice for BDT910.5 million (RM39.3 million) alleges unpaid VAT on merger and spectrum fee. The LTU-VAT of the NBR which collected merger fee/spectrum information from the Bangladesh Telecommunication Regulatory Commission ("BTRC") in relation to merger directly, thereafter arbitrarily calculated VAT without considering Robi's documents and information regarding actual payment to BTRC. This issue has already been covered in item (i), nevertheless the LTU-VAT of the NBR still arbitrarily made the same claim separately.
- (iii) the third show cause cum demand notice for BDT16.5 million (RM0.7 million) is to claim that VAT is payable on interconnection charges from Bangladesh Telecommunications Limited ("BTCL") for 2012. The output VAT for BTCL service to customer is centrally collected by the LTU-VAT of the NBR and that BTCL cannot adjust input VAT on interconnection charges payable to Robi. Therefore, BTCL did not pay the VAT on same to Robi. This issue has already been covered in item (i), nonetheless the LTU-VAT of the NBR still arbitrarily made the same claim separately.
- (iv) the fourth show cause cum demand notice for BDT35.7 million (RM1.5 million) is to claim that VAT is payable on interconnection charges from BTCL for 2013 to 2016 (the issue is same as item (iii) of this case but relating to different period (2013-2016)).
- (v) the fifth show cause cum demand notice for BDT1,164.1 million (RM50.2 million) is for VAT rebate cancellation on imported telecom items. The LTU-VAT of the NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Pursuant to re-examinations of the aforementioned demand notices by the DGAI, the LTU-VAT of the NBR issued 4 new show cause notices dated 22 March 2020 to Robi on the cumulative amount of BDT7,459.5 million (RM321.8 million) for the period of January 2013 to December 2016, details of which are set out as follows:

- (i) the first show cause notice is on BDT3,676.0 million (RM158.6 million) in relation to VAT deducted at source on grounds of (I) withholding VAT on handsets; (II) withholding VAT on dealer's commission; (III) withholding VAT not paid on revenue sharing on the basis of audited financial statements; (IV) less withholding VAT paid on the basis of audited accounts etc.
- (ii) the second show cause is on BDT394.3 million (RM17.0 million) in relation to VAT of BDT368.6 million (RM15.9 million) and supplementary duty payment of BDT25.7 million (RM1.1 million) based on Robi's audited financial statements.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Robi vs LTU-VAT of the NBR (VAT Audit) (continued)

- (iii) the third show cause notice is on BDT1,308.0 million (RM56.4 million) in relation to VAT on revenue sharing.
- (iv) the fourth show cause notice is on BDT2,081.2 million (RM89.8 million) in relation to VAT rebate cancellation.

Robi has filed writ petitions for judicial review on 27 June 2020 to the High Court Division against these four (4) new show-cause notices. The High Court Division subsequently issued a rule nisi in favour of Robi on 31 August 2020 and the rule nisi is pending for hearing.

(c) Robi vs BTRC

The BTRC conducted an audit on Robi's information system for the years between 1997 to 2014 and issued a claim of BDT8,672.4 million (RM374.1 million) against Robi on 31 July 2018 ("Information System Audit Claim"). This Information System Audit Claim is 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, the 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 operation 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 referred an appeal before the High Court Division in respect of the rejection of temporary injunction application on 5 September 2019.

On 5 January 2020, the High Court Division issued an injunction upon BTRC on condition that Robi deposit BDT1,380.0 million (RM69.0 million) in five installments. Robi has deposited these five equal installments as of 31 May 2020. This matter is currently pending for hearing before the Joint District Judge in Dhaka.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(d) Robi vs LTU-VAT of the NBR (VAT Rebate Cancellation)

For the period of 2010 to 2016, Robi claimed rebate for input VAT payable on certain services and goods related 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 cancelled the rebates and issued the following demand notices cumulatively for BDT3,636.2 million (RM156.7 million) to which Robi is challenging:

- (i) the demand notice for the period of March 2012 to April 2013 is for BDT830.6 million (RM35.8 million).
- (ii) the demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM25.7 million).
- (iii) the demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM42.8 million).
- (iv) the demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM1.8 million).
- (v) the demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM30.5 million).
- (vi) the demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM20.1 million).

Robi filed VAT appeals to the High Court Division on 26 August 2013 for item (i), 21 January 2019 for items (ii) to (v), and on 1 June 2020 for item (vi). For item (i), Robi paid the amount in full. For items (ii) to (vi), Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on the provisions of the VAT Act 1991.

All the cases are currently pending for hearing before the High Court Division.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(e) Robi vs The Commissioner of Taxes

The Commissioner of Taxes assessed the income tax return of Robi and disallowed certain losses and expenses (i.e. subsidy on acquisition expenses/promotional expense (SIM tax subsidy), foreign exchange losses, non-adjustment of depreciation allowances, etc.) and further determined the income tax payable as follows:

- (i) for the assessment year 2013-2014, BDT2,273.6 million (RM98.1 million) and interest of BDT378.2 million (RM16.3 million);
- (ii) for the assessment year 2014-2015, BDT2,246.3 million (RM96.9 million) and interest of BDT414.4 million (RM17.9 million); and
- (iii) for the assessment year 2015-2016, BDT2,263.2 million (RM97.6 million) and interest of BDT295.3 million (RM12.7 million).

Robi has referred its appeals to the High Court Division against the Commissioner of Taxes' respective determination and such appeals are pending hearing before the High Court Division.

(f) Mahtab Uddin Ahmed vs Robi and 4 Others

Former managing director and chief executive officer of Robi, Mahtab Uddin Ahmed ("MUA") filed a civil suit 22 August 2022, being Title Suit 568 of 2022 (the "Suit") against Robi and four (4) others, before the 1st Court of Joint District Judge, Dhaka. MUA is claiming BDT2,270.2 million (RM97.9 million) in retirement benefits and compensation, allegedly owed to MUA. The case is currently pending before the Court.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(g) Dialog Broadband Networks (Private) Limited (Amalgamated with Suntel Limited) (“DBN”) vs Electroteks Network Services (Private) Limited (“Electroteks”)

On 20 November 2001, DBN initiated a claim against Electroteks for SLR68.8 million (RM1.0 million) to recover an outstanding amount due for the provision of telecommunication facilities. This claim has concluded and is currently at execution stage.

On 30 May 2002, Electroteks filed a counterclaim for SLR4,200.0 million (RM63.7 million) together with the interest thereon and it was allowed by the court (“Counterclaim Judgment”). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for SLR1,000.0 million (RM15.2 million) and a corporate guarantee for SLR3,200.0 million (RM48.5 million) to stay execution of the Counterclaim Judgment.

Parties filed written submissions on 30 November 2016. The Judgment was delivered by the Supreme Court of Sri Lanka on 14 December 2018 allowing the appeal of DBN and setting aside the Judgment of the Commercial High Court. Principal sum with the legal interest as at 14 December 2018 is SLR11,608.9 million (RM176.0 million).

Electroteks has filed a revision application in the Supreme Court of Sri Lanka under Case Number SC/MISC/3/2019 against the Judgment delivered by the Supreme Court of Sri Lanka and the matter came up for support on 17 May 2019. On that date, the Presiding Judge of the Supreme Court bench referred the matter to be mentioned on 12 June 2019 before a bench comprising the judges who delivered the Judgment. However, when the matter came up on 12 June 2019, no direction was made by the Supreme Court.

The matter was supported on 14 September 2020. On 19 May 2023, the Supreme Court delivered an order dismissing the petition filed by Electroteks and affirmed the previous Judgment in favour of Dialog.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(h) Axiata Investments (UK) Limited (“Axiata UK”) and Ncell Axiata Limited (“Ncell”) vs Nepal (ICSID Case No. ARB19/15) - Arbitration of Axiata UK and Ncell vs Nepal

On 16 April 2019, the Large Taxpayer Office of Nepal (“LTPO”) issued demand letter for Ncell to pay NPR39,060.7 million (RM1,390.4 million) in allegedly outstanding capital gains tax (“CGT”) (including interest and penalties) in connection with Axiata UK’s acquisition of 100.0% of the share of Reynolds Holding Limited (“Reynolds”), which owns 80.0% of the shares of Ncell (“Transaction”) with such payment to be made within seven days.

Axiata UK and Ncell have filed a Request for Arbitration (“Request”) with the International Centre for the Settlement of Investment Disputes (“ICSID”) pursuant to the Agreement dated 2 March 1993 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Nepal for the Promotion and Protection of Investments (“Bilateral Investment Treaty”).

Axiata UK and Ncell’s claims as set out in the Request relate to Nepal’s conduct in contravention of its international law obligations under the Bilateral Investment Treaty on the Transaction.

Axiata UK and Ncell dispute the entirety of the CGT allegedly payable by Ncell in connection with the Transaction and will argue, among other things, that the imposition of CGT by Nepal in relation to the Transaction is unlawful. Axiata UK and Ncell will seek remedies including restitution of sums already paid, a permanent injunction against further attempts to collect CGT from Ncell in connection with the Transaction and damages for all losses suffered in consequence of Nepal’s unlawful conduct. Ncell has paid a total of NPR47,009.9 million (RM1,778.9 million) in alleged outstanding CGT.

Pursuant to the ICSID, Axiata UK and Ncell appointed Albert Jan van den Berg (Dutch) on 23 July 2019 as their chosen arbitrator. The arbitration tribunal (“Tribunal”) was fully constituted on 18 October 2019, the other members being Paul Friedland (American) and Professor Joongi Kim (Korean, presiding arbitrator).

On 18 December 2019, the Tribunal granted Axiata UK and Ncell’s application for provisional measures in large part and ordered that Nepal, its organs, agencies and officials, including the LTPO and the IRD, immediately be restrained from:

- (i) taking any steps to enforce or otherwise give effect to the demand letter served by the LTPO against Ncell dated 6 December 2019 in which the LTPO demanded that Ncell pay NPR22,445.1 million (RM799.0 million) in allegedly outstanding CGT (including interest and penalties) in connection with the Transaction; and
- (ii) taking any steps which would alter the status quo between Axiata UK, Ncell and Nepal or aggravate the present dispute (together, the “Provisional Measures Order”).



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(h) Axiata Investments (UK) Limited (“Axiata UK”) and Ncell Axiata Limited (“Ncell”) vs Nepal (ICSID Case No. ARB19/15) - Arbitration of Axiata UK and Ncell vs Nepal (continued)

A merits hearing was originally scheduled to take place in two (and potentially three) sessions. The first session was scheduled for 29 November 2021 to 3 December 2021, with the second session to take place on 11-16 April 2022, and with 4-5 July 2022 in reserve. However, by a decision of 28 November 2021, the Tribunal postponed the November/December 2021 session of the hearing due to the emergency hospitalisation of one of Nepal’s lawyers.

By Procedural Order No. 9 dated 3 December 2021, the Tribunal ordered that the hearing be deferred to 11-22 April 2022, with 4-5 July 2022 in reserve. The hearing was concluded on 22 April 2022 and the Tribunal declared the proceedings closed on 21 March 2023.

On 9 June 2023, the Tribunal rendered an Award dismissing the claims made by Axiata UK and Ncell (the "Award"). Nepal has also been ordered to pay certain sums to Axiata UK and Ncell. No sums are payable by Axiata UK or Ncell under the Award.

The Tribunal has indicated in the Award that Nepal should refrain from demanding any further tax, fees, penalties or interest in relation to the Transaction.

(i) Amended assessment notice by LTPO of Nepal on income tax return filed by Ncell for fiscal year 2015 to 2016

On 25 December 2020, the LTPO issued a notice (“Reassessment Notice”) under section 101(6) of the ITA to amend its earlier tax assessment of the income tax return filed by Ncell for the fiscal year of 2015 to 2016, being the fiscal year when the Transaction took place.

The LTPO had reassessed Ncell’s income tax return for the fiscal year of 2015 to 2016 and determined that based on section 57 of the ITA, Ncell’s taxable income for such fiscal year is now NPR127,827.6 million (RM4,550.1 million). Ncell responded to the Reassessment Notice on 12 January 2021 disagreeing, among other things, with the applicability of the assessment and the method used by LTPO to make the assessment.

Ncell has filed a writ petition (“First Writ”) against LTPO and related government agencies. On 13 January 2021, Ncell obtained an order from the Supreme Court (“SC”) that all decisions and proceedings in relation to the Reassessment Notice be stayed until the matter is heard by the SC. On 14 January 2021, the Tribunal also issued its procedural order recording the undertaking given by Nepal and its organs and agencies will not take any measures against Ncell in relation to the section 57 demand and the Transaction.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(i) Amended assessment notice by LTPO of Nepal on income tax return filed by Ncell for fiscal year 2015 to 2016 (continued)

Notwithstanding the order from the SC, LTPO had on the same day issued a further notice ("Demand Notice") under section 102 of the ITA for additional tax liability of NPR57,852.3 million (RM2,059.3 million). Ncell has filed another writ petition ("Second Writ") to dispute the Demand Notice as the remedies sought in the First Writ have been rendered inapplicable by the Demand Notice. On 7 February 2021, the SC issued an interim order directing the respondents in the Second Writ not to execute the Demand Notice and not to withhold any benefits or facilities that Ncell is legally entitled to.

The hearing which was originally scheduled to take place on 2 November 2021 has been postponed by the SC a few times and recently to 3 October 2023.

(j) Ncell Employee Trade Union ("NETU") vs Ncell

On 13 January 2020, NETU filed an application at the Labour and Employment Office of Nepal ("LO") claiming that the calculation of bonus by Ncell is in contrary to the provisions of the Bonus Act, 2030. On 4 September 2022, the LO rejected NETU's claim on the computation of bonus based on taxable income determined by Nepal's Tax Authority.

NETU subsequently filed an appeal at the Labour Court of Nepal ("LC") challenging the decision of the LO on 31 October 2022. Pursuant to the order of the LC dated 15 February 2023, the LTPO submitted Ncell's taxable income for FY 2012/13 to FY 2016/17. Both NETU and Ncell proceeded to submit their respective pleading notes.

Based on the information provided by LTPO, NETU has calculated the shortfall bonus as the difference between the Ncell's self-assessed income and income assessed by the LTPO which amounts to approximately NPR8,751.2 million (RM311.5 million).

On 3 August 2023, LC had ordered Ncell to submit copies of its financial statements by 29 August 2023. Following the submission of the financial statements, the LC will provide a hearing date.



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11. Other Disclosure Requirements under Appendix 9B of the Main LR

Other than those items disclosed in the statements of comprehensive income and notes in Part A of this announcement, there are no material impairment of inventories, gains/loss on disposal of investments, properties and assets during the current quarter and financial period to date.

12. Earnings Per Share (“EPS”)

(a) Basic EPS

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
(Loss)/Profit attributable to owners of the Company (RM'000)				
- continuing operations	(978,214)	(394,475)	(904,364)	(696,066)
- discontinued operations	402,000	288,095	402,000	546,713
	(576,214)	(106,380)	(502,364)	(149,353)
Adjusted weighted average number of ordinary shares in issue ('000)	9,178,952	9,176,804	9,178,298	9,176,051
Basic EPS (sen):				
- continuing operations	(10.7)	(4.3)	(9.9)	(7.6)
- discontinued operations	4.4	3.1	4.4	6.0
	(6.3)	(1.2)	(5.5)	(1.6)

Basic EPS of the Group was calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the current quarter and financial period to date.



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12. Earnings Per Share (“EPS”) (continued)

(b) Diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
(Loss)/Profit attributable to owners of the Company (RM'000)				
- continuing operations	(978,214)	(394,475)	(904,364)	(696,066)
- discontinued operations	402,000	288,095	402,000	546,713
	(576,214)	(106,380)	(502,364)	(149,353)
Weighted average number of ordinary shares in issue ('000)	9,178,952	9,176,804	9,178,298	9,176,051
Adjusted for diluted effect of Axiata PBLTIP ('000)	6,403	7,933	6,775	7,742
Adjusted weighted average number of ordinary shares ('000)	9,185,355	9,184,737	9,185,073	9,183,793
Diluted EPS (sen):				
- continuing operations	(10.7)	(4.3)	(9.9)	(7.6)
- discontinued operations	4.4	3.1	4.4	6.0
	(6.3)	(1.2)	(5.5)	(1.6)



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13. Analysis of Consolidated Profit and Loss

The consolidated profit and loss of the Group for the comparative financial period ended 30 June 2022 is re-presented in a combined format of continuing and discontinued operations for reference purposes:

	2 nd Quarter Ended			Financial Period Ended		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,197,605	1,506,652	6,704,257	10,181,494	2,992,714	13,174,208
Operating costs:						
- depreciation, impairment and amortisation	(1,626,464)	(252,913)	(1,879,377)	(3,234,816)	(505,104)	(3,739,920)
- foreign exchange (losses)/gains	(175,938)	539	(175,399)	(417,125)	499	(416,626)
- domestic interconnect, international outpayment and other direct costs	(460,123)	(78,390)	(538,513)	(909,987)	(153,895)	(1,063,882)
- marketing, advertising and promotion	(449,120)	(85,044)	(534,164)	(925,570)	(145,942)	(1,071,512)
- other operating costs	(1,548,441)	(540,824)	(2,089,265)	(2,965,779)	(1,106,999)	(4,072,778)
- staff costs	(395,351)	(147,860)	(543,211)	(770,242)	(272,418)	(1,042,660)
- (reversal of)/provision for impairment on financial assets, net	(14,900)	26,432	11,532	(33,964)	19,688	(14,276)
Other gains/(losses) - net	8,756	-	8,756	20,268	(2)	20,266
Other (expense)/income - net	(2,400)	24,999	22,599	27,781	40,851	68,632
	<u>533,624</u>	<u>453,591</u>	<u>987,215</u>	<u>972,060</u>	<u>869,392</u>	<u>1,841,452</u>
Finance income	51,611	(7,890)	43,721	96,447	(15,991)	80,456
Finance costs	(400,709)	(34,246)	(434,955)	(769,400)	(68,815)	(838,215)
Foreign exchange losses on financing activities	(300,255)	-	(300,255)	(535,912)	-	(535,912)
	<u>(700,964)</u>	<u>(34,246)</u>	<u>(735,210)</u>	<u>(1,305,312)</u>	<u>(68,815)</u>	<u>(1,374,127)</u>
Joint ventures						
- share of results (net of tax)	(2,334)	-	(2,334)	(4,320)	-	(4,320)
Associates						
- share of results (net of tax)	(10,780)	4,137	(6,643)	(11,579)	8,087	(3,492)
(Loss)/Profit before taxation	<u>(128,843)</u>	<u>415,592</u>	<u>286,749</u>	<u>(252,704)</u>	<u>792,673</u>	<u>539,969</u>
Taxation	(178,311)	(121,789)	(300,100)	(324,463)	(238,148)	(562,611)
(Loss)/Profit for the financial period	<u>(307,154)</u>	<u>293,803</u>	<u>(13,351)</u>	<u>(577,167)</u>	<u>554,525</u>	<u>(22,642)</u>
(Loss)/Profit for the financial period attributable to:						
- owners of the company	(394,475)	288,095	(106,380)	(696,066)	546,713	(149,353)
- non-controlling interests	87,321	5,708	93,029	118,899	7,812	126,711
	<u>(307,154)</u>	<u>293,803</u>	<u>(13,351)</u>	<u>(577,167)</u>	<u>554,525</u>	<u>(22,642)</u>



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

14. Qualification of Preceding Audited Financial Statements

The 2022 Audited Financial Statements were not subject to any qualification.

15. Dividend Proposed

The Board of Directors have resolved a tax exempt dividend under single tier system of 5.0 sen per ordinary share of the Company for the current quarter under review in respect of financial year ending 31 December 2023 (30 June 2022: nil).

The details of entitlement and payment date of the above said dividend will be determined and announced in due course.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
29 August 2023