



Advancing & Inspiring Society

INTEGRATED ANNUAL REPORT 2023



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Scan this QR Code to download our digital Integrated Annual Report 2023 online

Chair of the Board's Statement

Realising the full potential from one of Southeast Asia's telco mega-mergers



>>p.18

Chief Executive Officer's Review

Delivering a solid first year of financial, operational, and integration performance



>>p.20

About This Report

We are pleased to present CelcomDigi Berhad's Integrated Annual Report (IAR) for the financial year 2023 prepared in accordance with the IFRS Integrated Reporting Framework, and other established reporting frameworks and disclosure requirements. This IAR serves as our communication to our stakeholders on how we utilise our resources to manage our risks and opportunities. The report covers all business activities of CelcomDigi in 2023, including information pertaining to our financial and non-financial strategic goals, and how we continue to create value for our brand, business, and stakeholders.

SCOPE AND REPORTING BOUNDARIES

The scope of this IAR covers the financial year from 1 January 2023 to 31 December 2023 (FY2023) unless otherwise stated, and encompasses all business operations of CelcomDigi Berhad ('CelcomDigi' or 'the Group') including all our subsidiaries.

Sustainability and other non-financial performance only encompass disclosure within wholly-owned subsidiaries of the Group.

No restatements were made unless otherwise stated.

REPORTING FRAMEWORK AND GUIDELINES

This IAR has been prepared with reference to the following established reporting frameworks and disclosure requirements:

- IFRS Integrated Reporting Framework
- Companies Act 2016
- Main Market Listing Requirements of Bursa Malaysia (MMLR)
- Bursa Sustainability Reporting Guide & Toolkits
- Malaysian Code on Corporate Governance (MCCG)
- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)
- Global Reporting Initiative (GRI) Standards
- ISAE 3000 (Revised) – Limited Assurance Engagement
- Task Force on Climate-related Financial Disclosures (TCFD)
- GSMA ESG Metrics for Mobile

MATERIALITY

We adopted a double materiality assessment to evaluate and disclose the impact of CelcomDigi's activities, broadening our perspectives beyond financial implications to include wider economic, social, and environmental impact. Stakeholder inclusiveness was emphasised in the identification and assessment of each matter, besides taking guidance from CelcomDigi's risk assessment parameters and alignment to Bursa Sustainability Reporting Guide and Toolkits, and the Global Reporting Initiative (GRI).

RESPONSIBILITY & ASSURANCE

The Board of Directors (Board) of CelcomDigi has ensured the integrity of this integrated report through governance and effective disclosure controls and procedures. The Reporting Committee, comprising the Chief Executive Officer (CEO), Deputy CEO, Chief Financial Officer, Chief Corporate Affairs Officer, and relevant departments have ensured that the report is compliant with all regulations and reporting frameworks. This report was reviewed and approved by the Board on 15 March 2024.

Our audited financial statements are independently audited and prepared in accordance with the MFRS, IFRS, and the requirements of the Companies Act 2016 in Malaysia. The audited financial statements are disclosed in Section 6 from pages 123 to 226. We have also obtained limited assurance from an independent auditor on selected non-financial indicators. Further details of the independent assurance report can be found on pages 227 to 228.

FORWARD-LOOKING STATEMENTS

The forward-looking statements within this report only provide readers with a potential outlook on our plans. While these statements represent our judgment on future expectations, readers should be aware that any forward-looking statements cannot be deemed to be the guaranteed performances of CelcomDigi, as a number of risks, uncertainties, and other important factors could cause actual results to differ materially from our expectations.

REPORTING SUITES

We are committed to reporting in a transparent and honest manner. To view the full reporting suite, please visit our website at <https://corporate.celcomdigi.com/annualreport>.

- Integrated Annual Report 2023
- Sustainability Webpage and GRI Index
- Corporate Governance Report 2023

About This Report

REPORT NAVIGATION

The following icons help to align our integrated narrative so that readers can get a greater sense of the interconnectivity and inter-relatedness of our business.

Related Reference



Read More

Our Capitals



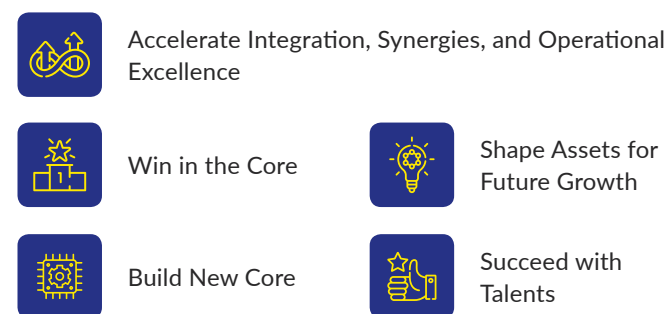
Our Stakeholders



Our Material Matters



Our Corporate Strategy



We Are CelcomDigi

We are driven by our purpose of **Advancing and Inspiring Society** through technology and innovation, with a strong commitment to being an inclusive and responsible business institution.

Today, we serve more than 20 million customers across the nation, leveraging the combined scale, experience, and talents of two homegrown brands: Celcom and Digi. We are full-speed ahead on network integration and modernisation efforts to deliver the widest and fastest 4G and 5G-ready network in the country.

CelcomDigi aspires to be a new innovation icon for Malaysia, and a company that has the scale and resources to be the nation's digital growth engine, to nurture local talents, to develop the local digital ecosystem, to bring the best solutions, offers, and experiences to our customers, and to be a brand that customers can trust and rely on in the age of 'digital-everything'.

We are also well-positioned to drive 5G adoption and solutions, and to leverage the power of artificial intelligence (AI) to develop new growth opportunities for Malaysian businesses, while attracting partnerships with global technology companies to bring new digital innovation to drive the nation's economic growth.



We Are CelcomDigi

Our Purpose

Advancing and Inspiring Society

Our Vision

To Be The Nation's Top Telco-Tech Company

As the largest telco today, we are transforming ourselves beyond core connectivity to offer best-in-class customer experiences. With our wide range of product and service offerings, we are committed to leading in digitalisation and innovation, enabling an inclusive and sustainable digital society.

Our Brand Spirit

Creating A World Inspired By You

We are the #1 enabler of the digital lives of Malaysian consumers, businesses, and society. Expressed through our striking new logomark, our brand embodies three fundamental principles - dynamism, passion for customers, and excellence – key drivers in our mission to find innovative ways to help Malaysians achieve everything they aspire to and are inspired by.

Our Values



Customer Obsessed

We aim to provide outstanding customer experience for more than 20 million Malaysian consumers and business customers by gaining deep insights and understanding of their needs, and delivering the most relevant products and experiences for them.



Performing Relentlessly

We are building a culture of performance excellence, based on a consistent and solid track record of delivering effectively through new ways of working that drive operational efficiency, and a strong belief that together, CDzens are greater than the sum of our parts.



Stronger Together

We draw a richness of perspectives, experiences, and backgrounds from our deep and diverse talent pool, as well as our ability to collaborate and mobilise as one team to drive our purpose and vision and live our brand.

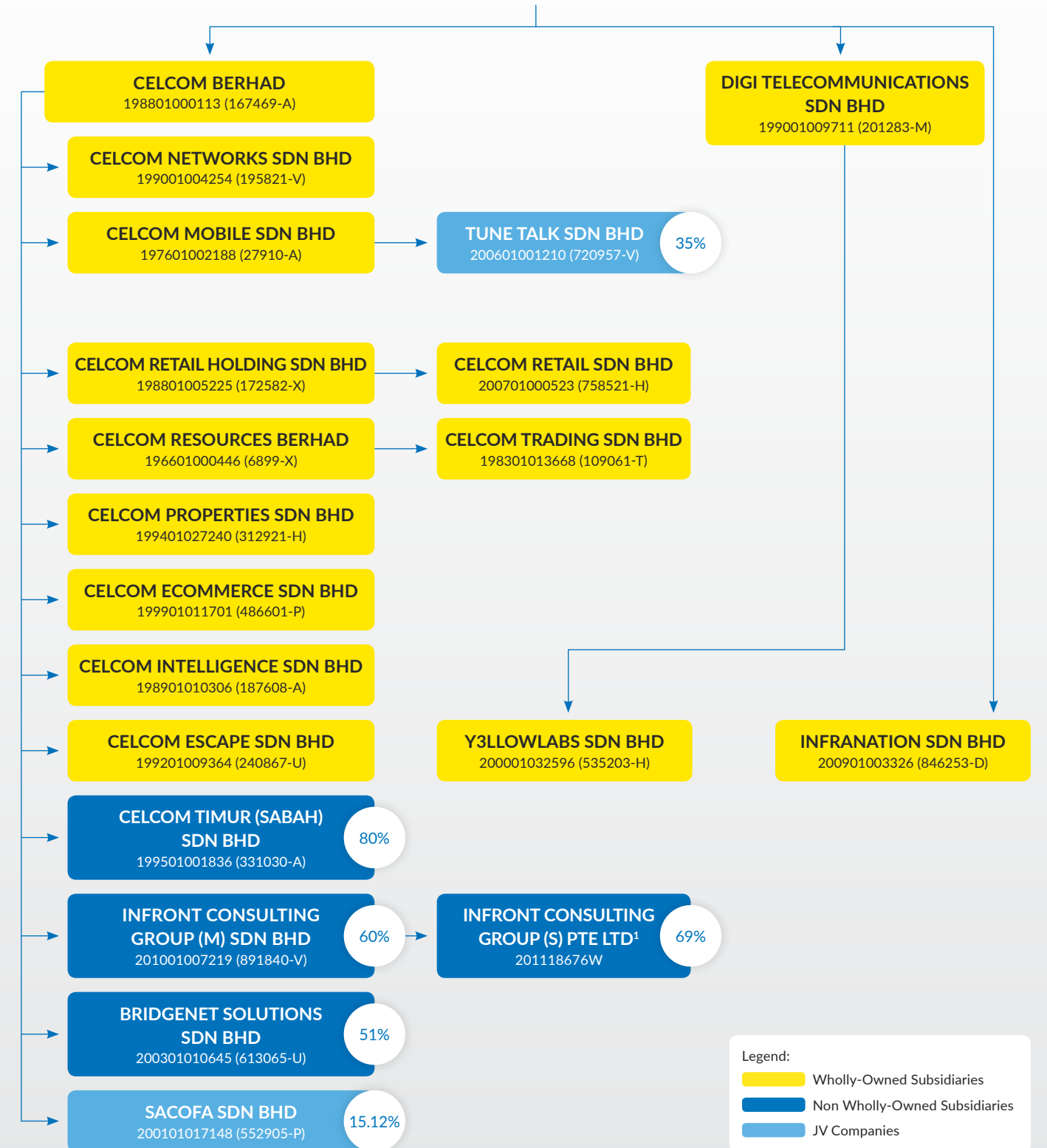


Responsible and Caring

We are deeply committed to being an inclusive and inspiring company that holds to the highest standards of integrity and business conduct. We act responsibly to ensure we create positive impact for the community and for everyone we engage with.



Our Corporate Structure



¹ The subsidiary had been placed under compulsory winding-up after the reporting date

Board of Directors' Profiles



Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz
Chair, Non-Independent Non-Executive Director

53



Meetings attended:
17/17

Date of Appointment:

19 January 2023

Length of Service:

1 year 2 months (as at 15 March 2024)

Career History

Prior to this, Tengku Dato' Sri Azmil Zahrudin served as the Chief Investment Officer at Khazanah Nasional Berhad (Khazanah), overseeing Khazanah's investment portfolio. His tenure at Khazanah included various senior positions, such as Deputy Managing Director and Executive Director of Investments from 2011. Notably, Tengku Azmil held the positions of Managing Director and Chief Executive Officer of Malaysia Airlines, and previously as Executive Director and Chief Financial Officer.

Prior to these roles, he held leadership positions at Penerbangan Malaysia Berhad and gained international experience at PricewaterhouseCoopers in London and Hong Kong. Tengku Azmil also served as Chairman of the UEM Group and Themed Attractions Resorts & Hotels Sdn Bhd, and held directorships in Axiata Group Berhad, IHH Healthcare Berhad, and the Malaysian Global Innovation and Creativity Centre Berhad (MaGIC).

Other Commitments

He is currently a non-executive board member of Sime Darby Berhad. He also sits on the Malaysian Accounting Standards Board.

Skills & Experience

Tengku Azmil holds a degree in Economics from the University of Cambridge, UK. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA) and a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).



Haakon Bruaset Kjoel
Deputy Chair, Non-Independent Non-Executive Director,
Board Governance and Risk Management Committee Member

52



Meetings attended:
18/18

Date of Appointment:

11 July 2017

Length of Service:

6 years 8 months (as at 15 March 2024)

Career History

Mr Håkon Bruaset Kjøel (Haakon Bruaset Kjoel) is a senior corporate and public affairs leader that has held senior global and regional leadership roles in the telecommunications sector across Europe and Asia. He has a successful track record in navigating complex and challenging business environments and is well-versed in the areas of regulatory and public affairs, government and public relations, corporate communications, sustainability, Environmental, Social and Governance (ESG), and strategy development.

As Telenor Asia's Head of Investment Management, he is responsible for Telenor's activities in Bangladesh, Pakistan, Malaysia (CelcomDigi Berhad), and Thailand (True Corporation), both leading telecommunications companies in their respective countries.

Mr Kjoel joined Telenor Group in 1995 and has gained extensive international experience through his involvement in Telenor's international activities in Europe and for the last 24 years in Asia.

Other Commitments

Mr Kjoel has more than 15 years of Board experience, and currently serves on the Board of Directors of several Telenor Group companies in Singapore, Grameenphone Ltd in Bangladesh and CelcomDigi Berhad in Malaysia.

Mr Kjoel is also a non-executive Director of the internationally renowned architect and design firm Snøhetta AS headquartered in Oslo, Norway.

Skills & Experience

Mr Kjoel holds a Master of Business Administration degree from BI Norwegian Business School in Oslo, where he also studied public relations.

Board of Directors' Profiles



Vivek Sood
Non-Independent Non-Executive Director,
Chair of Board Governance and Risk Management Committee

60



Meetings attended:
17/17

Date of Appointment:

19 January 2023

Length of Service:

1 year 2 months (as at 15 March 2024)

Career History

Mr Vivek has demonstrated leadership across diverse roles, serving as Joint Acting Group Chief Executive Officer (CEO) and Group Chief Financial Officer (CFO) of Axiata Group Berhad, Executive Vice President and Group Chief Marketing Officer of Telenor, CEO of Grameenphone Bangladesh, CEO of Telenor India, CFO of Telenor India, and Chief Operating Officer and CFO of Tata AIA Life Insurance. His experience includes leading multidisciplinary and multi-cultural teams, overseeing financial matters, and driving transformation within the telecommunications and insurance sectors.

He serves on the boards of Axiata's listed and unlisted subsidiaries. As Group CEO, he takes responsibility to implement Axiata's portfolio, business strategy, and value creation model. His role requires him to develop Axiata's culture, transform business, and build trust among stakeholders and deliver expected returns to investors. In his earlier roles, he has acted as a change agent, steering a major telco's transformation into a digital services provider, and developing innovative services. His global knowledge extends across Asian and European markets, leading teams with diverse cultures and backgrounds.

Other Commitments

Mr Vivek is currently Axiata Group Berhad's Group CEO and Managing Director. He also holds board positions in various Axiata subsidiaries, including Dialog Axiata PLC, Robi Axiata Ltd, PT XL Axiata Tbk, Axiata Digital & Analytics Sdn Bhd, Boost Holdings Sdn Bhd, and Axiata Foundation.

Skills & Experience

Mr Vivek holds a Bachelor in Commerce from the University of Delhi, India and became a Qualified Chartered Accountant of India in 1989. He conducted his Accountancy and Audit Training at PricewaterhouseCoopers.



Rita Skjaervik
Non-Independent Non-Executive Director

50



Meetings attended:
18/18

Date of Appointment:

30 November 2022

Length of Service:

1 year 3 months (as at 15 March 2024)

Career History

Ms Skjaervik has held senior and top management positions in the public and private sectors in Norway. She joined Telenor Group in 2014, and has held multiple roles in Telenor Norway and in the Group, such as Senior Vice President (SVP), Head of CEO Office and SVP Head of Group Strategy and External Relations. From December 2021, she was appointed Executive Vice President Strategy and External Relations and consequently a member of the Group Executive Management. She has been a board member in several of Telenor Group's unlisted subsidiaries and has board experience from other Norwegian companies as well.

Prior to joining Telenor, Ms Skjaervik worked as State Secretary from 2005 and Deputy Chief of Staff between 2009 and 2013 for the Prime Minister of Norway. She has also worked as a political advisor for the Labour party in the Norwegian parliament.

Other Commitments

Ms Skjaervik is an integral part of the Telenor Group Leadership Team, holding the position of Executive Vice President - People, Sustainability, and External Relations.

Skills & Experience

Ms Skjaervik holds a Master of Political Science (Cand.polit.) from the University of Oslo, Norway.

Board of Directors' Profiles



Dr Shridhir Sariputta Hansa Wijayasuriya
Non-Independent Non-Executive Director

55 **Meetings attended:**
18/18

Date of Appointment:

30 November 2022

Length of Service:

1 year and 3 months (as at 15 March 2024)

Career History

Dr Wijayasuriya, a Chartered Engineer, brings decades of telecommunications industry expertise across South Asia and Southeast Asia. He joined Dialog Axiata PLC's founding management team in 1994 and served as CEO for 19 years. His leadership roles at Axiata include establishing Axiata's pan-region digital services business as the founding CEO of Axiata Digital Services. As current CEO of Telecommunications Business at Axiata, he oversees operations in Malaysia, Indonesia, Cambodia, Sri Lanka, and Bangladesh, along with the Group's Enterprise and International Wholesale Businesses. In 2016, Dr Wijayasuriya received the 'Outstanding Contribution to the Asian Mobile Industry' Award from the GSMA, and he served as the nominee of Axiata on the Board of the GSMA.

Other Commitments

Dr Wijayasuriya holds the position of Group Executive Director and CEO of Telecommunications Business at Axiata Group Berhad. He also sits on the boards of various Axiata subsidiaries, including Dialog Axiata PLC, Robi Axiata Ltd, Smart Axiata Co Ltd, PT XL Axiata Tbk, and PT Link Net Tbk.

Skills & Experience

Dr Wijayasuriya graduated from the University of Cambridge, UK in 1989. Holding a PhD in Digital Mobile Communications from the University of Bristol, UK and an MBA from the University of Warwick, UK. He is a Chartered Engineer and a Fellow of the Institute of Engineering Technology UK since 2004.



Kasper Wold Kaarbø
Non-Independent Non-Executive Director

46 **Meetings attended:**
N/A

Date of Appointment:

15 March 2024

Length of Service:

Less than a year (as at 15 March 2024)

Career History

Kasper Wold Kaarbø has long experience as finance leader in Telenor. He is currently the Head of Group Performance, Reporting and Ownership in Telenor Group.

Since joining Telenor in 2004, he has held several senior positions across finance and strategy functions in the group, including Head of Group Treasury, Head of Group Controlling, Planning and Analysis, Director in Group Strategy, and Regulatory Affairs and Senior Business Manager in Group Finance. He started his Telenor career in the finance department of Telenor Norway, business division.

Prior to Telenor, he has experience from PricewaterhouseCoopers Consulting and the Royal Norwegian Navy.

Other Commitments

Mr Kaarbø has held various board positions within Telenor over the past ten years. He is currently on the Board of Directors of Telenor Nordic Towers AS in Norway.

Skills & Experience

Mr Kaarbø holds degrees in economics and business administration from London School of Economics and Political Science and the Norwegian School of Economics and is a Certified European Financial Analyst (AFA/CEFA). He also has an Executive MBA in Finance from the Norwegian School of Economics. In addition, he has been through Officer Candidate School in the Royal Norwegian Navy.

Board of Directors' Profiles



Tan Sri Abdul Farid Alias
Independent Non-Executive Director,
Chair of the Board Audit Committee,
Board Nomination and Remuneration Committee Member

56 **Meetings attended:**
18/18

Date of Appointment:

30 November 2022

Length of Service:

1 year 3 months (as at 15 March 2024)

Career History

Tan Sri Abdul Farid has accumulated over 30 years of experience in the banking and financial services sector, with a focus on investment banking, commercial banking and capital markets. He has held various roles in renowned institutions such as Aseambankers Malaysia Berhad, Schroders Malaysia (L) Ltd, Malaysian International Merchant Bankers Berhad and JP Morgan in Malaysia/Singapore. Tan Sri Farid joined Malayan Banking Berhad in 2009 progressing through senior roles and ultimately serving as Executive Director/Group President and Chief Executive Officer from August 2013 until his retirement in April 2022.

Other Commitments

Tan Sri Farid currently holds positions on the boards of Bursa Malaysia Berhad and Capitaland Investment Limited as an Independent Non-Executive Director. Additionally, he serves as a Council Member of Asian Institute of Chartered Bankers.

Skills & Experience

Tan Sri Farid holds a Master of Business Administration (Finance) from the University of Denver, USA and a Bachelor of Science in Accounting from Pennsylvania State University. He completed the Advanced Management Programme at the Harvard Business School and is a Fellow Chartered Banker with the Asian Institute of Chartered Bankers.



Vimala V.R. Menon
Independent Non-Executive Director,
Board Audit Committee Member,
Board Nomination and Remuneration Committee Member

69 **Meetings attended:**
18/18

Date of Appointment:

1 July 2015

Length of Service:

8 years 8 months (as at 15 March 2024)

Career History

Ms Menon served as the Senior Independent Non-Executive Director and Chair of the Audit and Risk Committee of Digi until the completion of the merger on 30 November 2022. She is currently an Independent Non-Executive Director under CelcomDigi Berhad.

With over 30 years of experience in finance and general management, Ms Menon, a Chartered Accountant, has held executive roles at Edaran Otomobil Nasional (EON) Berhad and Proton Holdings Berhad, including serving as an Executive Non-Independent board member of EON Berhad from 1990 to 2006.

In her 15 years of board experience, she served as an Independent Non-Executive Director and Audit Committee Chair for various companies, including EON Bank Berhad, Jardine Cycle & Carriage Limited, PT Astra International Tbk, Cycle & Carriage Bintang Berhad, Petronas Chemicals Group Berhad, Petronas Dagangan Berhad, and Prince Court Medical Centre Sdn Bhd.

Other Commitments

Ms Menon has been a member of the Board of Trustees of Yayasan Tunku Abdul Rahman (YTAR) since 10 November 2021.

Skills & Experience

Ms Menon is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Malaysian Institute of Accountants (MIA).

Board of Directors' Profiles



Datuk Iain John Lo
Independent Non-Executive Director,
Chair of Board Nomination and Remuneration Committee,
Board Governance and Risk Management Committee Member

62



Meetings attended:
17/18

Date of Appointment:

24 May 2021

Length of Service:

2 years 10 months (as at 15 March 2024)

Career History

Datuk Iain started his career in 1987 as a civil engineer with the engineering consultancy firm, Konsortium Malaysia, based in Kuching, Sarawak, Malaysia. In 1990, he joined Sarawak Shell Berhad as a field engineer, and has held various senior roles in Malaysia and Singapore. He served as the Asia Pacific Regional Advisor to Shell's Executive Committee at Shell International in The Hague from 2004 and 2006.

Datuk Iain retired as the Country Chair of Shell Malaysia Ltd in March 2021. Datuk Iain brings over 30 years of extensive knowledge and experience from his time with Shell, both in Malaysia and abroad.

Other Commitments

Currently, Datuk Iain is an Independent Non-Executive Director of RHB Bank Berhad and RHB Investment Bank Berhad. He actively contributes to the Board Nomination and Remuneration Committee, and the Board Audit Committee at RHB Bank Berhad. Additionally, he chairs RHB Bank Berhad's Board Sustainability Committee.

He also serves on the Board of Guardians of the Sarawak Sovereign Wealth Future Fund.

Skills & Experience

Datuk Iain has a Bachelor and Master of Science in Civil Engineering from the University of California, Los Angeles, USA.



Khatijah Shah Mohamed
Independent Non-Executive Director,
Board Audit Committee Member,
Board Governance and Risk Management Committee Member

68



Meetings attended:
18/18

Date of Appointment:

30 November 2022

Length of Service:

1 year 3 months (as at 15 March 2024)

Career History

Puan Khatijah has accrued 29 years of business management and organisational leadership roles in the Information Technology sector working with various Multinational Corporations in Malaysia, Hong Kong, United States and the Middle East. Puan Khatijah started her career with International Business Machines Corporation (IBM). She was later appointed as the Managing Director for Oracle Systems Malaysia and subsequently, as the Managing Director of SAP Malaysia, overseeing the Malaysia, Brunei, and Pakistan markets. In 2005, she became General Manager at SAP AG in Dubai, where she managed the company's business across 15 countries in the Middle East. She then delved into entrepreneurship starting her Real Estate Business in Dubai under the Engel & Voelkers Franchise where her business became one of the most successful operations for Engel & Voelkers worldwide in 2008.

Puan Khatijah has prior board experience as an Independent Non-Executive Director, serving as Chair of the Board Risk and Compliance Committee, Chair of the Board IT Steering Committee, member of the Board Audit Committee, member of the Board Dispute Resolution Committee at Celcom Berhad as well as member of the Axiata Board Cyber Security Steering Committee. She has also served as a Board Member of MIMOS Berhad, an agency under the Ministry of Science, Technology and Innovation (MOSTI) for seven years.

Other Commitments

Currently, Puan Khatijah serves as a Director of Sanicare Hygiene Services Sdn Bhd and Prima Waste Sdn Bhd.

Skills & Experience

Puan Khatijah holds a Diploma in Computer Science from Universiti Teknologi MARA.

Board of Directors' Profiles

Notes:

- Family Relationship with Director and/or major shareholder of the Company**
None of the Directors have any family relationship with any Director and major shareholder of the Company.
- Conflict of interest or potential conflict of interest with the Company and/or its subsidiaries**
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz, Vivek Sood, and Dr Shridhir Sariputta Hansa Wijayasuriya are nominees of Axiata Group Berhad, of which Khazanah Nasional Berhad is the largest shareholder at approximately 37%. Khazanah in turn is 100% owned entity by Ministry of Finance Inc, which is also the 100% shareholder of Digital Nasional Berhad.

Haakon Bruaset Kjoel, Rita Skjaervik, and Kasper Wold Kaarbø are nominees of Telenor ASA, a major shareholder of CelcomDigi by virtue of its 33.1% equity interest held by its indirect wholly-owned subsidiary, Telenor Malaysia Investments Pte Ltd in CelcomDigi.

Datuk Iain John Lo is a member of the Board of Guardians of the Sarawak Sovereign Wealth Future Fund, which in turn is related to State Financial Secretary of Sarawak. The State Financial Secretary of Sarawak owns 20.5% equity interest in Sacofa Sdn Bhd (Sacofa). CelcomDigi owns 15.1% in Sacofa.

Save as disclosed above, none of the other Directors have any other conflict of interest with the CelcomDigi Group.
- Conviction for Offences**
None of the Directors has any conviction for offences within the past five years other than traffic offences (if any) nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

Management's Profiles



Datuk Idham Nawawi
Chief Executive Officer

56 • Male • Malaysian



Albern Murty
Deputy Chief Executive Officer

51 • Male • Malaysian



Tan Moi Tsu (Lucy)
Chief Financial Officer

65 • Female • Malaysian

Date of Appointment

30 November 2022

30 November 2022

1 December 2022

Career History

Datuk Idham was previously the Chief Executive Officer (CEO) and Executive Director of Celcom with over 30 years of experience in the telecommunications and IT industry. Before joining Celcom, he was the Group Chief Corporate Officer of Axiata and has held various senior management positions in companies including Maxis and Packet One Networks in Malaysia and PT Natrindo Telepon Seluler (AXIS) in Indonesia.

Albern was previously the CEO of Digi and has over 22 years of experience in the telecommunications industry. Since joining Digi in 2002, he has held roles in Project Planning and Controls, Product Management and Product Development, and as Head of Strategy and New Business, Chief Marketing Officer and Chief Operating Officer. Prior to that, his experience includes business and commercial management roles in Lucent Technologies across the Asian region.

Lucy was previously the Senior Adviser, Merger Integration in Axiata. She has more than 30 years of experience in accounting and finance and has held multiple senior leadership roles including as the Group Chief Financial Officer at Dialog Axiata PLC and Financial Controller at Maxis Berhad.

Skills & Experience

Datuk Idham holds a Master of Communications Management from University of Strathclyde, Glasgow, Scotland and is a Chevening scholar. He also holds a Bachelor of Science in Mechanical Engineering from University of Rochester, New York, USA.

Albern holds a Bachelor of Science in Marketing and Advertising Management from Portland State University, Oregon, USA.

Lucy holds a Bachelor of Science with a major in Chemistry, and a Diploma of Education from the University of Malaya. She is also a Certified Public Accountant, Australia.

Management's Profiles



Erik Axel Sigurd Marell
Chief Strategy Officer

55 • Male • Swedish



Praveen Rajan
Chief Consumer Business Officer

45 • Male • Malaysian



Kesavan Sivabalan
Chief Technology Officer

55 • Male • Malaysian



Datuk Kamal Khalid
Chief Transformation Officer

52 • Male • Malaysian

1 December 2022

1 December 2022

1 December 2022

1 December 2022

Erik was previously the Chief Strategy Officer and Head of CEO Office at Celcom, having joined Axiata as the Head of Corporate Strategy in 2016 before transitioning to Celcom subsequently. Erik brings with him more than 25 years of experience in telecommunications management consulting, professional services, and systems integration that spanned across Asia and Europe. The senior leadership roles he has held include Regional Director of Southeast Asia for the British Telecom's Telconsult and Managing Director of Swedtel Southeast Asia Sdn Bhd.

Praveen was previously the Chief Marketing Officer at Digi. He joined Digi in 2007 and brings over 20 years of experience from the Internet and mobile industries. Praveen has held a wide range of commercial leadership positions including as Chief Digital Officer of Digi between year 2016 to 2020, where he started Digi-X, the venture-building unit focused on driving growth through enterprise solutions and partnerships. Prior to joining Digi, Praveen co-founded a social networking startup called LifeLogger in 2003, where he served as the Chief Technology Officer.

Kesavan was previously the Chief Technology Officer of Digi and held a similar portfolio within the Developed Asia Cluster under the Telenor Group. Since joining Digi in 2013, he has held various senior positions in the telecommunications industry across several Asian and European markets including Malaysia, Germany, Australia, Cambodia, Vietnam, and Bangladesh, working with network vendors like Lucent and Ericsson, and operators like Maxis and Vodafone.

Datuk Kamal was previously the Chief Corporate and Transformation Officer at Celcom, where his duties included overseeing functions such as regulatory affairs, legal, community, sustainability, and the company's enterprise project management office. He was also the Lead of the Merger Integration Team from July 2021 to November 2022. Prior to joining Celcom, Datuk Kamal held various leadership positions, including Group Managing Director of Media Prima Bhd and Head of Communications for the Prime Minister's Office of Malaysia.

Erik holds a Bachelor of Science in Business Administration and Economics, majoring in Finance from the University of Umea, Sweden.

Praveen holds a Bachelor of Engineering, Electronics and Computing from Nottingham Trent University, Nottingham, England.

Kesavan holds a Bachelor of Business from Deakin University, Australia and a Master of Science in Enterprise Project Management from Stevens Institute of Technology, New York, USA.

Datuk Kamal holds a Bachelor of Laws (LLB) from the University of Nottingham, England.

Management's Profiles



Chee Loo Fun
Chief Home & Fibre Officer

58 • Female • Malaysian



Afizulazha Abdullah
Chief Enterprise Business Officer

56 • Male • Malaysian



Cheng Weng Hong
Chief Sales & Retail Officer

45 • Male • Malaysian

Date of Appointment

1 December 2022

1 December 2022

1 December 2022

Career History

Loo Fun was previously the Chief Consumer Business Officer of Celcom. She has more than 30 years of experience in brand, marketing, and telecommunications. She has held multiple senior leadership roles in the Asia Pacific, including as Regional Chief Marketing Officer of SEEK Asia, Chief Marketing Officer at Vodafone Hutchison Australia, Head of Consumer Marketing at Globe Telecom in the Philippines, as well as various leadership positions at Maxis.

Afiz was previously the Chief Operations Officer (Technology) and Chief Enterprise Business Officer of Celcom. Afiz began his career in 1990 as an analyst programmer before spending 14 years at IBM Malaysia, where he became the General Manager for Public Sector and was part of the Senior Management team and business council. He joined Maxis Bhd in 2006 as the Head of Broadband and was made Vice President of Maxis Home Services in 2010. He then joined Celcom and held multiple various senior leadership roles including Chief Advanced Data Officer, Chief Digital Services Officer, and Chief Business Services and Solutions Officer. He was also the Managing Director of On-Site Services Sdn Bhd, a subsidiary of edotco Malaysia, Axiata Group.

Cheng was previously the Chief Sales Officer of Digi and has held various senior positions within the Marketing and Sales Division during his 18 years with the company. Cheng was instrumental in modernising Digi's industry-best sales and distribution network, over the span of many roles including Head of Consumer Sales, and Head of Retail and Controlled Channels. He has also held leadership positions in Product Development and developing Digi's MVNO business. He has more than 20 years of experience in the telecommunications industry, having held leadership roles at Trisilco Folec, prior to joining Digi in April 2004.

Skills & Experience

Loo Fun holds a Bachelor of Arts (Hons) from Universiti Kebangsaan Malaysia. She also completed the Finance for Executives programme with INSEAD in Singapore and the Customised Executive Education with IBM/Harvard.

Afiz holds a Bachelor of Science in Computer Science from the California State University, Fresno, USA. Afiz has also attended executive education programmes at INSEAD.

Cheng holds a Bachelor of Engineering (Civil and Computing) from Monash University, Australia.

Management's Profiles



Azmi Ujang
Chief Human Resources Officer

64 • Male • Malaysian



Joachim Rajaram
Chief Corporate Affairs Officer

47 • Male • Malaysian



Kugan Thirunavakasar*
Chief Innovation Officer

57 • Male • Malaysian

1 December 2022

1 December 2022

1 December 2022

Azmi was previously the Chief Human Capital and Organisation Development Officer of Celcom, leading end-to-end human capital management, including workspace management and the development of a modern corporate office. Prior to that, Azmi spent more than two decades at Maxis Berhad, holding senior leadership roles, including Senior Vice President and Head of Human Resources, and Head of Regulatory, Compliance and Government Relations. Azmi was also a Dealer's Representative for Seagrott & Campbell and joined Standard Chartered Bank as a Management Trainee and subsequently as a National Officer in banking operations and human resources.

Joachim has overall responsibility for the company's legal and governance, regulatory, privacy and data protection, government affairs, corporate communications, and business sustainability functions. He was with Digi and Telenor for almost 14 years, previously serving as Chief Corporate Affairs Officer, Head of Corporate Communications in Telenor Myanmar, and Head of Communications and Sustainability at Digi. Joachim has more than two decades of experience in corporate communications, sustainability planning and governance, public affairs, and business environment management.

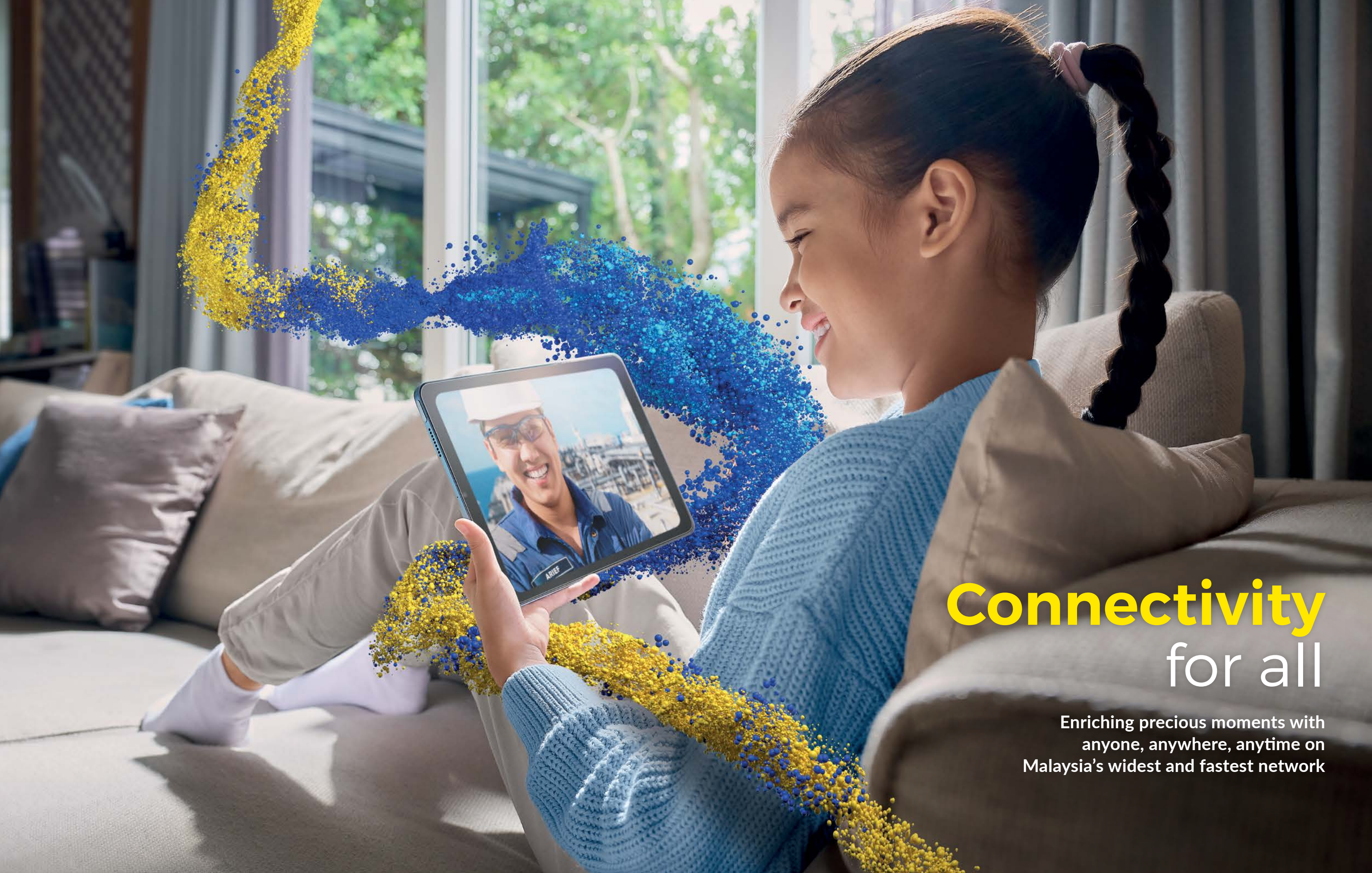
Kugan was previously the Chief Emerging Business Officer of Celcom, with 20 years of extensive experience in the telecommunications industry. Prior to Celcom, Kugan was the Chief Marketing Officer at Smartfren Indonesia and a Board member of Sinarmas Digital Ventures responsible for the overall commercial business. Kugan started his career with Ericsson Sweden and has worked in various international markets covering Europe and North Africa during his tenure with Ericsson Sweden before joining Digi and Maxis in various leadership positions.

Azmi holds a Bachelor of Science in Finance and a Master of Business Administration from the Indiana State University, USA. He also completed the London Business School's Management Programme and the Harvard Business School's Advanced Management Programme.

Joachim holds a Bachelor of Laws (LLB) from the University of London, England and has attended executive education programmes at London Business School and INSEAD.

Kugan holds a degree in Electrical Engineering from University Teknologi Malaysia and has completed executive management programmes at Columbia Business School and at Stanford in the USA.

*CelcomDigi has established an Innovation Centre (IC) to develop, partner, and commercialise next-generation digital solutions for Malaysian consumers and businesses. The IC is led by Kugan as Chief Innovation Officer, reporting directly to the CEO.



Connectivity for all

Enriching precious moments with
anyone, anywhere, anytime on
Malaysia's widest and fastest network

Chair of the Board's Statement

Dear Shareholders,

REALISING THE FULL POTENTIAL FROM ONE OF SOUTHEAST ASIA'S TELCO MEGA-MERGERS

Over a year ago, we established CelcomDigi aspiring to be the most trusted partner to consumers, businesses, and the government in our endeavour to power Malaysia's digitalisation journey. As one of the nation's largest corporates, expectations were high for the company to deliver on our purpose and fulfil our duty to uphold the highest standards in customer experience, corporate governance, sustainability, and healthy shareholder returns.

The Board has been pleased with CelcomDigi's response in fulfilling these duties.

In the year, we sharpened our strategy to maximise value for our respective stakeholders, made the right investments in people and platforms to deliver on our integration and synergy commitments, and mitigated risks related to evolving industry conditions and customers' expectations. These efforts led us to deliver a solid first year of financial, operational and integration performance.

One year post-merger, we continue to affirm CelcomDigi's position as a leading Malaysian telecommunications institution, well-positioned to drive the country's digital ambitions. We made progress in enabling new growth opportunities for large enterprises and SMEs, providing world-class connectivity and experience to customers, and stimulating innovations in 5G and Artificial Intelligence (AI) through global technology partnerships. Today, we remain focused in our ambition to drive the digitalisation growth for Malaysia's economic advantage.

As we serve the needs of 20.6 million Malaysians, it gives me great pleasure to share that we have met our first-year objectives outlined at the inception of the merger. In the first full year of operations as a single company, the Management and all CDzens have successfully delivered on our goal to be a trusted digital and innovation accelerator for Malaysia, maintained strong



Y.M. Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz
Chair of the Board, Non-Independent Non-Executive Director

operational performance, and returned value to shareholders despite tough external challenges. All this gives the Board confidence that the company's steady pace of operations has set us on the right course to realise the full benefits of the merger and fulfil our purpose of Advancing and Inspiring Society.

ENABLING THE DIGITAL LIVES OF OVER 20 MILLION MALAYSIANS AND BUSINESSES

We are proud that we continued serving our customers well in our first year of operations. It was always the ambition for our customers to feel the maximum benefit of the merger, with minimal impact. Our combined resources enabled us to deliver improved experiences and innovation for our customers, be they individual consumers or families, SMEs, or large enterprises.

We introduced a wider range of postpaid and prepaid offerings, reached new

customer segments with Home & Fibre and Enterprise Business, served customers of both brands across all retail and service channels, and invested RM1.75 billion in capital expenditure in line with our commitment to deliver Malaysia's future digital network. We also focused on uplifting capabilities of MSMEs and enterprises through workshops on emerging technologies such as 5G and AI to accelerate the digitalisation of more Malaysian businesses. These efforts have contributed to increased customer confidence in CelcomDigi and our network, well reflected in our customer satisfaction (CSAT) scores which improved 3.9 percentage points in 2023.

HEALTHY SHAREHOLDER RETURNS A CONTINUED PRIORITY

Our solid balance sheet highlights our financial capability and flexibility to continue funding our investments and operational obligations. For FY2023, the Board

Chair of the Board's Statement

declared a net dividend of 13.2 sen per share, returning a total payout of RM1,549 million to our shareholders, exceeding the minimum 80% dividend payout ratio. As a result of successfully achieving our first-year integration milestones, we realised gross synergies of over RM300 million in 2023. We aim to continue meeting our remuneration policies and synergy savings, and generating strong and sustainable returns to shareholders for the long-term.

Our determination to deliver on these policies and solid performance has been acknowledged by corporate Malaysia. In 2023, The Edge Billion Ringgit Club Awards recognised CelcomDigi for having the highest return on equity over three years in the Super Big Cap Companies group, entering the category for the first time this year.

SETTING NEW BENCHMARKS TO DELIVER ON OUR PURPOSE IN A SUSTAINABLE AND RESPONSIBLE MANNER

The Board remains focused in maintaining our responsible business leadership and raising ESG standards in Malaysia. In 2023, we established our ESG strategy, setting clear pathways to build trust, inclusion and create shared value for all stakeholders. The strategy ensures we deliver impact by enabling inclusive and safe digital access, maintaining a sustainable value chain, implementing a good governance and performance culture, and managing our environmental impact. In 2023, we signed up to two leadership platforms as part of our commitment to secure a sustainable future. The first was the United Nations Global Compact initiative, a global movement of forward-thinking companies resolved to act based on the Sustainable Development Goals (SDGs). Secondly, we signed a commitment to the SBTi Net-Zero Standard to set a robust emissions reduction target, adding emphasis to our climate focus.

In the year, we contributed meaningfully to advancing society, leveraging connectivity as a key enabler to build thriving communities for the longer-term. We were active in making the internet safer for all, most notably with our joint efforts in the

Jelajah Anti-Scam Kebangsaan programme to increase public awareness and protect Malaysians against sophisticated scam tactics. We drove higher adoption of digital skills among school and university students to nurture the next-generation of top-tier tech professionals to drive our future digital economy. During the flood season, we also took proactive measures to strengthen network resilience and maintain service availability, alongside extending aid relief and rescue efforts to flood victims during these challenging times. A full disclosure of our responsible initiatives is in Section 4: Performance Review on pages 56 to 91.

On this note, I would like to express my gratitude to our community partners and stakeholders for their unwavering support in these endeavours. Through collaboration and innovation, I believe we can address some of society's most complex challenges to enable a more equitable future for all.

Our solid reputation for responsible business practices saw us rank in the top 10 constituents on the FTSE4Good Bursa Malaysia Index, with a 4-star rating on the FTSE4Good Bursa Malaysia Shariah Index, an 'A' rating in the MSCI ESG Ratings, and a low-to-medium risk rating in Sustainalytics' ESG Risk Rating. Additionally, we also attained the gold honour at The Edge Malaysia's ESG Awards. We believe our aim to deliver on our goals sustainably will make us an exceptional organisation for employment, business partnerships, and investment.

PRACTICING HIGHEST STANDARDS OF GOOD CORPORATE GOVERNANCE

As we pursue our future plans, the Board recognises that we must uphold our commitment to practice the highest governance, ethics, and integrity standards. This is extremely important during a time of widespread digitalisation, where trust and transparency are crucial to operating a robust business and creating long-term value for all. We have an unwavering commitment to compliance and integrity across the organisation when capitalising on opportunities or addressing challenges faced in the market. Our governance approach is benchmarked and reviewed regularly against

the latest in industry best practices. Pages 94 to 122 of Section 5 provides further disclosure on these procedures.

MOVING FORWARD WITH CONFIDENCE AS MALAYSIA'S LARGEST TELECOMMUNICATIONS OPERATOR

With a solid first year behind us, we have renewed belief that our purpose, strategy, and execution abilities position us well under existing competitive conditions. The Board and I are confident we have the right blend of skills, experience, and backgrounds to oversee this business and support the management team in implementing our strategy. I would like to take this opportunity to thank my esteemed colleagues on the Board, and former Board members and Deputy Chairs Jørgen Rostrup and Petter-Boerre Furberg for their invaluable contributions this past year.

On behalf of the Board, I also wish to extend my appreciation to our customers, the government, regulators, and shareholders for your trust in CelcomDigi and our vision to be a strong ally to realise a truly digital Malaysia. We also express our deepest thanks to the Management and all CDzens, for your tenacity and continued dedication towards driving the companies' strong performance and solid integration progress in 2023.

We remain optimistic about the future of CelcomDigi. The company has the right priorities, capable leadership and people, and good integration momentum to achieve the vision we have set for ourselves, for the benefit of all our stakeholders.

We look forward to engaging with our shareholders on our future business plans at our 27th Annual General Meeting (AGM), which will be held virtually on 27 May 2024. Please see the details outlined in our Notice of AGM on pages 252 to 260.

Chief Executive Officer's Review

Dear Shareholders,

DELIVERING A SOLID FIRST YEAR OF FINANCIAL, OPERATIONAL, AND INTEGRATION PERFORMANCE

2023 was our first full year of operations as CelcomDigi, a fully merged company. We are pleased to report that we delivered a strong performance with solid progress on integration, against the backdrop of intense market and macroeconomic pressures. We closed the year in a stronger leadership position with positive growth across all business areas. We also launched a new and exciting CelcomDigi brand which earmarked a new journey for us to become an institution that inspires the digital lives of all Malaysians we serve.

I strongly believe that our focus on people and culture was central in enabling many of the successes of our first year as a new company. I am extremely pleased in the way our employees - fondly known as CDzens - have come together, uniting under a common new DNA, and are single-mindedly pushing forward to ensure our customers are the biggest beneficiaries of this merger. Our CDzens are our greatest strength, and their passion and commitment to our purpose fills me with confidence and inspiration every day.

I am proud of all we have accomplished together as team CelcomDigi. By any objective measure we have surpassed stakeholder and market expectations on performance and integration - outpacing similar mergers of this magnitude in the first year of operations. We remain determined in our aspiration for CelcomDigi to be the innovation icon for the nation, leveraging our scale, resources, and experience to be Malaysia's digital growth engine, and remaining a caring and responsible corporate citizen. There is more to do, and I have full confidence in our ability to deliver.



Datuk Idham Nawawi
Chief Executive Officer

SUSTAINING MARKET LEADERSHIP, REAPING THE BENEFITS OF CONSOLIDATION

2023 was a well-executed year for us with full delivery of our strategy and guidance. We delivered on integration and synergy targets, with a deepened focus on managing the impact of our business to our ecosystem and the environment.

One team, one direction, stronger together

In 2023, we made significant progress in integrating the organisation through a variety of people-oriented and customer experience initiatives. At the heart of this was internalising our purpose, strategy, ambitions, and core values, and setting clear expectations which helped rally CDzens towards a common

goal. The senior management team was identified and appointed on day one, and we completed the appointment of middle management and put in place a new organisation structure within the company's first 100 days. This was followed by the harmonisation of benefits, salaries, job levels, and roles for all employees.

In March, we enabled all Celcom Bluecubes and Digi Stores nationwide and exclusive partners' touchpoints to be able to serve both Celcom and Digi customers seamlessly with a range of sales and service functions. In July, we announced that all our 50 Celcom Bluecubes and 27 Digi Stores nationwide will be opened 365 days a year to serve the needs of all customers. To improve their network experience, Celcom and Digi customers nationwide

Chief Executive Officer's Review

enjoyed an improved coverage experience from close to 400 MOCN (Multiple Operator Core Network) sites activated.

Sustained market leadership with growth across all segments and a stronger subscriber base

It has been a busy year for us in the market. We launched over 50 product campaigns, leveraging the strength of our 4G network and 5G connectivity to provide the best experience with a new portfolio of 5G products and solutions for all consumer and business segments. As a result, we added close to 500,000 new subscribers to our network, growing our total subscriber base to 20.6 million.

Our enterprise business delivered 7% growth in solutions revenue, contributing to a positive performance overall in the B2B segment. We also made solid progress in our Home & Fibre business with the fastest relative growth in the market, ending the year with more than 100,000 subscribers in our base.

Fully delivered FY2023 guidance, synergy target on track

In 2023, we were able to grow both our revenue and profitability. We recorded the highest ever Total Revenue of RM12.7 billion at a 1.4% growth in FY2023, while maintaining a healthy EBITDA margin of 48.5%. Our Profit

After Tax (PAT) stood at RM1.6 billion, impacted by the short-term non-cash related adjustment from the merger. We also realised synergy savings of over RM300 million, achieved through focused market execution and disciplined cost management.

I am pleased to report that we delivered according to our guidance in all aspects and that we were able to pay total dividends of 13.2 sen per share for the year, in line with our dividend commitment to shareholders.

Strong performance in 2023, delivering to shareholders

Delivered 2023 Financial Guidance

2023 Guidance		2023 Achievement	
Maintaining growth momentum	Service Revenue Growth	0.4%¹	
Flat to low single digit increase	EBITDA Growth	3.3%¹	
Around 15% to 18%	Capex Intensity	RM1.7 billion / 13.8%²	

Total Subscribers
20,552K
446k YoY

Total Revenue
RM12.7 billion
1.4%¹ YoY

PAT
RM1.6 billion
Normalised³: RM2.2 billion
3.2% YoY

FY2023 Dividend
13.2 sen

¹ Comparable basis results which includes contribution from Celcom's results as if the merger was completed on 1 January 2022 and after excluding merger transaction costs and accounting alignment adjustments

² Achieved through effective procurement strategy undertaken at the beginning of the merger

³ Normalised PAT to exclude the accelerated depreciation which commenced in 4Q2022 with the revision in assets useful life and sites rationalisation

Watch the CEO Reflections video on FY2023 on CelcomDigi's website <https://celcomdigi.listedcompany.com/financials.html>.

Read more about our performance in Section 4: Financial Capital on pages 56 to 60.

Chief Executive Officer's Review

Solid first-year of integration, meeting all Year 1 milestones

2023: Integration Progress Highlights

<p>Completed organisational integration for business continuity</p> <p>Harmonised channels with integrated sales teams</p> <p>Embracing new CelcomDigi culture</p>	<p>Launched new iconic CelcomDigi brand</p> <p>>50 product campaigns including unified 5G offerings</p> <p>Celcom bluecubes & Digi Stores open 365 days a year</p>	<p>~5,000 sites integrated ahead of schedule</p> <p>Efficient cost management & improved free cash flow</p> <p>Realised gross synergy of RM366 million</p>
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DELIVERING SUPERIOR CUSTOMER EXPERIENCE AND INSTITUTIONALISING OPERATIONAL EXCELLENCE

Building Malaysia's future digital network for better network experience

We commenced a massive network integration and modernisation project, to build Malaysia's most advanced and widest digital network with the latest 4G LTE and 5G-ready technologies. Upon completion in 2025, the new 18,000-site network will offer our customers an elevated quality of experience reaching 98% of populated areas. In 2023, we completed 35% of our modernisation targets, integrating over 5,600 sites across the country.

Serving customers across the largest network of physical and digital touchpoints

We are operating one of the largest retail networks in the country with more than 12,000 outlets, of which over 400 are

our own branded stores. All customer segments can experience our services and receive support across all our stores, including purchasing the latest mobile and smart home devices. Our customers are also being served digitally on two popular Digital apps, the Celcom Life and myDigi app, with 8.9 million active users daily. Our ambition is to develop the most used AI-enabled digital app in the country where customers can perform all their transactions with CelcomDigi.

Adopting the most effective and efficient operating models to support our customers

We are reviewing our current operating models and will make changes to how we operate in our technology, go-to-market, and support functions. While these new models will give us a strategic competitive advantage and ability to serve our customers better, we will also continue to prioritise maximising operational cost efficiencies in our decisions.

INNOVATING TO DELIVER VALUE BEYOND CORE

Innovation is core to our strategy, and relevant across every area of our business. We believe that with our scale, CelcomDigi is well-positioned to become a strong partner to global technology leaders and to develop a thriving local digital ecosystem.

Empowering a new era of enterprise transformation through 5G, AI and more

In bringing 5G solutions to enterprises, we continued to work with various companies to develop technology solutions and use-cases across multiple industries, with a special focus on small and medium enterprises (SMEs).

We were also active in advocating the transformative benefits of 5G through a wide range of programmes. This includes the MY5G CEO Roundtable series, which gathered top leaders from diverse industries and global partners

Chief Executive Officer's Review

to share insights on fast-tracking industrial transformation. We also held the MY5G SME Digital workshops to engage Malaysian businesses on driving adoption of 5G applications and reaping the benefits of digitalisation.

Partnerships with global technology giants to explore new frontiers

We are operating in a rapidly evolving sector that will witness the biggest transformations in the coming years with artificial intelligence (AI), virtual reality (VR), and augmented reality (AR) powering a range of new applications for consumers and businesses. We are also beginning to see AI feature more prominently in many captivating technologies – from futuristic gadgets that bridge the gap between human and machine interaction, to powerful business tools that leverage intelligent automation. These offer a glimpse into AI's exciting future and are changing the way our services are being built and

consumed. We will continue to invest in the infrastructure, partnerships, and competencies needed to support this demand. In the year, we established a number of collaborative partnerships with global technology companies from Asia, Europe, and the United States to ensure we keep abreast of these developments and position ourselves to take full advantage of these technologies to deliver innovation for customers, stay ahead of competition, and drive the nation's digital aspirations.

FOCUS ON ESG TO BUILD A BRAND MALAYSIANS CAN TRUST AND RELY ON

As an organisation that reaches two thirds of the Malaysian population, it is our responsibility to ensure we prioritise the security and safety of customers on our network. In 2023, we established many initiatives that institutionalised high standards of privacy, governance,

and cybersecurity practices into every product, process, and system we manage. We also collaborated on a nationwide war against scam to protect customers from fraud tactics.

We are rooted on governing and conducting our business responsibly. We have received strong acknowledgement on various ESG and Sustainability indices this past year, demonstrating that we are on the right track in this area. We have put in place a comprehensive ESG strategy to ensure we focus on maturing our efforts and collective action in addressing all short- and long-term sustainability issues related to our sector. We believe that our ambitions to be a leader in ESG best practices and commitment to build a responsible business will make us a brand that Malaysians can trust and rely on for their digital needs.

Our ESG Strategy

Sharpened focus on material matters to improve sustainability performance

ESG Pillars	<div style="background-color: #0056b3; color: white; border-radius: 10px; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">1</div> <div style="background-color: #0056b3; color: white; padding: 5px; text-align: center;"> Inclusive and Safe Digital Access </div> <div style="border: 1px solid #0056b3; padding: 10px; margin-top: 5px;"> Strong digital empowerment agenda for equitable socio-economic participation </div>	<div style="background-color: #0056b3; color: white; border-radius: 10px; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">2</div> <div style="background-color: #0056b3; color: white; padding: 5px; text-align: center;"> Sustainable Value Chain </div> <div style="border: 1px solid #0056b3; padding: 10px; margin-top: 5px;"> Raising standards across our value chain through capacity building and monitoring </div>	<div style="background-color: #0056b3; color: white; border-radius: 10px; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">3</div> <div style="background-color: #0056b3; color: white; padding: 5px; text-align: center;"> Governance and Performance Culture </div> <div style="border: 1px solid #0056b3; padding: 10px; margin-top: 5px;"> Leading in responsible business practices guided by the values of a progressive, agile, and high-performing company </div>	<div style="background-color: #0056b3; color: white; border-radius: 10px; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">4</div> <div style="background-color: #0056b3; color: white; padding: 5px; text-align: center;"> Environmental Impact and Action </div> <div style="border: 1px solid #0056b3; padding: 10px; margin-top: 5px;"> Decarbonising our operations and enabling a 'Just Transition' approach in our value chain, with a clear pathway towards achieving Net Zero </div>
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Read more about our Sustainability Strategy Framework in Section 3 on page 42.

Chief Executive Officer's Review

SHAPING UP FOR FUTURE GROWTH

We are building CelcomDigi to be a progressive, forward leaning, and customer-centric organisation that believes in developing talent and creating a work environment built on a culture of innovation. This strong foundation combined with leveraging our widest network footprint, extensive distribution channels and partner ecosystem, wide range of innovative digital products and services, and superior customer experience will enable us to become the nation's top telco-tech company.

Moving forward in our journey, achieving growth and profitability amid a challenging market environment remains a top priority, and our strategy to win is straightforward, outlined by three key priorities for 2024:

- Focus on growth**
 We are strengthening core and new growth areas through delivering superior customer experience with 5G and converged services. We will drive new revenue growth in adjacent Enterprise connectivity and Digital ICT services and become a significant player in the Home & Fibre segment. We will selectively invest in new technologies and digital platforms to build a sustainable strategic competitive advantage and new revenue opportunities.
- Deliver synergies and scale efficiency**
 We are accelerating integration activities and institutionalising operational excellence to realise RM8 billion synergies in net present value. This will enable us to further invest in service quality and overall brand and customer experience via digitalisation and innovation.

- Consistent shareholder returns**
 We are committed to our promise of strengthening the resilience of shareholder returns with sustainable dividends to all shareholders, backed by a strong balance sheet and synergies.



Read more about our Value Creation Model and Strategy in Section 3 on pages 28 to 29 and 51 to 53.

LOOKING AHEAD WITH THE OPPORTUNITY AND RESPONSIBILITY TO ADVANCE AND INSPIRE

I am optimistic that 2024 will be an exciting year for CelcomDigi as we build on our execution momentum, create new operating models grounded in operational excellence, and deepen our obsession on customer experience. We will continue building capacity and solutions leveraging the power of emerging technologies as we move forward to deliver on our purpose of Advancing and Inspiring Society, in support of Malaysia's broader ambition to be a thriving technology hub and digital nation.

CelcomDigi's 2024 guidance

- Low single digit increase in service revenue
- EBIT level similar to 2023
- Capex intensity of between 15% to 18%

On behalf of the Management team, I would like to say thank you to all our customers for your trust and support as we continue this ambitious merger and network modernisation journey. Putting you first in all we do inspires us to keep looking forward and open to opportunities to do better for you.

My appreciation to all our partners and shareholders for your continued confidence and investment in CelcomDigi. We are also thankful to the Ministry and the MCMC for their collaboration and engagement in ensuring digital Malaysia is a shared and inclusive reality for all segments of society.

I would also like to thank the Board of Directors of CelcomDigi Berhad, for their guidance and in working closely with management to deliver on our goals and commitments in 2023.

Last but not least, I thank all CDzens, who have shown true grit and determination in executing our strategy and integration priorities to deliver a solid first-year. They have truly embodied the 'stronger together' spirit and proven what I believe is core to our DNA. It has been a true privilege for me personally and the management team to bring two amazing teams together in our first year post-merger, and we look forward with enthusiasm to team CelcomDigi winning in the era of 'digital-everything'.

Three-Year Financial Summary

	2021 ¹	2022 ²	2023 ³
KEY FINANCIAL RESULTS (in RM million)			
Revenue	6,336	6,773	12,682
Telecommunications revenue			
- Service revenue	5,341	5,770	10,859
- Others	95	97	108
- Sales of devices	900	906	1,715
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ⁴	3,009	3,013	6,155
Earnings before interest and taxes (EBIT)	1,729	1,578	2,689
Interest cost	210	257	632
Profit before taxes	1,515	1,330	2,181
Profit after taxes	1,162	848	1,567
Organic capital expenditure (Capex)	803	888	1,812
Operations (ops) cash-flow	2,606	2,559	5,083
KEY FINANCIAL POSITIONS (in RM million)			
Total assets	7,840	38,012	36,427
Non-current liabilities	4,275	12,850	12,546
Total debts	4,960	14,887	12,997
- Conventional borrowing	333	814	610
- Islamic borrowing	2,168	8,060	7,028
- Bankers' acceptances	-	3	5
- Finance lease	2,459	6,010	5,354
Shareholders' equity	633	16,399	16,459
KEY FINANCIAL RATIOS			
Return on equity	184%	5%	10%
Return on total assets	15%	2%	4%
EBITDA margin	47%	44%	49%
Net debt/EBITDA (x)	1.6	4.5	2.0
Interest cover (x)	8.2	6.1	4.3
SHARE INFORMATION			
Earnings per share (sen)	14.9	10.4	13.2
Dividend per share (sen)	14.9	12.2	13.2
Net assets per share (sen)	8.1	201.9	140.3
Dividend yield	3.4%	3.1%	3.2% ⁵

Notes:

¹ Consolidated financial results of Digi Group of entities

² Restated full year consolidated financial results of Digi Group of entities as well as December 2022 Celcom Group of entities' results subsequent to the completion of Celcom-Digi merger on 30 November 2022

³ Consolidated financial results of CelcomDigi Group

⁴ EBITDA excludes the gain or loss on:

- disposal and write-off of property, plant and equipment
- disposal and write-off of intangible assets
- termination of lease

⁵ Closing share price of RM4.08 as at 31 December 2023



Digitalising businesses

Big or small, we are determined to help you grow your business to its fullest potential with a wide-range of digital solutions

Value Creation Model

APPROACH TO VALUE CREATION

Our approach to delivering on our purpose of Advancing and Inspiring Society is an integral part of our strategy to enable an inclusive and sustainable digital society. We create value by maximising the positive impact of our operations on all stakeholders. Strengthened by our responsible business practices, we continue to shape a future that transforms the way our customers live and work through our innovation, technology, connectivity, platforms, products, and services.

Our Inputs

Our business model is built upon the strategic utilisation of our financial and non-financial capitals in a comprehensive approach to value creation. We strive to constantly transform our capitals and resources into sustainable and innovative solutions to provide growth and total returns with added value and sustainability for all stakeholders.

Our Business Model and Guiding Factors

Five strategic pillars drive us to achieve our corporate ambitions. The pillars are influenced by these Guiding Factors:

1. Operating Landscape and Outlook
2. Key Risks
3. Sustainability Management
4. Key Relationships
5. Materiality

Output and Outcomes

Our business model employs financial, manufactured, intellectual, human, natural, and social and relationship capitals to convert these inputs into valuable outputs for customers, employees, shareholders, and the environment. The output and outcomes from the execution of our business strategies are also aligned to our material matters.

OUR KEY INPUT



Financial Capital

- RM47.9 billion market capitalisation as at 31 December 2023
- RM36.4 billion total asset value as at 31 December 2023



Manufactured Capital

- 5,665 integrated network sites
- ~28,000 cumulative network sites
- 29,800km fibre network (incl. Celcom Timur Sabah)
- >400 CelcomDigi retail stores



Intellectual Capital

- RM1.75 billion invested in technology capex
- Up to RM250 million investment in Innovation company over five years
- Introduced the CelcomDigi brand



Human Capital

- 3,655 employees
- Male (52%) and female (48%) employees
- OneCompliance Integrity programme
- Launched three e-learning platforms
- Concluded post-merger organisation structure



Natural Capital

- Committed to Net Zero, aligned to SBTi
- Established Climate Working Committee (CWC)
- Robust climate data monitoring
- Partnerships to stimulate green growth



Social and Relationship Capital

- Implemented various social impact programmes (digital inclusion, digital entrepreneurship, and digital skills) and humanitarian efforts
- 307 National Information Dissemination Centres (NaDi) nationwide
- 23 modules curated for supplier training

OUR BUSINESS MODEL

GUIDING FACTORS



• Operating Landscape and Outlook



• Key Risks



• Sustainability Management



• Key Relationships



• Materiality



STRATEGIC PILLARS



• Accelerate Integration, Synergies, and Operational Excellence



• Win in the Core



• Build New Core



• Shape Assets for Future Growth



• Succeed with Talents

Value Creation Model

OUR KEY OUTPUT

PERFORMANCE

Financial Capital

- 3.3%¹ growth in EBITDA
- 13.2 sen dividend to shareholders
- RM12.7 billion in revenue

Manufactured Capital

- Maintained >99% network uptime
- Achieved 35% of overall network integration target
- Increased data traffic of 10% to 17%
- 97% 4G LTE and 91% 4G LTE-A population coverage
- 96.7% population coverage
- +3.9pp customer satisfaction score (CSAT)
- Received 12 Opensignal awards in 11 categories

Intellectual Capital

- 466,000 or 2.3% increase in subscriber base
- Grew home & fibre subscriber base to 131,000
- Over 50 product campaigns, including unified 5G offerings
- 6.6% growth in CelcomDigi logomark awareness
- 85% completion in Privacy Control Framework exercise
- Converged 5G mobile and fibre offering to Malaysian Business
- Strategic offers to drive digital adoption among MSMEs
- MY5G Series engaged >60 corporate CEOs and 600 MSMEs
- Innovative 5G and AI partnerships in agriculture, logistics, and electrification
- Advanced education via Metaverse, XR, and 5G with multiple universities

Human Capital

- Top 100 and next 300 leaders' placement across the company
- >3,000 professionals
- 65,404 hours of total employee learning
- 100% employees pass-rate in Anti-corruption, Cybersecurity, and HSE e-learning
- 0.14 Lost Time Injury Frequency (LTIF) rate
- Zero fatalities across operations

Natural Capital

- 913.86 GWh energy consumed
- 521,792.25 tCO₂e emissions
- 3.42 GWh renewable energy generated
- 47.56 tonnes of e-waste recycled

Social and Relationship Capital

- Zero material corruption cases
- 585,268 individuals benefited from digital safety and empowerment programmes
- 23,478 hours of supplier training
- 2,487 suppliers signed Agreement of Responsible Business Conduct (ABC)

MATERIALITY

G1

EC2

S1

G4

EC1

EC2

S5

S6

G1

G2

G3

EC1

S1

S5

G3

S1

S2

S3

S4

G1

EN1

EN2

G1

G3

EC1

EC2

S4

S5

S6

S7/EN3

UNSDGs



¹ Comparable basis results which includes contribution from Celcom's results as if the merger was completed on 1 January 2022 and after excluding merger transaction costs and accounting alignment adjustments

Operating Landscape and Outlook

The significance of telecommunications operators has never been more pronounced. In the age of 'digital-everything', connectivity impacts almost every aspect of our lives, resulting in an ever-increasing demand for data and digital services. Growing consumer demand for data-rich services and connected devices, in tandem with the emergence of new technologies such as 5G, robotics, and Artificial Intelligence (AI) opens new business opportunities for CelcomDigi.

We continue to observe longer-term systemic shifts that will influence future economic growth, including climate change trajectory, acceleration of frontier technologies, widening social inequalities due to population demographic growth, and the shift in the concentration of geopolitical power.

As a connectivity and digitalisation enabler, we are committed to working alongside the government, civil society, businesses, partners, and customers to address these challenges in order to strengthen and advance Malaysia as a digital nation.

1

Macroeconomic

Impact on Business and Industry

- Malaysia recorded a gross domestic product (GDP) growth of 3.7% amid slower global trade, global tech downcycle, geopolitical tensions, and tighter monetary policies
- There was an increase in household spending and retail activities including higher demand for e-commerce services and reliable connectivity
- Supportive government initiatives and policies were launched to ease rising cost of living among marginalised communities
- Cross-border economic activity is set to improve as visa requirements for Chinese and Indian nationals are removed, reciprocating similar policy changes for entry visa in multiple Asia-Pacific countries

Our Response

- Delivered affordable postpaid and prepaid bundles with extra data quota, 5G offerings, and device bundles to enhance ARPU/ARPA growth and offset higher costs
- Provided attractive home & fibre and convergence offerings and business enterprise solutions to support various business segment needs to enable growth of the local digital ecosystem
- Maintained #1 network leadership position based on consistency score and average download speeds, demonstrating our strong commitment to providing high network quality to our subscribers
- Collaborated with the Government in digitalising the nation by launching accessible and affordable Rahmah packages for the B40 segment

2024 Outlook

- Economic growth is projected at 4% to 5% and will spur positive domestic consumption
- Stable political landscape continues to attract foreign direct investment (FDI), resulting in job opportunities and business opportunities for enterprises
- Support for targeted subsidies to reduce cost of living by providing affordable connectivity options for B40 and underserved communities

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- Regulatory Risk
- Integration Risk

Operating Landscape and Outlook

2

Competition and Industry Developments

Impact on Business and Industry

- Growing focus on new technological advancements including AI, Metaverse, and Industrial Revolution 4.0 (IR4.0) to generate new growth streams
- Aggressive market competition continues in core and emerging segments
- Increase of 5G standalone (SA) trials to unlock innovative 5G use-cases alongside rising demand for commercial 5G services, greater data usage, and 5G-enabled devices

Our Response

- Invested in new partnerships to develop Metaverse and AI use-cases customised for the Malaysian market via our Innovation Centre
- Built an end-to-end content and digital services ecosystem around our core telco business to offer 'on-the-go' digital services
- Network integration and modernisation to support greater data traffic and improve quality of experience
- Launched MY5G Series to drive 5G adoption across businesses of all sizes
- Demonstrated real value and benefits of 5G technology and AI through collaboration with industry leaders, such as DHL Supply Chain in launching Malaysia's first 5G-powered AI autonomous warehouse

2024 Outlook

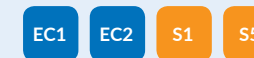
- Anticipated increase in data consumption due to faster speeds of 100 Mbps and above, along with adoption of 5G services and use-cases among enterprises
- Rising 5G product differentiation amid the leveling of 5G advantages among Mobile Network Operators (MNOs)
- Focus on providing best smart home and fibre experience and drive industry development and adoption of 5G among large and small enterprises

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- 5G Policy and Competition Risk
- Integration Risk
- Regulatory Risk

3

Government Initiatives and Regulations

Impact on Business and Industry

- In December 2023, the Digital Ministry was formed to lead the country's digital transformation ranging from AI to data centres. Digital Nasional Berhad (DNB), the single wholesale provider for 5G was placed under this ministry
- The Government announced that the country's 5G deployment will transition from a Single Wholesale Network (SWN) to a Dual Network Model. The transition to commence upon DNB achieving 80% 5G population coverage
- In February 2023, MCMC introduced a new lower wholesale high-speed broadband services pricing via Mandatory Standard on Access Pricing (MSAP)
- Collaboration with the Ministry of Human Resource and Ministry of Higher Education on Technical and Vocational Education Training (TVET) initiatives was conducted under the purview of Majlis TVET Negara

Operating Landscape and Outlook

Our Response

- Maintain ongoing engagement with regulators and authorities to support government initiatives as part of 5G development
- Adopted the new MSAP, leveraging the reduction in wholesale prices that would lead to better choices and options of retail pricing for end users
- Supported the government in delivering JENDELA commitments and reaching out to underserved communities through NaDi internet centres (formerly known as PEDi)
- Took lead in the Pakej 5G Rahmah B40 subscription in support of the government initiatives to improve accessibility, affordability, and digitalisation nationwide

2024 Outlook

- The allocation of over RM2.84 billion under Budget 2024 bolstered the initiatives by the Communications and Digital Ministry (KKD) in enhancing digital connectivity, supporting the digital economy, strengthening cybersecurity, promoting national information marketing, and developing local talent and creative projects
- The draft cybersecurity bill would be tabled in Parliament by early 2024, aiming to grant the National Cyber Security Agency (NACSA) clear legal authority to regulate and enforce laws related to cybersecurity, thus enhancing the effectiveness of its functions
- The new Mandatory Standard Quality of Service (MSQoS) for Wireless Broadband Access Service (Commission Determination No. 2 of 2023) will become effective on 1 April 2024
- Malaysia advances industry engagement with TVET expansion to revamp curricula to include learning related to emerging technologies such as Internet of Things (IoT), AI, big data, cybersecurity, cloud computing, and more to meet future market and workforce demands

Factors Linked

Capitals Involved:

Materiality: G1, G2, G3, EC2, S5

Strategic Pillars:

- Risks:**
- 5G Policy and Competition Risk
 - Cyber and Data Security Risk
 - Data Protection Risk
 - Regulatory Risk

4

Technological Developments

Impact on Business and Industry

- Continued rollout of 5G coverage to support advanced applications such as IoT and AI, encouraging future growth in these verticals
- Integration of schools and university campuses into the 5G ecosystem with early development in educating students on 5G technology, and developing innovation clusters in campuses
- Digitalising SMEs and co-developing solutions with large corporations and partners
- Rising vigilance and regulations regarding cybersecurity and data protection across the industry, creating a more mature operating environment
- Malicious cyberattacks are increasingly targeting networks, due to rapid network development and the industry's growing reliance on connectivity and the internet

Our Response

- Effective bundling strategies to drive digital adoption across all segments of society
- Conducted AI use-cases with local and global technology partners as part of our transformation to be a data-driven, analytics-focused, and AI-enabled organisation
- Strengthened defence against cyberattacks through continuous monitoring and managing information security in accordance with ISO27001 standards
- Promoted digital resilience through our digital safety and empowerment programmes

Operating Landscape and Outlook

2024 Outlook

- The development and adoption of various technological services, such as AI, Cloud, Virtual Reality, Metaverse, and many more, by organisations and businesses
- Industry verticals such as tourism, healthcare, logistics, security, and many more stand to benefit from 5G technology and services
- MyDIGITAL and 5G implementation will accelerate Malaysia's progress as a technologically advanced nation and accelerate socioeconomic transformation with new tech-related job opportunities
- Continuous engagements with the government and industry to encourage customers and businesses to adopt 5G, AI, automation, and IoT

Factors Linked

Capitals Involved:

Materiality: G2, G3, EC1, EC2, S5, S6

Strategic Pillars:

Risks:

- Cyber and Data Security Risk
- Interruption to Technology Platforms and Services Risk

5

Social

Impact on Business and Industry

- Evolved local laws and public policies governing personal data, cybersecurity, and AI heightened the need for enhanced controls, transparency, and protection of customers' data privacy
- Significant increase in online scam and fraud cases with over 3.1 million scam calls detected in a year according to the Royal Malaysian Police
- Increased pressure on companies to demonstrate good corporate governance and build trust
- Prioritising the health and safety of employees and partners, and respecting human rights standards
- Increased interest in workplaces that promote growth and development opportunities

Our Response

- Refreshed ESG Strategy with focused pillars and updated performance scorecard aligned to material sustainability matters
- Established the Trust Circle forum comprising privacy and data protection experts from multi-sectors to evolve their roles as data guardians
- Collaborated and co-organised the national anti-scam roadshow to raise awareness among the general public
- Continued to uphold good governance via our Code of Conduct

2024 Outlook

- Maturing responsible business practices by advancing material ESG performances and disclosure
- Conducting double materiality assessment to evaluate business' financial, societal and environmental impact
- Enhancing our engagements with stakeholders and underserved communities to drive adoption of affordable digital products and services
- Implementing capacity-building programmes to enhance data privacy, digital safety, anti-scam awareness, digital skills, and promote greater socio-economic participation

Operating Landscape and Outlook

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- Cyber and Data Security Risk
- Data Protection Risk
- Governance and Compliance Risk
- People and Culture Integration Risk

6

Environment

Impact on Business and Industry

- Regulation, access to capital, and rising stakeholder concerns driving focus and investments on climate action
- Global attention to climate-related risks supported by national instruments such as the National Energy Transition Roadmap (NETR), National Industrial Master Plan (NIMP) 2030, National Energy Policy 2022-2040, and an upcoming National Climate Change Act
- National agenda to achieve carbon neutrality by 2050 under the 12th Malaysia Plan
- Heightened expectations for robust natural crisis preparedness, adaptation, and mitigation strategies
- Rapid growth in Electric Vehicle (EV) market fuelled by government incentives to boost EV ownership
- Adaptive strategies for a 'Just Transition' model to reduce systemic risks while greening the economy in an equitable way

Our Response

- Strengthened our climate governance through the Climate Working Committee (CWC), which plans strategic climate and environmental action for recommendation to the Board
- Committed to achieving Carbon Neutral by 2030 and Net Zero by 2050, in alignment with the Science Based Target Initiative (SBTi)
- Embarked on our transition towards using renewable energy under the Green Energy Tariff (GET) programme
- Embedded stringent e-waste disposal requirements as part of the ongoing network integration and modernisation exercise
- Partnered with Yinson to drive EV adoption, mature EV infrastructure and ecosystems, and integrate renewable energy

2024 Outlook

- Formulation of CelcomDigi Net Zero roadmap and emissions reduction strategies
- Control and management of value chain emissions (upstream and downstream) through a phased approach
- Realisation of energy efficiencies and savings from the network integration and modernisation exercise, which will be completed in 2025

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- Climate and Environmental Risk

Key Risks

In the fast-paced and fiercely competitive telecommunications sector, CelcomDigi acknowledges the necessity of embracing risks to confront evolving technological, economic, and social dynamics. Through our robust risk management framework, we safeguard our ability to generate sustainable value consistently, nurture trust with stakeholders, and reinforce their confidence in our capacity to innovate and deliver in line with our purpose of Advancing and Inspiring Society.

Our Aligned Risk Management Framework with Strategy and Value Creation

Our risk management approaches integrate our strategy, governance, compliance, and performance processes to foresee emerging risks and put in place specific measures to prevent and alleviate them. Risk is overseen by the Board Governance and Risk Management Committee (BGRMC) and the Board of Directors to proactively assess potential significant risks and minimise the associated adverse impacts. Our proactive approach towards risk management empowers CelcomDigi to capitalise and prioritise resources for mitigation, providing our stakeholders with reasonable confidence that responses are taken to create value. Further details of our Enterprise Risk Management Framework are available in the Statement on Risk Management and Internal Control on pages 112 to 119 of this report.

The Key Risks of 2023

Top key risks identified are prioritised and managed within acceptable levels, following thorough assessments of their impact to our value chain. Risk responses and mitigation plans are reported to the BGRMC and the Board on a quarterly basis to allow for the highest level of accountability.

5G Policy and Competition Risk

Description

As 5G policy is being redefined to support the nation's digitalisation ambition, the underlying uncertainty and potential shifts constitute risk exposure for industry players.

Impact to Value Creation

- May increase competitive intensity or lead to price erosion for mobile offerings
- Margin impact due to shift from own 4G to wholesale 5G network

Mitigations

- Proactive engagement with the government, regulator, and key stakeholders to secure 5G policy directions and operating models that promote long-term development and health of the sector
- Develop differentiated and competitive 5G propositions including solutions for B2B digitalisation

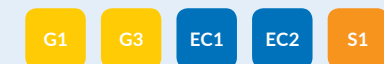
Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Climate and Environmental Risk

Description

Climate management is an important global issue that requires businesses to adapt and respond with strategies to achieve a net-zero carbon economy.

Delaying or limiting decarbonisation efforts hinders our ability to transition to a low carbon economy. Transitioning within the necessary timeframe will require the use of technologies that enable rapid emission reductions.

There is also climate exposure associated with extreme weather, temperature increase, and flooding which may also result in operational disruptions to CelcomDigi, and our customers and value chain.

Impact to Value Creation

- Adverse brand and reputational impact
- Increased cost of energy and carbon emissions and changing consumer preferences

- Infrastructure damage, negative impact on service delivery to customers and operations from disruptions
- Negative impact to company finances
- Loss of investor confidence and ESG ranking in key indices

Mitigations

- Develop carbon emission reduction strategy and conduct climate risk assessment to guide network integration strategies and SBTi target setting
- Implement initiatives on e-waste management as part of network consolidation programme
- Set up a carbon accounting system in adherence to Bursa's requirements for full Task Force on Climate-Related Financial Disclosures (TCFD)-aligned disclosures and transparent reporting

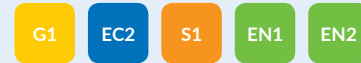
Strategic Pillars



Capitals Impacted



Materiality Linked



Cyber and Data Security Risk

Description

This is a big concern for the global cybersecurity landscape, with increased and sophisticated threat attempts as well as increasing scam cases. Though penetration rate on security controls is low, continuous focus and scrutiny are required to improve cybersecurity for CelcomDigi.

Impact to Value Creation

- Business disruption and financial losses arising from potential data breaches
- Negative reputational impact from media coverage and loss of stakeholder trust
- Potential legal consequences and compliance violations

Mitigations

- Continuous security incident handling, threat intelligence controls for detection and monitoring
- Continuous security monitoring and governance via ISO 27001 and independent audit, testing, and assessment
- Maintain continuous cybersecurity awareness and requirements at CelcomDigi
- Cybersecurity due diligence review on partners within CelcomDigi's ecosystem
- Partnership with Cybersecurity Malaysia and Royal Malaysian Police (PDRM) to raise scam awareness
- Preparedness training for key management and related functions

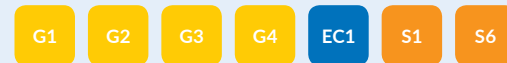
Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Data Protection Risk

Description

CelcomDigi's role as the custodian of customer data has become paramount amid rising concerns of data theft, leakage, and loss. This entails proactive measures to safeguard customers' data and compliance with various security, privacy, and data quality requirements, including preventing unauthorised access to sensitive information, data breaches, or mishandling of personal data.

Impact to Value Creation

- May lead to non-compliance and adherence to Personal Data Protection Act (PDPA) impacting CelcomDigi's reputation, and potential and associated legal consequences
- Adverse reputational impact and customers' distrust
- Breach of local telecommunications license conditions

Mitigations

- Organisational wide programmes and training to enhance employees' awareness and knowledge in data privacy and protection
- Regular scrutiny and data protection impact assessment by dedicated privacy and security teams to improve current controls, systems, and infrastructure
- Operationalise Privacy Control Framework with defined control requirements and procedures throughout data life cycle management
- Strengthen customers' data protection measures through cybersecurity testing

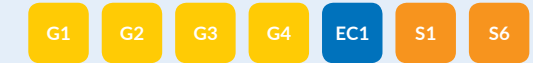
Strategic Pillars



Capitals Impacted



Materiality Linked



Governance and Compliance Risk

Description

CelcomDigi has zero tolerance for any acts of corruption. Corruption undermines legitimate business activities and distorts competition, exposing both CelcomDigi and its leaders to significant risks.

We are committed to maintaining our business integrity promise to operate responsibly. The inability to comply with regulations and high business standards within our value chain may impede our competitive advantage and reputation.

Impact to Value Creation

- May lead to non-compliance and adherence to the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and PDPA which can jeopardise the company's reputation and lead to legal consequences

- Adverse reputational impact and customers' distrust
- Breach of local telecommunications license conditions

Mitigations

- Build capacity and awareness through compulsory learning programmes
- Implement a holistic governance approach with due diligence and compliance measures for our business partners
- Dedicated resources for ongoing compliance monitoring across our business value chain
- Enforce compulsory employee participation in anti-corruption and compliance learning programmes

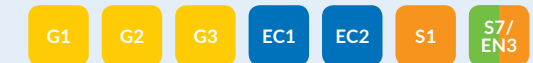
Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Health and Safety Risk

Description

CelcomDigi prioritises the health and safety of our employees, partners, and vendors as part of our commitment to being a responsible business. To minimise risk, we continue to ensure employee well-being and safety at the workplace and operational sites.

Impact to Value Creation

- Adverse reputational impact
- Destruction or loss of assets
- Unsafe working conditions leading to serious injury or fatality

Mitigations

- Promote an advanced mindset and culture on health and safety for employees and business partners
- Implement continuous training and awareness programmes for internal and external stakeholders
- Actively monitor potential incidents and accidents by increasing on-ground inspections and audits, including visibility at Board and Management levels
- Obtain certification to maintain a safe working environment and compliance to applicable rules and requirements
- Implement consequence management to eliminate or contain incidents

Strategic Pillars



Capitals Impacted



Materiality Linked



Integration Risk

Description

The company has embarked on an integration journey and faces the potential risk of not achieving objectives across areas such as Network, IT, Business, Customers, and Support functions.

Impact to Value Creation

- Negative customer experience, high churn, and brand perception impact
- Potential network service disruption
- Delay in realisation of synergy value

Mitigations

- Careful planning, effective communication, and proactive management throughout integration process
- Robust integration strategies with the aim of prioritising customer experience
- Close monitoring of key performance indicators, including thorough follow-up at Board and Management levels

Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Interruption to Technology Platforms and Services Risk

Description

This risk involves potential disruptions to business applications, support systems, and processes, which are essential for CelcomDigi's operations. Such disruptions could arise due to various factors such as migration delays, technical issues, system failures, or cyberattacks.

Impact to Value Creation

- Affect the ability to deliver seamless services to customers, potentially leading to revenue loss
- Create customer dissatisfaction and impacts brand reputation
- Likely penalties for not meeting Quality of Service (QoS) requirements

Mitigations

- Augment resources and specialists to improve scaling capability and operational efficiency
- Proactively overcome hurdles to address any potential migration issues and changes in customer experiences
- Prepare clear and comprehensive contingency plans to manage unexpected incidents of system failures
- Proactively engage with partners and vendors to ensure commitment
- Maintain constant communications with customers and key stakeholders

Strategic Pillars



Capitals Impacted



Materiality Linked



People and Culture Integration Risk

Description

The company is exposed to people and culture risks associated with organisation-wide harmonisation and integration of workforce, cultures, and operations - typical in any post-merger scenarios.

Impact to Value Creation

- Low morale and motivation leading to low productivity
- Unable to and/or delay in delivering business targets
- Potential increase in talent attrition rate

Mitigations

- Constant communication and updates on people matters and associated plans
- Close monitoring of on-ground concerns and sentiments
- Cultural integration efforts and employee engagement initiatives across all central and regional offices to create a positive and inclusive working environment
- Leadership alignment on change management

Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Regulatory Risk

Description

The telecommunications sector faces increasing challenges and uncertainties that arise from regulatory oversight and policies governing the allocation and management of spectrum in Malaysia, and in creating a regulatory environment that optimally drives growth of the sector. This includes changes in spectrum allocation frameworks, licensing conditions, spectrum fees, enforcement measures, and operating models.

Mitigations

- Proactive dialogue with regulators to anticipate emerging regulatory changes, address spectrum license concerns, and advocate views as an industry player for a fair and sustainable regulatory framework and operating models
- Collaborate with key stakeholders and industry players to actively address issues with policymakers and regulatory authorities

Impact to Value Creation

- Competitiveness and growth
- Investment and cost strategies
- Future investments

Strategic Pillars



Capitals Impacted



Materiality Linked



Vendor Management and Supply Chain Risk

Description

Managing vendors and the supply chain for a large telecommunications company is a multifaceted and intricate endeavour due to its diverse supplier base, complexity of network infrastructure, rapid technological concerns, as well as data privacy and environmental impact. The effectiveness of managing these risks is dependent on the reliability and performance of vendors and partners.

Mitigations

- Develop supplier relationship management framework
- Optimise procurement processes, negotiating favourable contracts, and minimising supply chain risk
- Employ technology solutions such as supply chain management systems and analytics tools
- Integrate sustainability considerations into all aspects of supply chain management, from procurement and sourcing to supplier relationships and performance evaluation

Impact to Value Creation

- Adverse impact on service revenue
- Service or operations disruptions leading to negative customer experience
- May impact the availability and delivery of critical network equipment, leading to integration delays

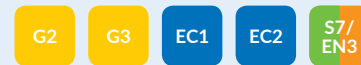
Strategic Pillars



Capitals Impacted



Materiality Linked



Sustainability Management

We aspire to become Malaysia's leading advocate for sustainability practices. By understanding our stakeholders' expectations, setting clear and measurable ESG targets, and establishing effective governance at the highest level, we aim to elevate our sustainability performance across the company.

In FY2023, we executed well on our sustainability commitments, delivering on targets set. We pledged to set near and long-term company-wide emission reduction targets in line with science-based net-zero through the Science Based Targets initiative (SBTi). These efforts are in realisation of our efforts to steadily apply Bursa's requirements for a full Task Force on Climate-related Financial Disclosures (TCFD)-aligned recommendations in our reporting disclosures.



We welcome feedback and inquiries at sustainability@celcomdigi.com.

stewardship of sustainability matters. All Directors have completed the Mandatory Accreditation Programme Part I. The Directors have acknowledged the amendments to the MMLR related to sustainability training and have committed to attending the Mandatory Accreditation Programme Part II on Leading for Impact within the stipulated timeline.

The Governance and Risk Committee (GRC), chaired by the Chief Executive Officer and comprising of Senior Management, assists the BGRMC in strengthening the effectiveness of implementing CelcomDigi's sustainability policies and procedures at the management level. Together, they convene regularly to address governance, risk, compliance, and other non-financial performance matters, which are then escalated to the Board via the BGRMC on a quarterly basis.

Sustainability Governance

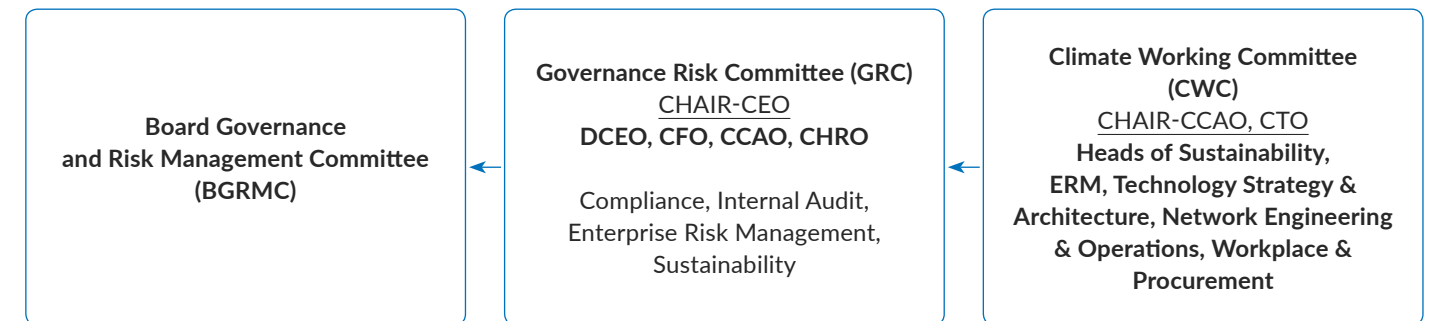
CelcomDigi's sustainability governance structure is integrated into our corporate governance framework. The Board of Directors holds ultimate responsibility for setting the Group's strategic direction on sustainability. This oversight is supported by the Board Governance and Risk Management Committee (BGRMC), the governing committee for sustainability matters, which oversees the Group's sustainability priorities, processes, standards, and performance.

The Climate Working Committee (CWC), represented by the Heads of Sustainability, Enterprise Risk Management (ERM), Technology Strategy & Architecture, Network Engineering & Operations, and Workplace & Procurement, oversees climate-related risks and opportunities. The CWC also deliberates on and recommends environmental actions and initiatives to the GRC for further escalation to the BGRMC.

The Board maintains responsible business leadership in Malaysia by ensuring that sustainability-related competencies are periodically assessed to strengthen board oversight and

The Sustainability Department serves as the subject matter expert and coordinates the implementation of the Group's sustainability initiatives.

Sustainability Governance Structure



Sustainability Management

Board Governance and Risk Management Committee (BGRMC):

Oversees and recommends the Group's sustainability strategy, targets, policies, and materiality assessment process for the Board's approval. The Committee ensures integration of sustainability and climate-related risks within the ERM framework and monitors the implementation of sustainability strategies and performance against targets.

Governance Risk Committee (GRC):

Assists the CEO and BGRMC in overseeing and strengthening effectiveness across the three lines of defense. The Committee shall consistently promote a culture that ensures ethical business conduct and compliance with the Code of Conduct, policies and procedures, and responsible business practices.

Climate Working Committee (CWC):

Oversees climate-related risks and opportunities, assesses and recommends environmental actions and initiatives, including

disclosures aligned with the TCFD and other internationally recognised standards, and reports on climate matters to the GRC for onward escalation to the BGRMC.



Read more on the integration of sustainability governance into CelcomDigi's overall corporate governance framework in Section 5: Statement of Risk Management and Internal Control (SORMIC), pages 112 to 119.



Read about our commitment to the SBTi Net-Zero Standard towards setting a robust emissions reduction target at the pace and scale required by climate science: <https://sciencebasedtargets.org/companies-taking-action#dashboard>.

Sustainability Strategy Framework

We prioritise material sustainability matters to meet stakeholders' expectations and evolving industry standards. We aim to make a significant impact on four focus areas and become a leading ESG practitioner in Malaysia.

Purpose	Focus Areas	Initiatives
Advancing and Inspiring Society	Our Aspiration: Top 5 ESG Performer in Malaysia	
	Inclusive and Safe Digital Access	<ul style="list-style-type: none"> Service Reliability and Quality Affordable and Inclusive Services Cybersecurity and Data Protection Digital Empowerment
	Sustainable Value Chain	<ul style="list-style-type: none"> Health, Safety, and Environment Supply Chain Management Human Rights and Labour Standards
	Governance and Performance Culture	<ul style="list-style-type: none"> Compliance-First Mindset Board Oversight Talent Succession Framework Diverse and Empowered Skilled Workforce
	Environmental Impact and Action	<ul style="list-style-type: none"> Emissions Reduction and Clean Energy Waste Management Disaster Response Tech-Enabled Solutions



Further information on the value created can be found in Section 4: Performance Review on pages 56 to 91.



Learn more about our approach to sustainability management at https://celcomdigi.listedcompany.com/sustainability_management.html.

Sustainability Management

ESG Performance Scorecard

Our ESG performance scorecard benchmarks performances of the four focus areas outlined in our Sustainability Strategy framework.

Focus Areas	Material Matters	Targets	Targets Due/ Tracking Frequency	FY2023 Performance
Inclusive & Safe Digital Access	S1 Customer Satisfaction	+2pp CSAT improvement in 2023	Tracked monthly	69.7% CSAT score (+3.9pp)*
	S6 Online Safety	500,000 community engagements in 2023	Tracked annually	585,268 engaged 44,856 active users* in Future Skills For All (FS4A) programme
	S5 Digital Inclusion			
Sustainable Value Chain	G2 Data Privacy and Cybersecurity	100% of Privacy Control Framework implemented for high-risk data processing functions by 2024	Tracked annually	85% completed
	S7/EN3 Supply Chain Management	20,000 supplier training hours in 2023	Tracked monthly	23,478 hours
	S3 Occupational Safety and Health	ISO45001 recertification for all CelcomDigi premises by 2024	Tracked annually	Recertification completed for key premises (e.g. HQ)
Governance & Performance Culture	G3 Business Ethics and Corporate Governance	100% employees pass-rate in Integrity programme assessment in 2023	Tracked annually	100%*
Environmental Impact & Action	EN1 Climate Change and Environmental Action	Develop a Net Zero 2050 roadmap and targets aligned to SBTi by 2025	Mid (2030) to long-term (2050)	Signed SBTi commitment letter in December 2023
	EN2 Energy Consumption			

Legend for FY2023 Performance

● Completed ● In progress ● Delayed

* Limited External Assurance

Sustainability Management

SDG Priorities and Impact Mapping

Over the past year, CelcomDigi has continued to support the United Nations Sustainable Development Goals (SDGs), emphasising the importance of mobile technology and its ability to digitalise economies, protect the environment, and empower societies by promoting digital inclusion, internet safety, and building skills for a digital future.

As we continue to develop our goals, responsibilities, and services co-relating to the SDGs, we recognise that certain areas are inherently related to the core of our company's business functions. Our strategic priorities remain focused on supporting access to quality education (SDG 4), decent workplace and economic growth (SDG 8), innovative and resilient infrastructure (SDG 9), reducing inequalities (SDG 10), climate action (SDG 13), and peace, justice and strong institutions (SDG 16). This year, we continued to elevate our impact on the SDGs through our commitment to the United Nations Global Compact (UNGC) principles and the sustainability agenda to create impact across the broad range of areas covered by the SDGs. (For more information on our commitment, please refer to <https://unglobalcompact.org/what-is-gc/participants/162020-CelcomDigi-Berhad>).



- UNGC Human Rights (Principle 1, 2)
- UNGC Environment (Principle 7, 8, 9)

- UNGC Labour (Principle 3, 4, 5, 6)
- UNGC Anti-Corruption (Principle 10)



Key Relationships

CelcomDigi recognises the importance of having constant engagement with all our stakeholders. By establishing good lines of communication and maintaining positive relationships with them, we are able to understand their expectations and align them closer to our business strategies. This enhances our ability to create value and deliver on our purpose of Advancing and Inspiring Society.

Frequency

- D Daily
- W Weekly
- M Monthly
- Q Quarterly
- Y Yearly



Board of Directors

Descriptor

Responsible for setting strategic priorities and providing guidance to the management to act in the interest of the company and its stakeholders

Engagement Channels

- Annual General Meeting
- Quarterly/monthly Board meetings
- Board and leadership effectiveness evaluation
- Corporate events

Stakeholders' Expectations

- Financial and non-financial performance
- Oversight on ESG-related matters and performances
- Meeting shareholder interests and stakeholders' expectations

Our Response

- Updates on CelcomDigi's purpose, strategy, company scorecard, risks, and emerging opportunities
- Updates on CelcomDigi's refreshed ESG strategy, including climate ambition
- Maintaining accuracy, completeness and consistency of CelcomDigi's disclosures

Frequency

- M
- Q
- Y



Government and Regulators

Descriptor

Ministries, national agencies, and regulatory institutions responsible for establishing laws and regulations applicable to our operations

Engagement Channels

- Regular reports and periodic engagements
- Information-sharing with relevant ministries and regulators
- Participation in regulatory and industry meetings
- Company website
- Integrated Annual Report and Financial Reports
- Yearly site audits and visits

Stakeholders' Expectations

- National digitalisation ambitions
- Digital inclusion (Equitable and affordable access, improved coverage)
- Digital integrity and digital resilience (privacy and data protection, cybersecurity)
- Compliance to regulatory standards and requirements

Our Response

- Affordable, inclusive, and innovative products and services to drive digital adoption and uptake
- Network integration and modernisation to enhance service reliability and quality
- Building a future-ready 5G network

Frequency

- W
- Q
- Y

Key Relationships

Customers

Descriptor

Our retail and non-retail customers who have subscribed to CelcomDigi's products and services

Engagement Channels

- In-person services via retail touchpoints
- Self-serve options via our kiosks and mobile applications
- Social platforms and applications
- Customer service channels
- Enterprise sales and support, account servicing managers

Stakeholders' Expectations

- Consistent network experience
- Affordability
- Flexible plans
- Transparent billing
- Data security and privacy
- Responsive and efficient customer service

Our Response

- Widespread retail touchpoints - operating 365 days, digital platforms, and self-serve kiosks
- Becoming a trusted brand by employing fair and transparent business practices
- Establishment of Trust Circle to advocate responsible business practices
- Nationwide anti-scam awareness and online safety programmes

Frequency

D W M Q Y

Employees

Descriptor

Individuals directly and indirectly (through contracted parties) employed by CelcomDigi

Engagement Channels

- Internal engagement channels
- Leadership forums, training, and development
- Company events/activities
- Forums and seminars
- Training and development platforms and initiatives

Stakeholders' Expectations

- Career development opportunities
- Work-life balance
- Competitive compensation
- Recognition and appreciation
- Inclusive and diverse culture
- Healthy and safe work environment

Our Response

- Established team structures (CD-Management, CD-Leadership, CD-Experts)
- Clear succession and talent pipeline
- Company-wide events to foster collaboration (Customer Engagement Day, Teambuilding, CDlympics)
- First-aider training to develop health ambassadors among employees
- Mental health and well-being programmes
- Benchmarking pay, compensation, and benefits competitiveness

Frequency

D W M Q Y

Shareholder, Analysts, and Investors

Descriptor

Our owners, financial analysts, the investor community, and providers of capital

Engagement Channels

- Integrated Annual Report
- Annual General Meeting
- Quarterly earnings calls
- Non-deal roadshows and investor conferences
- Investor Relations website
- Sustainability Performance website
- Analyst briefings

Stakeholders' Expectations

- Financial and non-financial performance
- Effective leadership, transparent decision-making processes, and accountability
- Regular updates and communication
- Environmental responsibility

Our Response

- Gaining market share and earnings consistency in a highly competitive industry
- Maintained strong stock market performance and investment portfolio
- Effective cost-management strategies
- Clear communication on company's strategy, risks, and performance
- Commitment to Net Zero target

Frequency

M Q Y

Key Relationships

Community, Sustainability Partners, and Non-Governmental Organisations (NGOs)

Descriptor

Collaborative partners we engage with, united by common aspirations to advance our sustainability agenda, which is anchored on achieving the Sustainable Development Goals (SDGs)

Engagement Channels

- Programme collaborations
- Advocacy, public engagements, and forums
- Collaborative research, surveys, academic studies, and consultation papers

Stakeholders' Expectations

- Partnerships for Impactful Projects
- Efforts aligned towards UN SDGs
- Education and Digital Literacy Programmes
- Emergency Response and Public Safety

Our Response

- Capacity-building programmes (CelcomDigi Young Digital Innovators Programme, Future Skills For All) to empower societies
- Nurturing strong collaborations with like-minded partners
- Internet access (Fixed Wireless Access) for flood evacuation centres and relief aids
- Refurbished laptops distribution to schools and community centres

Frequency

M Q Y

Media

Descriptor

Public and private agencies that cover print, broadcast, and online media

Engagement Channels

- Strategic and operational media interviews and events
- Formal and informal briefings
- On-demand requests
- Press releases
- Monitoring and sentiment analysis

Stakeholders' Expectations

- Customer satisfaction
- Adherence to industry regulations
- Innovation and technology updates
- Industry thought leadership
- Crisis communication preparedness

Our Response

- Positive stories about customer satisfaction, successful service implementations, and innovative customer-centric approaches
- Providing media access to company events, product launches, and major announcements
- Expert opinions, and contributing to industry discussions

Frequency

W M Q Y

Suppliers and Business Partners

Descriptor

Businesses that have direct and indirect contractual relationships with CelcomDigi and deliver business value to us by co-developing/deploying products and services for our customers

Engagement Channels

- Exploratory meetings
- Tenders and commercial agreements or partnerships
- Regular check-in discussions
- Site inspections and audits
- Supplier training
- Product presentations

Stakeholders' Expectations

- Fair and timely payment
- Mutually beneficial partnerships
- Training and enablement
- Market development support
- Ethical business practices
- Access to resources (e.g. seamless technological integration)

Our Response

- Training for vendors
- Perform Integrity Due Diligence prior to the appointment of vendors
- Requirements for all business partners to adhere to CelcomDigi's Business Partner Conduct Principles
- Integrity hotline to report on alleged misconducts, bribery, and corruption within CelcomDigi
- My5G SME Digital workshop
- Partnerships to enable next-gen connectivity solutions

Frequency

W M Q Y

Materiality

We recognise the pivotal role of materiality assessment in our sustainability management efforts. Through this exercise, we are able to engage with our diverse stakeholders and attain feedback on issues that should be considered relevant and prioritised.

In 2024, we refreshed our materiality assessment to validate the importance of economic, environmental, social, and governance matters to our business and stakeholders. Throughout this process, we ensured that our enterprise risk parameters closely aligned with business priorities. We also adhered to best practices as outlined in standards such as the Bursa Sustainability Reporting Guide and Toolkits and the Global Reporting Initiative (GRI).

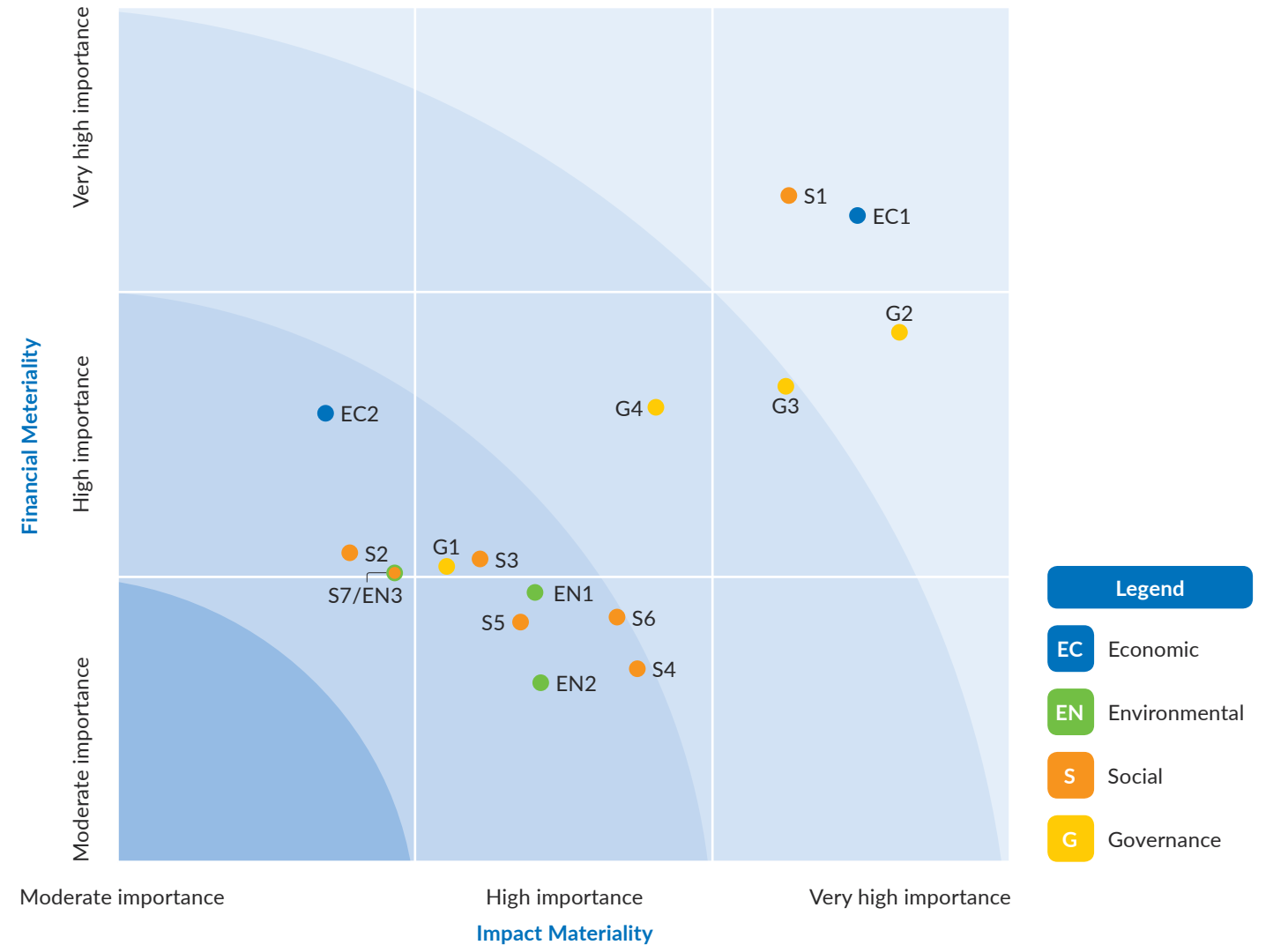
Our Approach to Materiality Assessment



Materiality

Materiality Matrix

Our Materiality Matrix represents the level of importance of our 15 consolidated material matters from the perspectives of stakeholders, business, and financial impact. The Matrix provides a practical overview of the risks and opportunities across the business value chain, guiding our strategic decisions and development processes.



Commentaries

- CelcomDigi prioritises 24/7 customer support to meet the demand for an always-on digital lifestyle, gathering feedback through multiple channels and promptly addressing concerns to ensure customer satisfaction.
- CelcomDigi dedicates separate focus and resources to promoting a safe internet experience and mitigating heightened risks associated with online safety and scams.
- Guided by existing good practices, CelcomDigi implements strong mitigation strategies and remediation plans to uphold human rights across the company, ensuring ongoing due diligence for maximum visibility and monitoring of ground-level issues.
- CelcomDigi remains committed to stringent regulatory compliance, continuously engaging with relevant agencies and government bodies to meet evolving standards and best practices.
- CelcomDigi recognises energy management's crucial role in mitigating climate change and commits to prioritising energy efficiency, low-carbon energy generation, and sustainable transportation in the short to mid-term.
- CelcomDigi prioritises people matters, focusing on developing a progressive talent pipeline, core competencies, and cultural integration to strengthen its position as one of Malaysia's Top 5 Employer Brands.

Please refer to next page

Materiality

Legend	Material Matters	Description	Movements (vs FY2023)
Very High Importance			
EC1	Service Reliability and Quality	Providing quality and consistent network experiences to customers.	▲
S1	Customer Satisfaction ¹	Employing customer-centric solutions for a differentiated user experience in our highly competitive markets.	▲
G2	Data Privacy and Cybersecurity	Upholding strong governance to strengthen privacy controls and to protect stakeholders' data and information against cyberattacks.	▼
G3	Business Ethics and Corporate Governance	Maintaining an effective governance framework and internal controls to uphold corporate values and ethical standards across our value chain.	▲
G4	Crisis Management and Response	Ensuring we are well prepared for crises with a rapid and adequate response plan, and clear lines of reporting.	▲
High Importance			
S6	Online Safety ²	Nurturing safe internet skills among stakeholders.	▲
S4	Respecting Human Rights and Freedom of Expression ³	Upholding human rights by mitigating the risk of potential abuse across our value chain and ensuring access to the right information.	▲
EN1	Climate Change and Environmental Action	Protecting the environment by transitioning towards a low-carbon economy and employing effective waste management within business operations.	▲
S3	Occupational Safety and Health	Providing a conducive environment with improved health and safety conditions for employees and contracted workers across the supply chain.	▼
EC2	Business Development, Expansion, and Investments	Robust strategies to acquire and expand businesses and value creation to drive growth and profitability.	▲
S5	Digital Inclusion	Enabling greater access to enhance digital inclusion among stakeholders.	▲
G1	Regulatory Compliance ⁴	Maintaining robust controls to meet existing and emerging legislation and regulations.	▼
EN2	Energy Consumption ⁵	Implementing measures to improve energy efficiency and promote sustainable practices to mitigate environmental impact.	NEW
S7/ EN3	Supply Chain Management	Raising standards in our supply chain to positively influence social equality and environmental protection.	▼
S2	Talent and Culture ⁶	Fostering an environment that attracts and retains high-performing talents while encouraging continuous development of digital competencies.	▼

Strategy

Our strategic pillars underscore our dedication to Advancing and Inspiring Society, driving us to create value for our stakeholders and foster sustainable long-term growth. This is achieved through the five key priorities outlined in our growth strategy.



Our Strategy Progress

CelcomDigi has developed a comprehensive five-year strategic blueprint to guide our growth journey and secure long-term success. Our strategy focuses on expanding the market, capitalising our operational strengths, and embracing innovation as a key value driver to future-proof our business. This year, we made significant strides in Advancing and Inspiring Society across our five strategic pillars.



Read more on our progress activities in Section 4: Performance Review, pages 56 to 91.



Accelerate Integration, Synergies, and Operational Excellence

Capitals:



The Strategy

- Enhancing the Network, IT, and Commercial working streams to drive better customer experience and unlock synergies for greater efficiencies
- Driving operational excellence across the company through simplification, evolving operating models, structural changes, technology-driven efficiencies, and embracing an Operational Excellence mindset

Our Initiatives

- Achieved integration and synergy milestones planned for 2023:
 - Completed organisational integration for business continuity
 - Harmonised channels with integrated Sales teams
 - Embraced new CelcomDigi culture integration
 - Integrated more than 5,000 sites ahead of schedule
 - Improved free cash flow with efficient cost management
 - Realised gross synergy of RM366 million
- Achieved our Operational Excellence target for 2023 through internal programmes

Strategy



Win in the Core

Capitals:



The Strategy

- Continuing to lead and win across all regions and segments while prioritising the growth of high-value and differentiated customer segments
- Strengthening convergence by cross-selling and upselling to our existing customer base
- Establishing a leadership position in the 5G race across both mass consumer and business segments
- Enabling our teams through analytics and delivering on our brand and customer promise through differentiated product offerings, exceptional service, support, and digital and retail experiences

Our Initiatives

- Strengthened and optimised our retail and distribution presence to better serve our segments:
 - Streamlined channels and integrated sales team under one umbrella
 - Ensured Celcom Bluecubes and Digi Stores remained open 365 days a year
 - Introduced a new CelcomDigi brand
 - Rolled out over 50 product campaigns, including unified 5G offerings, which resulted in more than 636,000 net additions in consumer mobile



Build New Core

Capitals:



The Strategy

- Driving accelerated growth in the Home & Fibre segment within the market
- Expanding significant market share across all Enterprise segments through strategic partnerships enabled by beyond connectivity solutions
- Leveraging our Innovation Centre to spearhead new innovations in the local digital ecosystems through partnerships with global technology players
- Fostering a culture of innovation within our workplace by exploring new technologies and innovative solutions

Our Initiatives

- Accelerated our Home & Fibre initiatives and revitalised our Enterprise Business:
 - Introduced a new CelcomDigi brand for both Home & Fibre and Enterprise propositions
 - Grew subscriber base to 131,000
 - Secured key contract wins in Enterprise Business
 - Conducted multiple MY5G CEO workshops with Enterprise clients to drive thought leadership on 5G technology
- Establishing the Innovation Centre, and forming over 12 collaborations with major global technology partners and local institutions, introducing groundbreaking use-cases in logistics, electrification, and leveraging X-as-a-Service in fintech and data analytics

Strategy



Shape Assets for Future Growth

Capitals:



The Strategy

- Driving overall efficiencies through the optimisation of costs and capital allocation in our assets, while exploring new technologies to enhance asset efficiency and utilisation
- Modernising and integrating our network and IT systems to establish a future-proof and efficient technology stack

Our Initiatives

- Prioritised the security of our customers' data by implementing identity lifecycle, privilege, and access management protocols internally
- Introduced the NextGen Self-Serve Kiosk, setting a new standard in customer service by offering self-directed interactions within a technology-driven retail environment
- Adopted the Digital Telco Enabler (DTE) as our enterprise integration platform, supporting new telco business models and ensuring seamless digital experiences for our customers
- Transformed our Core Customer Relationship Management and Billing systems, enhancing the customer experience, strengthening customer relationships, and boosting satisfaction levels



Succeed with Talents

Capitals:



The Strategy

- Completing organisation design and putting in place the Top 400 leaders across the company
- Activating 10/100/1,000 initiative to build future talent pipeline for CXOs, leaders, and next-generation talent
- Rebuilding our core competencies to ensure a comprehensive skill set that meets both current and future business needs
- Developing next-generation talent programmes and offering internal job mobility options to create more avenues for career advancement
- Fostering innovation and embracing new ways of work to cultivate a distinctive CelcomDigi culture, contributing to the development of a strong employer brand

Our Initiatives

- Completion of people integration efforts:
 - Harmonised and established CelcomDigi leadership and a new organisational structure to ensure the successful and stable integration of employees
 - Initiated the development of new CelcomDigi values and culture

Innovating new possibilities

Advancing your business with 5G and AI-powered technologies, so you can enjoy the freedom to focus on the things that truly matter



Financial Capital

Financial Capital

Our approach

Guiding Factors

Material Matters



Strategic Pillars



UNSDGs



In 2023, CelcomDigi Berhad completed its inaugural year of operations as a merged entity. Our performance has been commendable, achieving strong growth in accordance with our 2023 guidance. This success has been underpinned by disciplined market execution and effective cost management strategies. In meeting all first-year integration milestones, we achieved gross synergy savings surpassing RM300 million. This underscores our commitment to realising the full potential of the merger and optimising operational efficiency.

We are making significant progress in transforming ourselves into a telco-tech company, and are becoming commercially robust in order to tackle industry challenges and meet the growing demand for digitalisation and innovation. With our increased capabilities after the merger, we continue to drive solid growth in our core mobile business and invest in new growth areas, thereby enabling us to deliver a strong performance and shareholders value.

Key inputs in 2023	Outputs
<ul style="list-style-type: none"> Top seven company by market capitalisation in Malaysia Healthy total revenue Healthy EBITDA margin Healthy operating cash flow Optimum capex allocation Solid balance sheet 	<ul style="list-style-type: none"> Strengthening market leadership with growth across all core segments, with a stronger subscriber base Sustaining core profitability margins driven by strong underlying performance Optimising capex efficiencies to deliver network integration and modernisation initiatives Delivering sustainable returns to shareholders Realising gross synergies from structural initiatives and sourcing efficiencies Solid balance sheet management in maintaining financial strength for future growth

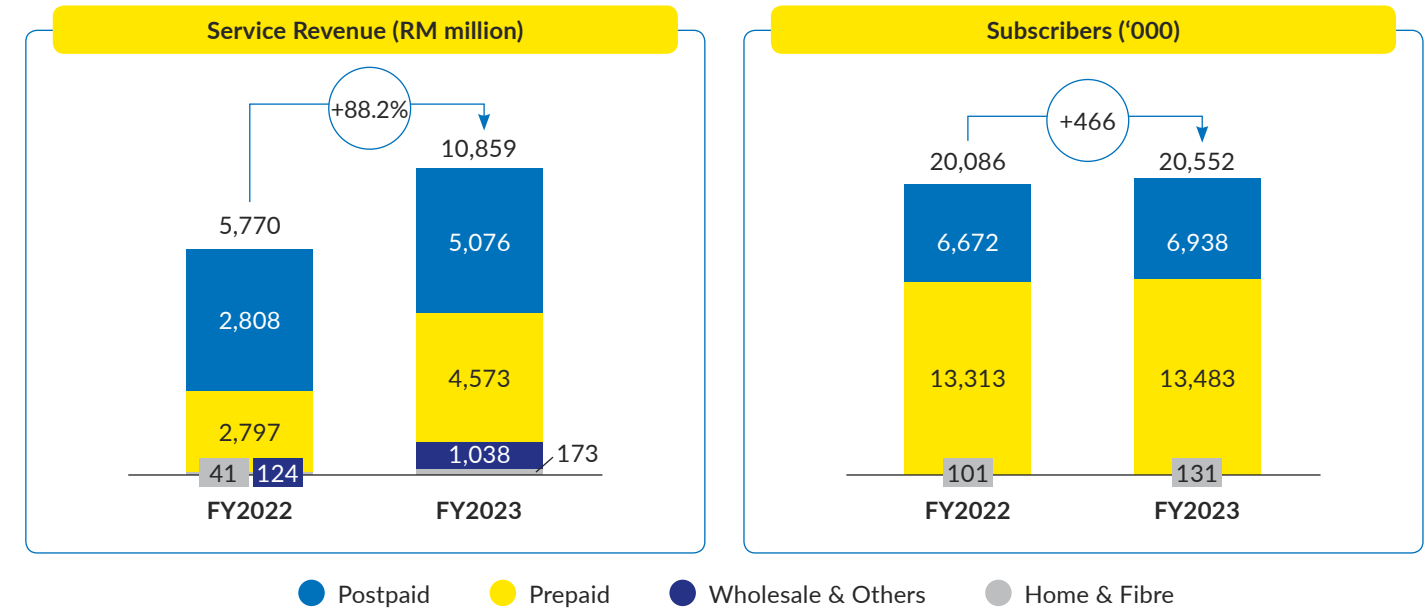
Looking ahead

CelcomDigi proudly serves 20.6 million subscribers, a testament to the strength and resilience of our combined offering in the telecommunications market. We are confident in our ability to achieve our integration and synergy goals due to our increased capacity to invest for growth, as well as our strengthened resilience in managing macroeconomic and industry challenges. We look forward to building upon this momentum and delivering even greater value to our customers in the years ahead.

- | | |
|--|---|
| <ul style="list-style-type: none"> Sustain momentum of service revenue and EBIT growth Maintain capex intensity Institutionalise operational excellence (OE) mindset and financial discipline to create sustainable value Explore tech solutions and new revenue streams | <ul style="list-style-type: none"> Capture synergies while accelerating digitalisation and innovation Invest in new synergistic platforms and new operating models Ensure disciplined capital structure and cost allocation Deliver sustainable dividends on the back of solid balance sheet and synergy potentials |
|--|---|

Financial Capital

Strengthening market leadership with growth across all core segments, with a stronger subscriber base



The FY2023 results of the Group include Celcom's performance as it became a subsidiary on 30 November 2022, through the merger. In FY2022, only one month's portion from Celcom's results was added after the merger.

Service revenue increased YoY from RM5,770 million to RM10,859 million because of the merger effect as well as the expansion of all core segments except for Postpaid, which had a marginal decline due to lower interconnect revenue after interconnection rates were reduced during the year.

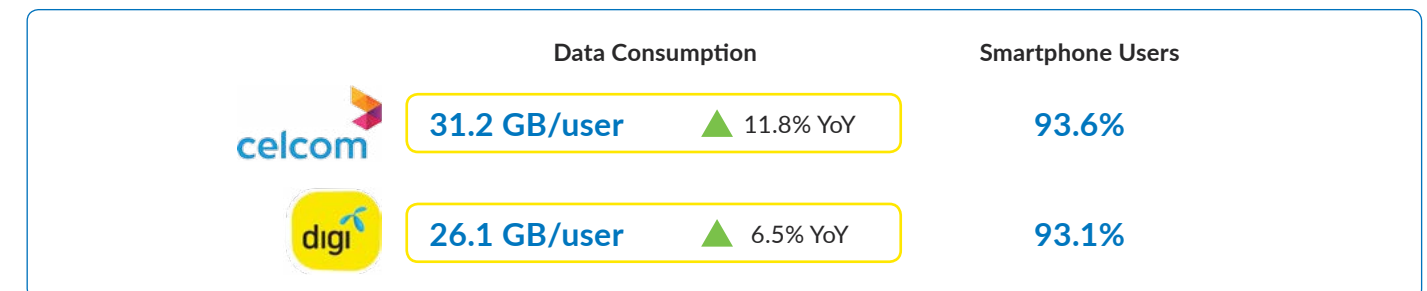
Prepaid revenue increased by 63.5% YoY from RM2,797 million to RM4,573 million due to the high demand for data services as well as the effect of the merger.

Home & Fibre service revenue significantly increased YoY, from RM41 million to RM173 million, as more customers chose the wider range of products and competitive fibre plans, resulting in net additions of 30,000 subscribers as well as due to merger effect.

ARPU (RM)	Postpaid	Prepaid	Home & Fibre	Blended
FY2023	68	28	126	41
FY2022 ¹	71	29	124	42

¹ Comparable basis results which includes contribution from Celcom's results as if the merger was completed on 1 January 2022

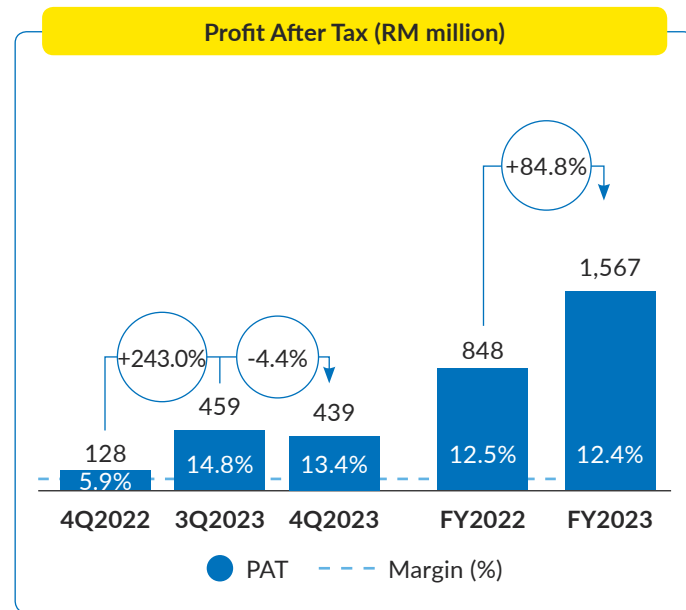
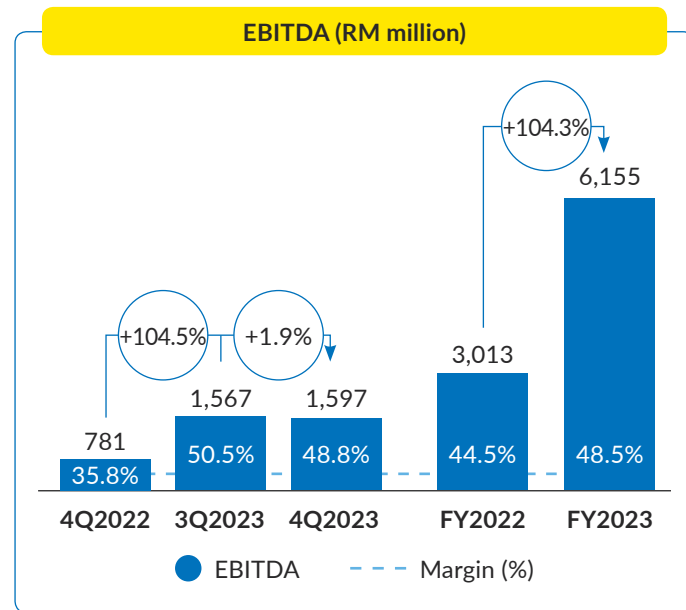
With the increasing number of smartphone users and ongoing enhancements of our network quality and coverage, the average monthly data usage per user reached 31.2 GB for Celcom and 26.1 GB for Digi.



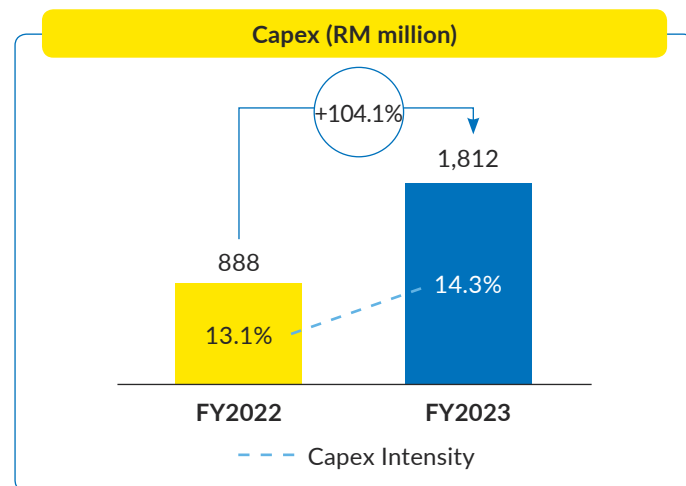
Financial Capital

Sustaining core profitability margins driven by strong underlying performance

- The merger was the main factor behind the 104.3% YoY growth in EBITDA for FY2023, which went up from RM3,013 million to RM6,155 million. The cost of sales, network, and IT-related expenses also increased because of the larger network and the higher data service demand. However, some of these cost increases were offset by cost optimisation initiatives and one-off credit.
- PAT rose by 84.8% from RM848 million to RM1,567 million because of the merger effect, partly balanced by higher depreciation costs from the full year effect of the change in useful life of mobile network assets and assets on sites that are planned for decommission as part of the network integration.



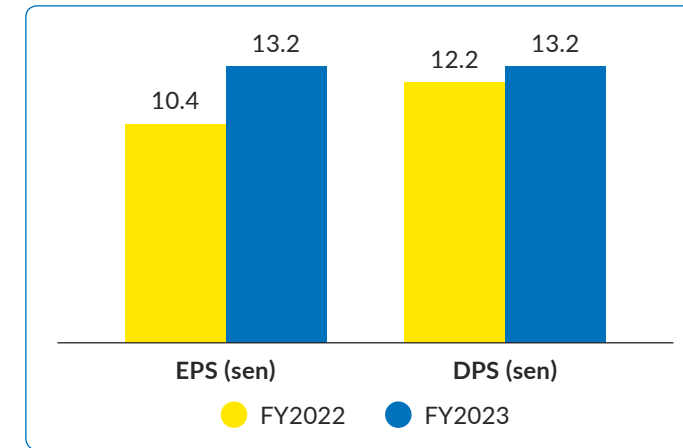
Optimising capex efficiencies to deliver network integration and modernisation initiatives



Capex in FY2023 amounted to RM1,812 million, reflecting a capex intensity of 14.3%, compared to 13.1% in FY2022. Most of the capex was allocated to support the network integration and modernisation programme as well as to address the growing demand for data services.

Financial Capital

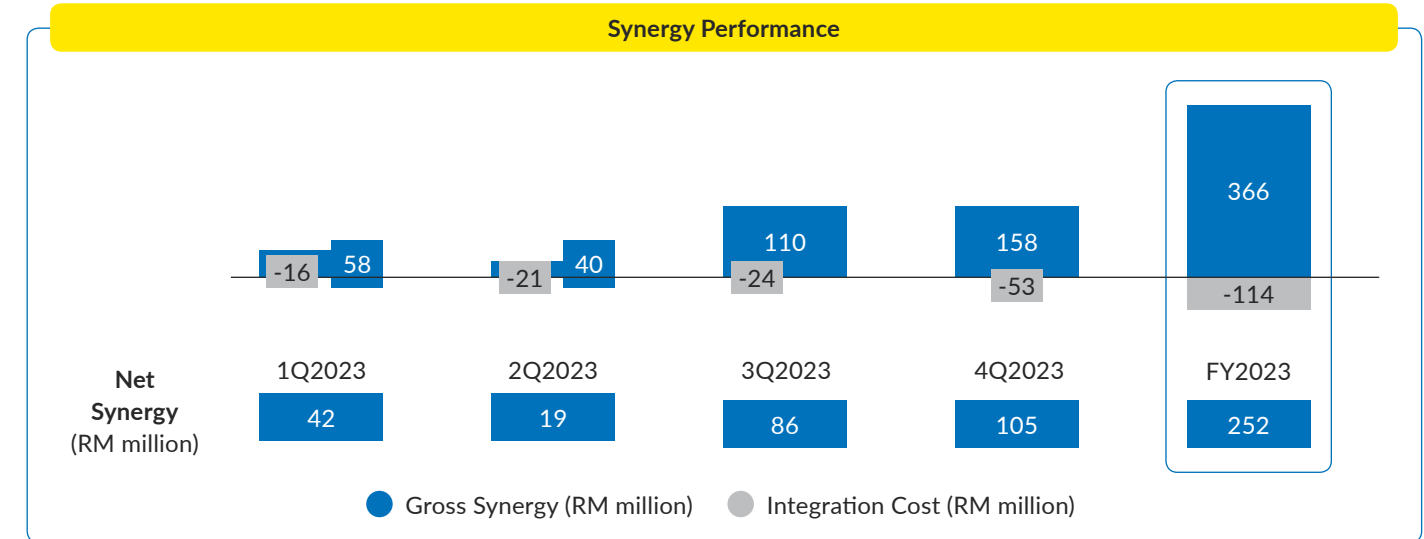
Delivering sustainable returns to shareholders



- Higher Earnings Per Share (EPS) and Dividend Per Share (DPS) from topline improvements and effective cost management.
- The total FY2023 dividend payout amounted to RM1,549 million, reflecting a 99% dividend payout ratio, which exceeds the company's dividend policy of a minimum of 80% of net profits.

Realising gross synergies from structural initiatives and sourcing efficiencies

- Delivered a gross synergy of RM366 million through enhanced sourcing efficiencies and favourable renegotiations of commercial terms, especially within the network integration and modernisation programme.
- Incurred integration costs totaling RM114 million, covering expenses related to organisational setup, brand campaigns, professional fees, and other associated costs.

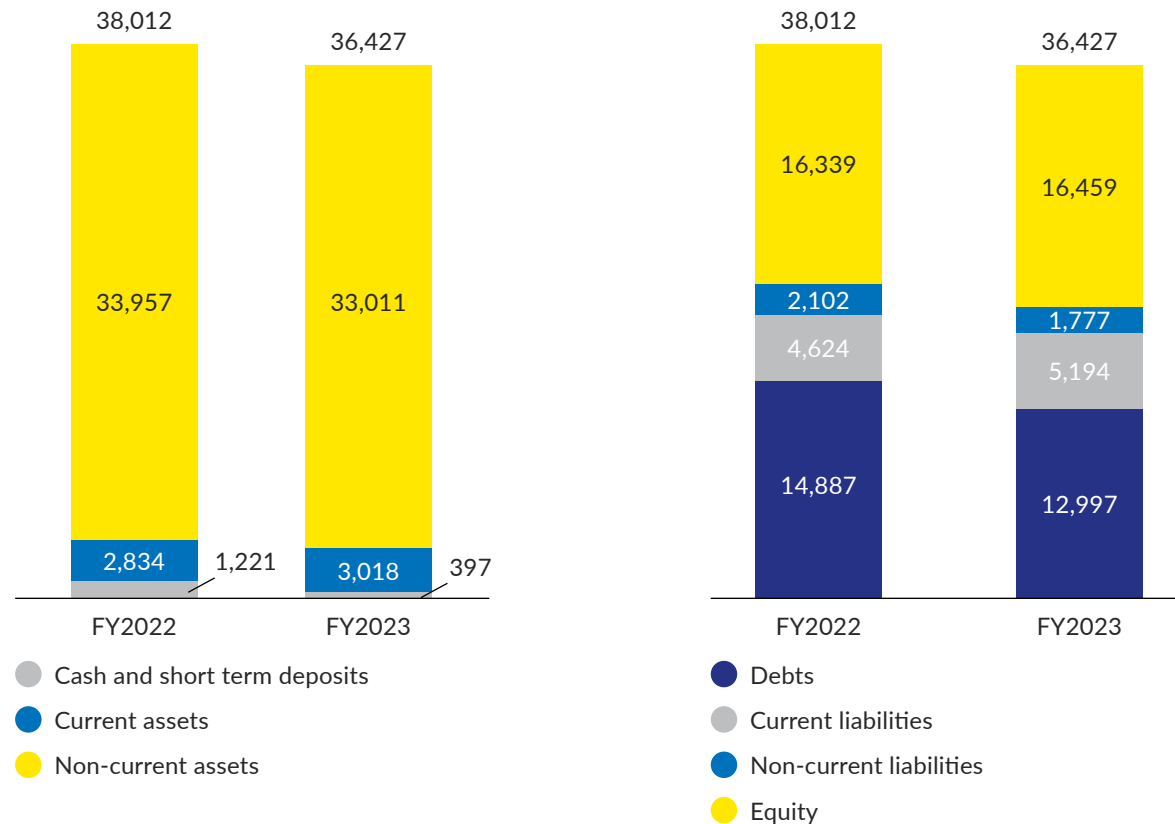


Financial Capital

Solid balance sheet management in maintaining financial strength for future growth

Assets (RM million)

Equities and Liabilities (RM million)



- Leveraging our strong balance sheet and robust cash flow, we successfully obtained rating upgrade for Celcom Networks Sdn Bhd's RM5 billion sukuk programme from AA to AAA and reaffirmation of Digi Telecommunications Sdn Bhd's AAA rating from MARC Ratings and RAM Ratings respectively.
- Both AAA-rated programmes are a testament of our financial strength and operational excellence.

Manufactured Capital



Manufactured Capital

Our approach

Guiding Factors

Material Matters



Strategic Pillars



UNSDGs



As the largest telecommunications and digital services provider, we are committed to being a part of accelerating the national digitalisation agenda and driving the growth of Malaysia's digital ecosystem. Our combined networks strengthen our competitiveness to deliver the most consistent, high-speed, and secure connectivity, delivered through continuous investment in network modernisation.

Our network and information technology (IT) infrastructure assets also determine how we differentiate ourselves in an increasingly competitive industry. As part of our modernisation journey, we have prioritised investments to develop technologies such as Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML) in our operations. Within our distribution network, we strive to increase the scope of customer services on our digital touchpoints to provide better customer accessibility.

Key inputs in 2023

Outputs

- | | |
|--|---|
| <ul style="list-style-type: none"> • Widest network population coverage for 4G LTE and 4G LTE-A • Modernised network infrastructure with 5G-ready equipment • Integrated and modernised IT infrastructure • Integrated retail stores across the nation • Synergised digital touchpoints | <ul style="list-style-type: none"> • Building Malaysia's future digital network, and delivering the widest and fastest network experience nationwide • Driving modernisation and AI automation initiatives towards operational excellence • Connecting with our customers through our digital and physical touchpoints |
|--|---|

Looking ahead

As digitalisation grows in almost all facets of public and private life, CelcomDigi expects exponential growth in data usage in line with an accelerated pace of digital adoption. We will continue to provide superior network quality via our leading 4G network experience, in addition to revitalising our telco solutions by driving widespread introduction of 5G technology nationwide.

- Complete three-year network integration and modernisation exercise to build Malaysia's future digital network, uplifting network quality, capacity, and coverage
- Invest in future network operating model including network virtualisation, transition to cloud-based, software-driven network management, and adoption of AI tools
- Complete three-year IT integration and modernisation, prioritising security and reliability in managing large volumes of data, increasing business intelligence capabilities and business efficiency
- Accelerate adoption of touch-free operations for greater efficiency
- Enhance services of physical and digital touchpoints

Manufactured Capital

Building Malaysia's future digital network

CelcomDigi commenced a full-scale three-year programme to integrate and modernise legacy Celcom and Digi networks, creating the largest 4G network in Malaysia with the latest LTE and 5G-ready technologies. This marks one of the largest technology deployment projects in the country. These efforts are focused on significantly uplifting the overall network experience, where customers now enjoy better signal strength and improved download speeds in areas that have undergone consolidation.

We remain committed to delivering the widest and fastest 4G network in the country. Our contribution towards growing network strength has provided customers with consistent voice services, faster data downloads, lower gaming latency, as well as improved voice-over LTE (VoLTE) and video streaming experience, encouraging increasing usage of data on our network.

Network integration and modernisation exercise



Completed **35%** ahead of initial target of 30% by end-2023



Integrated **5,665** sites as of December 2023

Improved customer experience in post-consolidated areas



Improved download speeds **Between 20% and 26%**



Better signal strength **Between 13% and 16%**

Population coverage



4G LTE : 97%
4G LTE-A : 91%

Combined fibre footprint



29,800km (incl. CTS*)
*Celcom Timur Sabah



>99% Network Availability with 24/7, 365 days monitoring of network health



Average Monthly Data Consumption	Gigabytes (GB) Per User
Celcom	31.2 GB
Digi	26.1 GB

CelcomDigi received 12 awards in 11 categories in the Opensignal's Mobile Network Experience Report (September 2023). Opensignal is the independent global standard for analysing consumer mobile experience on wireless networks.



Manufactured Capital

Building Malaysia's future digital network (Continued)

Over the year, we implemented AI capabilities to our networks to drive innovation, optimise network operations, and deliver enhanced services to our customers. Some examples include:

- Virtual Drive Test (DT) using AI-powered, big-data-fueled geolocation to obtain wireless network coverage analysis solution without the need for inefficient physical drive tests
- Implementing smart Centralised Self-Organising Network (CSON) solution that utilises AI to track and adjust network configuration and parameters continuously

Driving modernisation and automation initiatives towards operational excellence

We began our IT infrastructure integration and modernisation efforts, with system upgrades to drive high organisation-wide productivity levels and ensure we remain responsive to customers' increasing digital needs and data consumption patterns to remain competitive.

- Migrating Business Intelligence (BI) system to the Cloud
- Replacement of Business Support System (BSS)
- Touch Free Operations capability uplift
- Harmonising Information Technology Infrastructure Library (ITIL) processes
- Integrated single HR platform, unified Microsoft O365, and wireless office network

Our transformation towards touch-free operations

We aim to achieve 100% touch-free operations and are implementing digital transformation initiatives leveraging the technologies below:

Process-driven via Robotic Process Automation (RPA)	Data-driven via AI/ML	Proactive detection & self-healing in cybersecurity	Energy efficiency	Development Security & Operations (DevSecOps)
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Improving Service Levels, Resilience, and Recovery

CelcomDigi embraces modern IT tools and technologies, such as AI and cloud-based solutions to enhance efficiency and improve business agility, especially during outages and crises.

- Standardised Service Level Agreement (SLA) performance management across all business partners to ensure effectiveness and quality in all our infrastructure
- Optimised operations by consolidating support services and implementing proactive measures to address and report issues effectively
- Harmonised outage severity matrix, Crisis Management Team (CMT), and formalised crisis escalation process
- Simplified outage communication through SMS and Email, streamlining customer complaint management, and introducing a Crisis Severity Matrix for effective crisis management

Manufactured Capital

Connecting with our customers through our digital and physical touchpoints

Our aim is to provide quality customer experiences through our extensive distribution network, which includes both physical and digital customer touchpoints.

Largest retail network in Malaysia

<p>12,000+ retailing touchpoints</p>	<p>400+ branded stores</p>	<p>8.9 million users on Celcom Life and MyDigi apps</p>
<p>New CelcomDigi Online Store launched 7 April 2023</p>	<p>Cross-selling of Celcom and Digi products available at all stores</p>	<p>Celcom Bluecubes and Digi Stores open 365 days a year</p>

Our dedicated customer service team is committed to providing personalised and valuable customer service experiences at our retail stores and through engagements via our contact centre, mobile applications, and online channels. We monitor ongoing customer issues on service quality and actively implement solutions to close the feedback loop with customers and deliver a strong quality of experience.

<p>69.7% CSAT* score with a +3.9pp improvement</p>	<p>CelcomDigi mobile plans available in all retail stores</p>	<p>30% reduction of physical Point of Sale Materials (POSM) towards waste reduction</p>
<p>Multiple touchpoints such as CS helpline, Apps, Live Chat, chatbot, messaging, and online stores</p>	<p>Customer Service Ticketing solution to reduce wait time and to track status of enquiry</p>	

Notes:

a) *CSAT score has been independently assured by SIRIM QAS International

b) CSAT score calculated based on monthly average scores from August - December 2023, post harmonisation of scoring methodologies. Only contact centre scores are accounted

Intellectual Capital



Intellectual Capital

Our approach

Guiding Factors

Material Matters

G1 G2 G3 EC1 S1 S5

Strategic Pillars



UNSDGs



CelcomDigi remains competitive by having diversified and reliable product portfolios. We are committed to advancing service innovations beyond connectivity to enrich our customers' expanding digital lifestyle needs. Our long-standing commitment to operating responsibly and our values and robust internal controls resulted in strong ESG performance, as benchmarked by independent rating agencies and sustainability indices.

We have a greater role to play in advancing the nation towards being digitally competent, in safeguarding and strengthening our network by deploying advanced cybersecurity tools, and in continuing to advocate for safe internet practices to protect our customers from emerging cybersecurity threats.

Key inputs in 2023

- New CelcomDigi brand proposition focusing on digitalisation, innovation, and trust
- Unified range of customer-focused connectivity and digital solutions
- Strategic partnerships to accelerate innovation and develop tech ecosystem
- Robust governance policies
- Comprehensive data protection and security governance

Outputs

- Advancing our reputation as a trusted brand
- Leading all segments with enhanced 4G, 5G, and home & fibre offerings
- Enabling digital inclusion for underserved communities
- Accelerating business and SME digitalisation
- Pursuing strategic partnerships for new growth opportunities
- Strong governance and robust internal controls
- Tightening data protection and cybersecurity controls

Looking ahead

We will continue to curate products and services that offer best-value deals and bundles for all segments and walks of life. To drive uptake of 5G technology across Malaysia, we will develop inclusive and affordable bundled plans to cater for a wider group of customers and to address industry-specific needs. In parallel, positive customer experiences and engagements will strengthen CelcomDigi's brand affinity.

- Introduce affordable and inclusive products and services
- Drive uptake of 5G, AI, and emerging technologies to address industry-specific needs
- Advance data protection practices to safeguard customers against cybersecurity threats
- Complete Privacy Control Framework implementation for all high-risk data processing functions

Intellectual Capital

Advancing our reputation as a trusted brand

Our new CelcomDigi brand reflects the company's aspiration to be our customers' and the nation's trusted partner in innovation and digitalisation. It builds on our brand spirit – 'Creating a world inspired by you' – to embody three fundamental principles: dynamism, passion for customers, and excellence.

<p>Corporate brand introduced 19 October 2023</p>	<p>Putra Brand Awards The People's Choice Gold (Celcom) and Silver (Digi) for Communication Networks</p>	<p>MSA Awards 1 Silver and 1 Bronze</p>
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Our consistent performance in embedding ESG practices in our business and raising standards in Malaysia has enhanced our reputation as a responsible business leader. This is a reflection of our stakeholders' continued confidence in our ability to create shared value for the long-term. This year, we established our ESG strategy to sharpen our focus on material matters that will improve our sustainability performance towards securing a sustainable future.

<p>Bursa Malaysia Index Member of ESG indices Within the Top 25 percentile</p>	<p>ESG Risk Rating Ranked Low-Medium Risk</p>	<p>MSCI ESG Rating Ranked A</p>	<p>The Edge Malaysia ESG Awards 2023 Gold Award for Telecommunications & Media Sector</p>
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Leading all segments with enhanced 4G, 5G, and home & fibre offerings

- Enhanced 4G and 5G offerings for all segments - on-the-go, at home, and roaming services bundled with digital services, and other value-added services
- Greater 5G-enabled connectivity experiences, with unified CelcomDigi Postpaid 5G and high-speed internet passes with 5G for value-seeking customers
- Best fibre-mobile convergence offers and simplified customer experience, with add-on home entertainment, gaming, smart home IoT, digital, and home security services

<p>20.6 Million Total Subscribers</p> <p>131,000 Fibre & Wireless Subscribers</p>	<p>CelcomDigi 5G High-Speed Internet Passes</p> <p>CelcomDigi 5G Home WiFi for unlimited wireless 5G broadband</p>	<p>CelcomDigi Unlimited 5G Internet Roaming Passes</p> <p>1st in Malaysia Fibre-to-the-Room (FTTR) packages</p>	<p>CelcomDigi Postpaid 5G</p>
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Read more about our customer experience management in Manufactured Capital, page 64.

Intellectual Capital

Enabling digital inclusion for underserved communities

We are expanding our portfolio of affordable connectivity and device bundles to ensure access for all, in collaboration with the industry and the government.

<p>Pakej Rahmah affordable bundles with 5G-enabled devices</p>	<p>Pakej Mega Jimat mobile offering programme with device</p>	<p>Pakej Perpaduan (Prepaid) with 6-months validity for senior citizens, PWDs, veterans, B40 families, and youths</p>	<p>Fibre broadband (30mbps) for only RM69/month in Sabah</p>	<p>Easy360 device installment or ownership programme</p>
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Accelerating business and SME digitalisation

CelcomDigi continues to deliver new and innovative products and services catering to MSMEs and SMEs, and large enterprises to further digitalise their operations. Our extensive range of offerings enables businesses to integrate digital solutions across different aspects of their operations, and leverage new technology innovations to accelerate their overall productivity.

- Enhanced portfolio of connectivity solutions for businesses with Fibre-to-the-Office (FTTO), Fixed Wireless Access (FWA), supported by new CelcomDigi Postpaid 5G packages
- Broadened range of digital solutions in Fixed Mobile Convergence, Cloud, Software-as-a-service, IoT and M2M, and Cybersecurity, to drive business digitalisation for enhanced operational efficiency
- Developed new 5G, robotics, and AI solutions to enable digital transformation of enterprises across different industry sectors
- Increased SME awareness on digitalisation benefits, and drove thought leadership on emerging technologies with strategic partners to inspire industry-scale transformation
- Facilitated the deployment of the PENJANA Digitalisation Grant and Geran Digital PMKS Madani (GDPM) to help SMEs fast-track their digitalisation journey

Highlights of new business digitalisation and innovation initiatives in 2023

<p>DHL initiates Malaysia's first 5G-powered Artificial Intelligence (AI) Autonomous Inventory Management System, supported by CelcomDigi's 5G connectivity and 4G LTE network</p>	<p>MY5G CEO Series to accelerate 5G adoption across businesses by providing insights to industry captains on advantages of 5G, robotics, and AI-powered tech</p>	<p>MY5G SME Digital Workshops and over 250 other engagements with Malaysian businesses</p>
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Pursuing strategic partnerships for new growth opportunities

CelcomDigi is in a good position to attract partnerships with local and global technology companies to invest and drive digitalisation, innovation, and sustainable growth.

In 2023, we established the CelcomDigi Innovation Centre with the aim to create value to the core, leveraging local and global partnerships to bring in the best of 5G, AI, and IoT technology. Our aim is to catalyse and nurture a knowledge-based workforce, in line with Malaysia's digital aspirations. Local digital startups will also be able to benefit from the platform to enhance their technology and innovation capabilities. CelcomDigi will invest up to RM250 million over five years in the Innovation Centre, in order to keep Malaysia at the forefront of the global digital evolution.

Intellectual Capital

Pursuing strategic partnerships for new growth opportunities (Continued)

We initiated four partnerships in the year to explore innovations in the areas of Metaverse, 5G, AI, and green technology.

Exploring future internet technology with SK Telecom, South Korea's leading wireless telecommunications operator, to develop Malaysia's first operator-led mobile Metaverse platform leveraging 5G and AI capabilities

Developing immersive learning solutions with VIRNECT, a Korea-based technology company that specialises in the development and commercialisation of industrial extended reality (XR) solutions, to explore experiential learning and education with certification for students using Metaverse, for Malaysian universities

Driving green technology adoption with Yinson Holdings Berhad, a global energy infrastructure and technology company, to develop innovative electric vehicle (EV) services and infrastructure for Malaysian consumers, driving EV and green energy adoption in the country

Co-creating IR4.0 solutions with leading global technology giants, SoftBank Corp and Sumitomo's SC-NEX, leveraging AI, robotics, and analytics solutions to accelerate the digitalisation of Malaysian enterprises

Strong governance and robust internal controls

Governance is vital in fostering a culture of integrity, ethical behaviour, and professionalism to ensure business excellence. Our policies are aligned with applicable laws and regulations, and corporate governance best practices, fundamental for sustainable value creation for all stakeholder groups.

Code of Conduct

- Outlines the obligations and principles of operating the business responsibly, built upon best practices brought forward from Celcom and Digi.
- Sets our expectations for employees to behave transparently and honestly in aspects of anti-corruption and conflicts of interest, among other matters.
- All policies and manuals, as approved by our Board, are aligned with the requirements prescribed by the Code of Conduct.

Whistleblowing Policy

- Outlines the procedures for employees to report incidents of misconduct in violation of our governance policies, including our Code of Conduct and Anti-Corruption Policy.

Compliance Programme

- A programme designed to safeguard and strengthen integrity within the organisation, in alignment with the standards and requirements of the Guidelines on Adequate Procedures, published by the Prime Minister's Office of Malaysia.

We remain committed to continuously uphold high corporate ethics and integrity standards.



Read more about our business governance policies at <https://corporate.celcomdigi.com/company/governance>.

Intellectual Capital

Strong governance and robust internal controls (Continued)

Consistently improving the monitoring of governance risks across our value chain

- Harmonised Anti-Corruption Risk Registers from Celcom and Digi and identified the top 10 potential corruption risks
- Monitored our activities for the second line of defence (for business partner management, and sponsorship and donation processes)
- Assessed corruption risks on all business partners via the Coupa Risk Assess platform to effectively manage our supply chain risks
- All CelcomDigi business partners are required to sign the Agreement of Responsible Business Conduct (ABC) which includes anti-corruption clauses and requirements
- Periodic Corruption Risk Assessment conducted based on the requirements of the Code of Conduct and Anti-Corruption Policy



Read more about our OneCompliance programme in 'Statement on Risk Management and Internal Control', page 118.

Tightening data protection and cybersecurity controls

As digital interactions become more essential to our daily lives, customers are increasingly concerned about data protection and cybersecurity risks. We strive to strengthen our internal controls, cultivate a responsible business culture through employee education on good data and security stewardship, elevate industry practices, and public awareness on this topic.

As a responsible business, we ensure continuous compliance with legal and regulatory requirements by regularly reviewing our data protection policies and practices, and are committed to making sure our customers' privacy rights are always respected.

Our Data Protection Practices

CelcomDigi is responsible for ensuring customers' personal data is processed according to our Privacy Notice(s) and applicable laws.



Data Collection

CelcomDigi collects your personal data to improve on our services to you.



Data Access

Access to personal data within systems or applications is restricted to authorised employees only.



Data Security

CelcomDigi ensures your personal data is safe and secure at all times.



Data Sharing

Sharing of personal data is only limited to our approved business partners to fulfil the provision of our services.



Data Retention & Deletion

CelcomDigi does not store your personal data longer than necessary.



Individual Rights

Customers have the right to access and correct their personal data, as well as opt out from receiving marketing messages.

In 2023, we developed several controls and guidelines to manage personal data more effectively:

- Privacy Control Framework, which is in compliance with the requirements of the Personal Data Protection Act and best practices in collecting, processing, and storing data
- Privacy Incident Management Manual, Incident Response Team (IRT), and Crisis Management Team (CMT) to assess and manage incidents systematically
- Periodic cybersecurity risk assessments conducted with compliance checking according to ISO27001 standards
- Roundtables and forums involving multi-industry data professionals on the scope of privacy challenges in the digital age, AI governance, compliance, and human rights

Intellectual Capital

Tightening data protection and cybersecurity controls (Continued)

Active engagements with our Stakeholders

We recognise the importance of continuous engagement with employees, government agencies, the private sector, industry partners, and the media to keep ahead of the development of data protection efforts and share best practices in raising standards within the sector. These engagements also help in constructing better policy-making and collective actions.

85% of Privacy Control Framework implemented for high-risk data processing functions

Over **700** employees and **450** customer care agents trained on the Privacy Control Framework

Data Breach and Ransomware Crisis simulation to measure preparedness to respond and take corrective action

Convened our inaugural Trust Circle forum, connecting privacy and data protection experts from multi-sectors including regulators, telecommunications, banking and finance, energy, and academic institutions. Discussions encompassed emerging macro trends in privacy laws and data governance strategies to create a trusted ecosystem for Malaysians.

CelcomDigi in partnership with the CEO Action Network organised a forum on 'Trust and Cybersecurity' for all its members. We shared our approach of equipping the nation towards better digital competencies, building resilient network and systems to safeguard our business and customers from emerging threats.

Hosted a fireside chat with the Malaysian International Association of Privacy Professionals (IAPP) at its KnowledgeNet Meeting 2023. Panelists discussed the potential amendments to Malaysia's PDPA 2010 and changes that will reshape the framework of data privacy in the country.

Participated in a roundtable organised by Taylor's Law School discussing the emergence of AI and data risks as an increasing theme in Malaysia and ASEAN, and the need to regulate digital laws with uniformity between countries.



Read more about our stakeholders in Key Relationships, pages 45 to 47.

Business Continuity Management System (BCMS)

We implement robust BCMS practices to ensure operational reliability and to strengthen our ability to deliver products and services credibly to our customers even during unforeseen disruptions to the business. Our practices have been accredited in accordance with internationally recognised standards such as the BCMS ISO22301:2019 of the British Standards Institution (BSI) in 2021. We continuously undertake the required audits to maintain the accreditation on an annual basis.

Human Capital



Human Capital

Our approach

Guiding Factors

Material Matters



Strategic Pillars



UNSDGs



We recognise the importance of adopting an agile people strategy and talent value proposition to meet the changing needs of our workforce in a rapidly evolving telecommunications industry.

As we strive to become a telco-tech company, we need skilled professionals with the right competencies to help us realise this vision. We are committed to fostering a diverse, productive, and sustainable workforce to support our company's growth. We believe in empowering our employees to reach their full potential and creating an environment that motivates and inspires them to grow individually and as a team.

Key inputs in 2023

- Developed next-generation talent programmes and offered internal job mobility options to create more avenues for career advancement
- Advocated for diversity and inclusion and prioritised employees' well-being
- Organised company-wide engagement events like CDlympics and Customer Engagement Day
- Refreshed our workspaces in all our regional campuses
- Launched our OneCompliance programme

Outputs

- Establishing one unified workforce
- Building a diverse, inclusive, and responsible workforce
- Nurturing industry-best talents
- Focusing efforts on collaboration and engagement
- Building a healthy and safe workplace environment

Looking ahead

CelcomDigi aims to have top telco-tech, digital, technical, and commercial talents by rebuilding core competencies to ensure employees have comprehensive skill sets to meet current and future business needs. We want to establish CelcomDigi as the best place for our people to advance their careers and aspire to become a leading employer brand in Malaysia.

- Prioritising progressive workplace policies, strengthening our CelcomDigi culture, and building positive employee experiences
- Advancing speak-up culture, fair treatment, diversity, inclusion, and becoming a leading ESG practitioner
- Policies to be governed by a comprehensive Employee Handbook and Code of Conduct (COC)
- Succession pipeline for leadership roles and a robust pool of key talents – training the next 10/100/1,000 leaders and employees

Human Capital

Establishing one unified workforce

After the merger, our top priority was to integrate our people and build a unique, winning CelcomDigi culture. To achieve this, we have made various efforts to simplify and unify our people policies and processes, drawing from the best practices of both organisations. This has helped us to facilitate a seamless integration process and establish a solid base for our future growth and success.

New organisation structure and development focus

- Focused on establishing a new organisation structure and job alignment to provide development opportunities for existing employees.
- Hired new resources for integration projects and critical roles.
- Established leadership forums for Top 400 leaders to provide clear guidance and alignment on company priorities.

Harmonisation of rewards and benefits

- Successfully aligned employee rewards and benefits across the organisation, covering medical benefits, leave, and EPF entitlements.
- Ensured consistency and fairness in rewarding and remunerating our employees for their contributions.

Deployment of unified HR systems

- This contributed to the successful people integration efforts, including facilitating the new organisation structure, the rollout of a new job architecture, and a new performance management framework.

Building a diverse, inclusive, and responsible workforce

Having a diverse and inclusive workforce is essential to serving our customer base effectively. It allows for a rich blend of viewpoints, competencies, and backgrounds, giving us a competitive edge in the market. Anchored in our commitment to responsible business conduct, we also believe it is pivotal to ingrain a culture rooted in honesty, integrity, and accountability to cultivate ethical behaviour to build a trusted brand.

Prioritising DEI

- Diversity, equity, and inclusion (DEI) are embedded in our culture and way of work.
- Our People Policy and our Diversity, Equity, and Inclusion Manual guide us to ensure equal opportunity and representation for all.
- Implement DEI principles in all our decision-making processes.



CelcomDigi continues to be included in the 2023 Bloomberg Gender-Equality Index (GEI). This index recognises companies that are committed to transparency in gender reporting and advancing gender equity in the workplace quality Index (GEI).

This placed CelcomDigi among 484 companies from 45 countries worldwide that had excellent scores in achieving and adopting best-in-class diverse, equitable, and inclusive decision-making policies and practices. This recognition is a testament to our workplace culture, where differences are celebrated and talents, regardless of background, are empowered with the same opportunities.



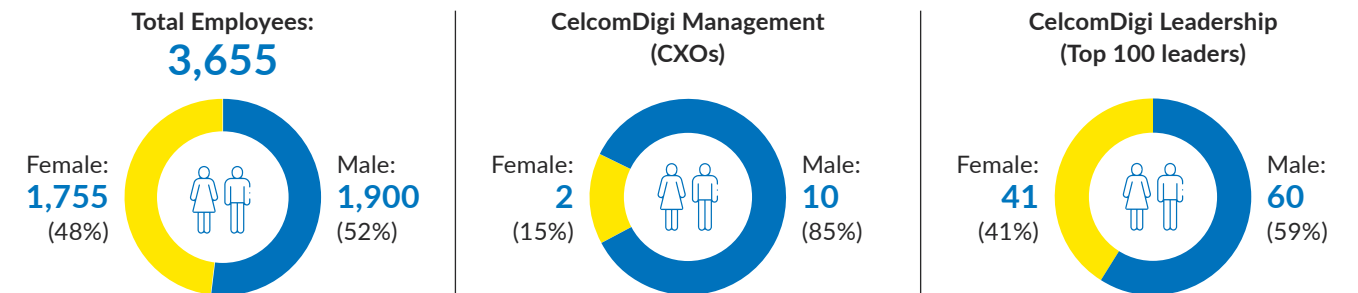
For more information on our approach towards Diversity and Inclusion, visit https://celcomdigi.listedcompany.com/diversity_inclusion.pdf

Human Capital

Building a diverse, inclusive, and responsible workforce (Continued)

Our workforce

Breakdown by gender and category



Breakdown by age and category

	CelcomDigi Employees	CelcomDigi Management (CXOs)	CelcomDigi Leadership (Top 100 leaders)
<30 years	193	0	0
30-39 years	1,137	0	13
40-50 years	1,485	3	49
>50 years	727	9	39

Integrating the Code of Conduct into our way of work

- Launched the OneCompliance programme, designed to safeguard and strengthen integrity within the organisation, guided by applicable laws and regulations, and global best practices.
- Continuous efforts to internalise our Code of Conduct through OneCompliance, including implementing e-learning initiatives to ensure employees understand and commit to our ethical standards.

100% employee completion

Compliance Awareness and Training on three core modules - Code of Conduct, Anti-Corruption*, and Conflict of Interest

100% employee pass rate

Year-end Compliance assessment

Continuous Education

Regional roadshows and monthly awareness newsletters

Notes:

- * % of employees receiving training on Anti-Corruption module has been independently assured by SIRIM QAS International
- Based on employees in active employment as of 3 October 2023 (Accorded date for all employees to complete the module)
- Includes permanent, contract, and outsourced employees



More about our OneCompliance programme can be found on page 118.

Human Capital

Building a diverse, inclusive, and responsible workforce (Continued)

Encouraging a Speak-Up culture

- Actively promote a speak-up culture through our Integrity Hotline, which is managed independently by a 3rd party and hosted on the Speeki platform to maintain anonymity.
- All employees, business partners, and stakeholders are encouraged to report any unlawful or unethical situations, breaches, and violations of CelcomDigi's Code of Conduct, Agreement of Responsible Business Conduct, and Supplier Conduct Principles, and are accorded protection in line with CelcomDigi's Whistleblowing Policy.

Speak-Up awareness roadshows:
>1,600 employees engaged



For more information on our approach towards Compliance, visit <https://celcomdigi.listedcompany.com/compliance.pdf>

Nurturing industry-best talents

As Malaysia's largest telecommunications company, we aspire to be a talent powerhouse and provide a space for rising talents to collaborate and deliver the most compelling innovations for our industry and nation. We are focused on fostering an environment that attracts and retains high-performing talents while encouraging continuous development and upskilling digital competencies.

Employee learning hours

Total learning hours: 65,404 hours*

Average for male employee
15.9 hours

Average for female employee
12.2 hours

Average for management
12.9 hours

Average for non-management
14.1 hours

Notes:

- * Total employee learning hours has been independently assured by SIRIM QAS International
- Based on total employees under active employment as of 31 December 2023
- Includes permanent, contract, and outsourced employees

Access to learning platforms

- Empowered employees with opportunities through online platforms like Fuse, LinkedIn Learning, and Coursera.
- Organised Learning Day 2023, showcasing interactive booths and mini workshops.

Learning Day 2023:
~540 employees participated

Launched core competency programme

- Programme aligned to the organisation's strategic ambitions to equip employees with the necessary skill sets to meet present and future business needs.

Achieved **90%** completion rate on our Core Competency Learning Programme, hosted on Fuse

Succession planning for leadership positions

- Initiated programmes to develop core competencies and succession planning framework for leadership roles.

Unveiled new performance and development framework

- Framework encompasses goal setting, performance reviews, and development planning.
- Employees are encouraged to have regular development conversations with managers and track their progress through performance reviews.

Human Capital

Focusing efforts on collaboration and engagement

We strive to be the preferred employer by promoting positive employee experiences in an engaging, collaborative, innovative, and efficient environment. Through strong partnerships with our employees, we want to create a work environment and culture where CDzens feel valued, supported, and inspired to contribute their best work.

Creating conducive, collaborative workspaces

- Post-merger, we focused on co-locating employees, and enhancing amenities, including introducing recreational facilities.
- This is to accelerate people integration, encourage engagement, and strengthen collaboration between employees.

Organising frequent, transparent communication through various platforms

- Regular information sharing on business performance and organisation updates to our leaders and employees through various channels like weekly CDM meetings, monthly leadership forums, company-wide and division townhalls, CEO updates, HR sessions, and more.

Achieving a **60%** participation rate in an internal pulse survey, along with activities like Skip Level Conversations and townhalls, to address employee sentiments

Focused efforts on employee engagement activities

- Placed importance on collaboration and unity among employees through initiatives like teambuildings, festive celebrations, and thematic events such as CDlympics, Customer Engagement Day, and International Women's Day celebrations.
- These efforts foster a 'Stronger Together' and 'Customer Obsessed' mindset, promoting inclusivity, resilience, and camaraderie.

CDlympics

A two-month-long company-wide initiative engaging >3,600 employees in a fun, creative way to build a unique CD culture through sportsmanship, teamwork, and friendly competition, while fostering integration, engagement, and collaboration

Customer Engagement Day

This inaugural event was a big moment for the company as >3,600 employees hit the streets across Malaysia to connect with customers and promote the company's new brand, 5G plans, and home & fibre offerings. It was also an opportunity for employees to gather valuable feedback and insights from customers firsthand

Support labour rights and standards

- Our commitment to conducting our business in a manner that respects the rights and dignity of all groups of people, including employees, entails complying with all applicable regulations and laws.
- Freedom of Association and Collective Bargaining:
 - Acknowledges collective bargaining as a fundamental labour right that enables employees to organise, form unions, and negotiate with employers to protect their interests.
 - Our Employee Relations team engages with Unions through regular dialogue sessions and facilitates quarterly meetings with Management.
 - Employees can express concerns, offer suggestions, and influence decisions shaping the organisation's future. This empowerment allows the company to realise its ambitions while prioritising the welfare of its employees.

2 unions under CelcomDigi

National Union of Telecommunications Employees (NUTE) and Digi Telecommunications Sdn Bhd Employees Union (DGEU)

81 employees

fall within scope of representation



For more information on our approach towards Labour Rights and Standards, visit https://celcomdigi.listedcompany.com/human_rights.pdf

Human Capital

Building a healthy and safe workplace environment

We are dedicated to creating a workplace culture that prioritises the health, safety, and wellbeing of employees at all levels. Our goal is to continuously improve and reach higher levels of proactive safety culture, and we benchmark our performance against the Hudson Safety Culture Maturity Model*.

*The Hudson Safety Culture Maturity Model is a framework that assesses and improves organisational safety culture. It evaluates safety practices across various stages, guiding companies towards forming a mature and proactive safety culture.



Integration of Occupational Safety & Health (OSH) within business activity

- Recognised that making OSH a core practice within the organisation can reduce accidents, improve employee wellbeing, and enhance overall productivity.
- Ramped up our efforts to develop competencies and reinforce safety practices:
 - Management and Senior Leadership:
 - Underwent training in Hazard Identification, Risk Assessment and Risk Control (HIRARC) to handle health, safety, and environmental incidents effectively.
 - Prioritised discussion on OSH in meetings and townhall sessions.
 - Inspected workplace safety conditions of all our premises.
 - Emergency response teams and committees:
 - Underwent relevant competency training, such as Basic Occupational First Aid, CPR & AED, and Fire Fighter Training.
 - Employees:
 - OSH module included in new joiner's onboarding programme.
 - Implemented comprehensive OSH training modules, covering HIRARC, emergency response, and incident reporting.
 - Organised various OSH-related event, such as Health & Safety Week and Mental Wellbeing Day, to create awareness and promote employee wellness.

Human Capital

Building a healthy and safe workplace environment (Continued)

Integration of Occupational Safety & Health (OSH) within business activity (Continued)

Training	No. of participants/Completion rate
60 OSH-related training sessions conducted	~800 employees
Occupational Safety and Health Coordinator (OSH-C)	92 employees
General First Aiders	68 employees
Mental Health First Aiders	59 employees
OSH and Wellbeing e-learning	100% completion
0.14* Lost Time Injury Frequency (LTIF) rate recorded	0 Fatalities recorded
	6,967 Total Health and Safety training hours

Notes:

- a) *LTIF rate has been independently assured by SIRIM QAS International
- b) Includes permanent and contract employees only
- c) Number of worked hours in the year exclude employee leaves

Strengthening OSH governance and monitoring

- Prioritise compliance of relevant OSH laws, regulations, and standards.
- Established mechanisms to ensure ongoing compliance monitoring and reporting.
- Efforts we have undertaken:
 - Implemented new OSH Management System (OSHMS) based on ISO45001:2018*.
 - Extended ISO14001 & ISO45001 certification to include CelcomDigi's key premises.
 - Utilised ISO19011 Internal Auditor training to proficiently conduct internal audits of OSH and Environmental management systems.
 - Established workplace safety inspection programmes.
 - 314 OSH workplace assessment completed.

Notes:

- *ISO45001:2018 is an international standard for occupational health and safety management systems that provides a framework for organisations to identify, control, and reduce the risk associated with workplace hazards
- By obtaining the certification, CelcomDigi demonstrates that all our premises and sites meet the international standards for safety and health performance
- The framework enables us to identify and control potential risks, enabling us to develop a plan to reduce these risks and create a safer workplace environment for employees



For more information on our approach towards Occupational Safety, Health, and Wellbeing, visit https://celcomdigi.listedcompany.com/health_safety_wellbeing.pdf

Natural Capital

Natural Capital

Our approach

Guiding Factors

Material Matters



Strategic Pillars

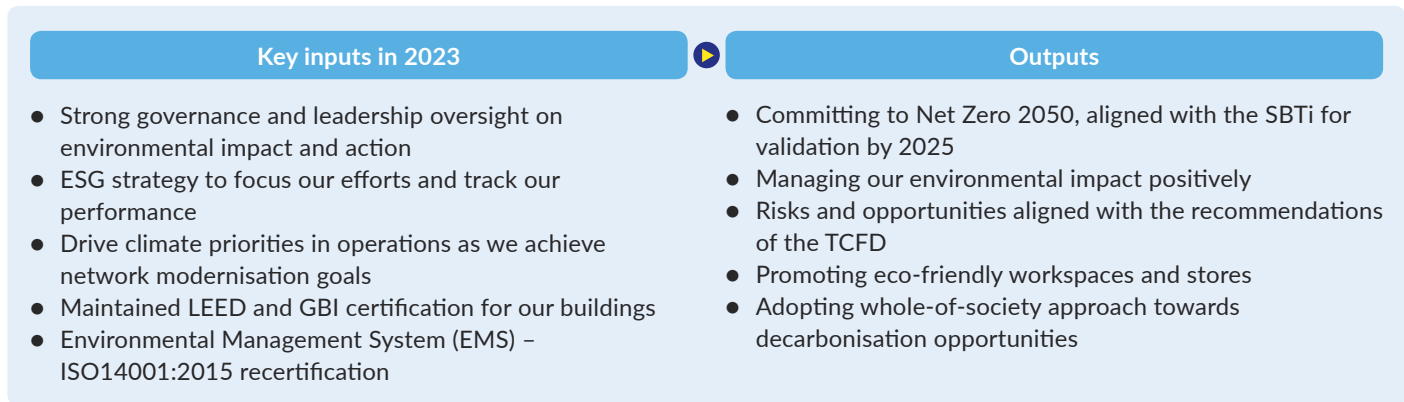


UNSDGs



CelcomDigi is committed to achieving a low-carbon pathway in our operations and supply chain. The mobile telecommunications industry has already demonstrated leadership with a focus on investment, innovation, and efficiency, resulting in substantial carbon reductions both for ourselves and for the sectors we enable. The continued development of connected technologies enables low-carbon innovation in many other sectors and societies.

As Malaysia commits to advancing environmental responsibility, we will incorporate more ambitious climate targets and mitigation strategies across our value chain. We aspire to align ourselves with clearly defined climate reduction pathways, empower our customers to reduce their carbon footprint, and adopt a stronger whole-of-society climate adaptation and resilience approach towards shaping a more sustainable planet.



Looking ahead

The total annual emissions of the mobile sector is approximately 0.4% of total global emissions. Compared to the global carbon footprint of mobile networks themselves, the level of avoided emissions achieved by mobile communications technologies is 10 times greater – a tenfold positive impact. The ICT sector has the potential to enable a 20% reduction in global CO₂ emissions by 2030, based on a 2015 baseline. The percentage of global emissions produced by ICT will decrease over time to 1.97% by 2030, compared to 2.3% in 2020 (Ref: GeSI SMARTer 2030 report).

By increasing connectivity, improving efficiency, and impacting behaviour change, we are able to enable technologies to help industries avoid emissions and transition into a low-carbon economy. Our goal is to accelerate efforts to contribute positively to stabilising global emissions by the end of this decade. We will formulate bold business decisions to tap into climate opportunities and long-term emissions reduction targets to limit the global average temperature rise to below 1.5°C above pre-industrial levels.

- Strengthen governance of climate action
- Conduct GHG inventory exercise (Scopes 1, 2, and 3)
- Explore renewables and power purchase options
- Emissions reduction throughout our value chain

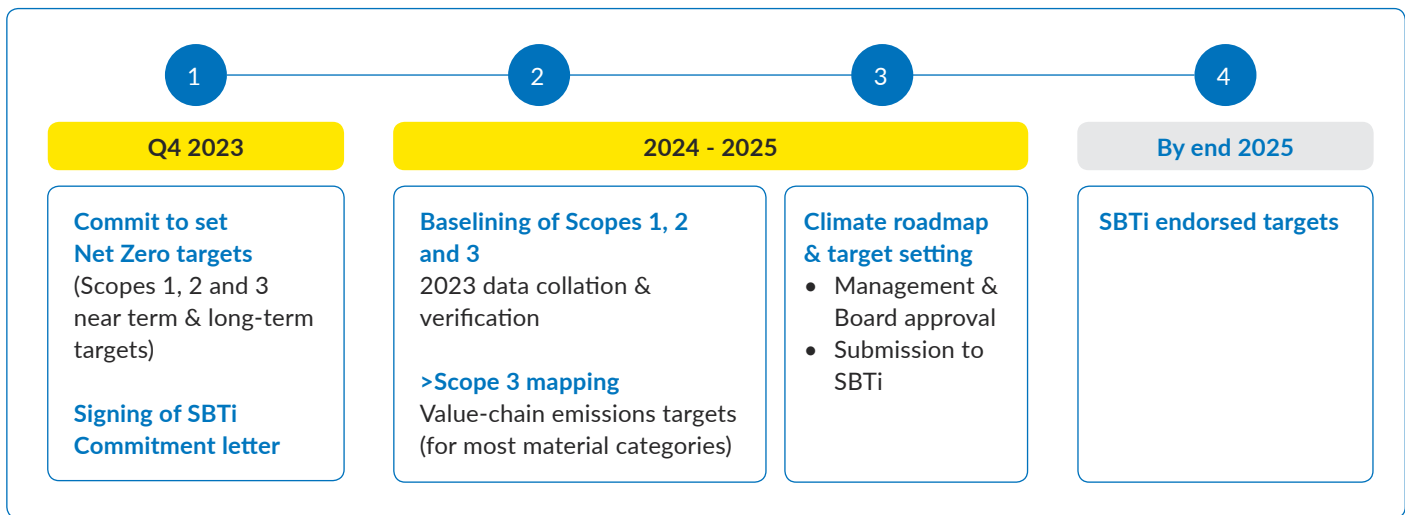
Natural Capital

Committing to Net Zero 2050

CelcomDigi has committed to set near and long-term company-wide emissions reduction in line with science-based net-zero with the SBTi

We have committed to achieving Net Zero by 2050, in alignment with the SBTi. Throughout 2024 and 2025, we will be undertaking baselining activities to inventorise CelcomDigi's total emissions (Scopes 1, 2, and 3), key assets, and Scope 3 dependencies.

The Board has approved 2023 to be taken as the baseline year, subject to guidance from SBTi. Upon completion of baselining, we will undertake a verification exercise, followed by submission of near-term and long-term (2050) targets.



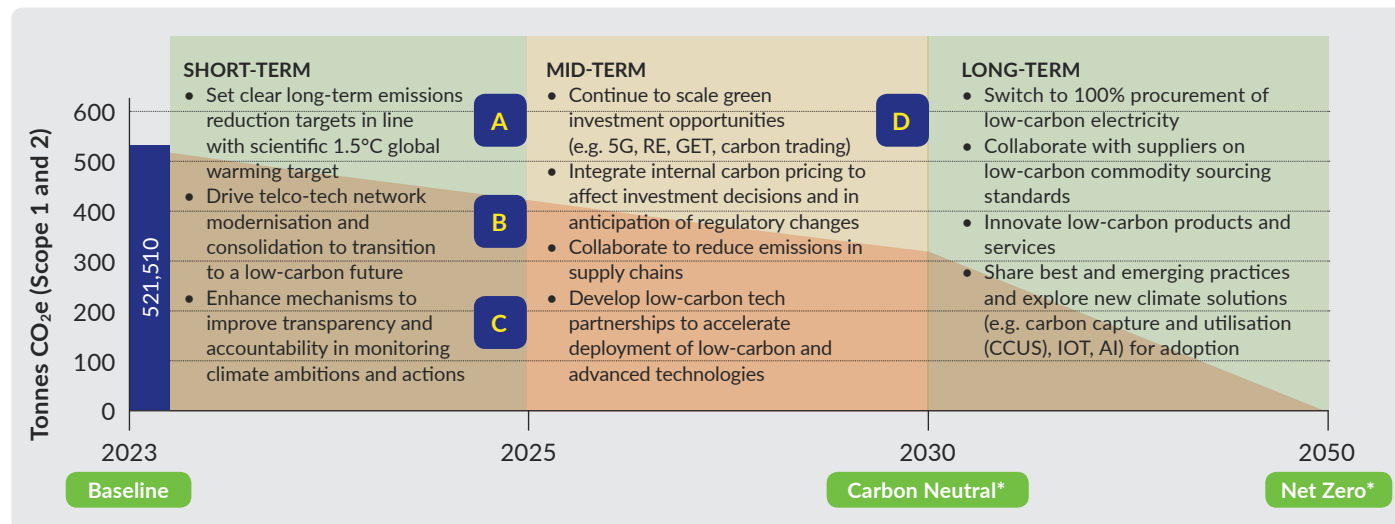
For more information on our approach towards Climate Action and Environmental Management, visit https://celcomdigi.listedcompany.com/climate_environmental_action.pdf

Natural Capital

Managing our environmental impact positively

In early 2023, we initiated a high-level climate roadmap that outlines measures to reduce or mitigate GHG emissions over the short-, mid-, and long-term. The primary goal of the roadmap is to address climate change by achieving emissions reduction targets and transitioning towards a more sustainable and low-carbon future.

Carbon emissions roadmap for CelcomDigi



Notes:

- Emissions data FY2023 is limited to Scope 1 and 2 only, and has been independently assured by SIRIM QAS International
- EF references - Scope 1: DEFRA UK GHG Conversion Factors 2023 | Scope 2: Grid Emission Factors Malaysia 2021 | Scope 3: DEFRA UK GHG Conversion Factors 2023
- *Ref: Definition as per GSMA's Mobile Net Zero State of the Industry on Climate Action Report

A

Reduction targets

Within the short-term horizon, we shall prioritise the following:

- FY2023 Baseline Assessment** - Analysing the current state of carbon emissions, identifying major sources in accordance to GHG protocol, and establishing a baseline for comparison.
- Emissions Reduction Targets** - Setting clear and quantifiable targets for reducing carbon emissions. Targets may be expressed as a percentage reduction from baseline levels or in absolute terms.
- Regulatory and Policy Framework** - Identifying and implementing supportive policies and regulations to encourage emissions reduction. This may include carbon pricing mechanisms, emissions trading systems, and incentives for clean technologies.
- Energy Transition** - Developing strategies to transition to cleaner and renewable energy sources. This may involve increasing the share of renewable energy in the energy mix, improving energy efficiency, and phasing out reliance on fossil fuels.

Natural Capital

Managing our environmental impact positively (Continued)

B

Network integration and modernisation

The ongoing exercise has consolidated more than 5,600 sites in 2023, representing 35% of total sites. In the course of this process, over 2,400 sites have been phased out. We have registered power efficiencies in most of the network clusters compared to pre-consolidation.



12% improvement in power efficiency



8% reduction in average power consumption



Decommissioning of 15 generator sets

Note:

- Outcomes from completion of six network clusters (Sitiawan, Rawang, Bercham, Port Dickson, Nilai, and Sendayan) that were part of the Network Integration and Modernisation pilot

C

Strengthened governance of climate action

The establishment of the Climate Working Committee (CWC) has been effective in coordinating cross-functional management of climate and environmental action matters.

In 2023, three CWC forums were conducted, co-chaired by the Chief Corporate Affairs Officer (CCAO) and Chief Technology Officer (CTO), with the participation of the Heads of Sustainability, Enterprise Risk Management, Technology Strategy & Architecture, Network Engineering & Operations, Workspace & Facilities, and other related working streams. Recommendations emerging from the forums include:

- Commitment to Net Zero 2050, aligned with SBTi
- Identifying areas within the business that can utilise cleaner energy (electrification of sites, reducing dependencies on fuel-powered generators, and exploring cleaner energy options)
- Realising efficiencies through the ongoing network integration and modernisation exercise
- Exploring opportunities and partnerships to decarbonise CelcomDigi's value chain
- Streamlining climate reporting and data controls

Recommendations are escalated to management prior to deliberation at the Board Governance and Risk Management Committee, and the Board of Directors meetings. For more information on the CWC and its integration within the overall Sustainability Governance structure, refer to Sustainability Management on pages 41 to 44.

Environmental management excellence

We adhere to the highest environmental management standards, and in 2023 underwent recertification of ISO14001, with ongoing initiatives to extend beyond our Headquarters to properties in the Central region, including key data centres, and retail stores.

Strengthening climate reporting integrity

We will implement robust monitoring tools and reporting mechanisms to track progress towards our emissions reduction goals. Regular assessments ensure that the roadmap remains effective and adaptable to changing circumstances.

Natural Capital

Managing our environmental impact positively (Continued)

D

Greening the network and data centre operations

Driving climate and environmental efforts within network operations and consolidation of sites has led to lower energy consumption to carry the same or higher demand of data.

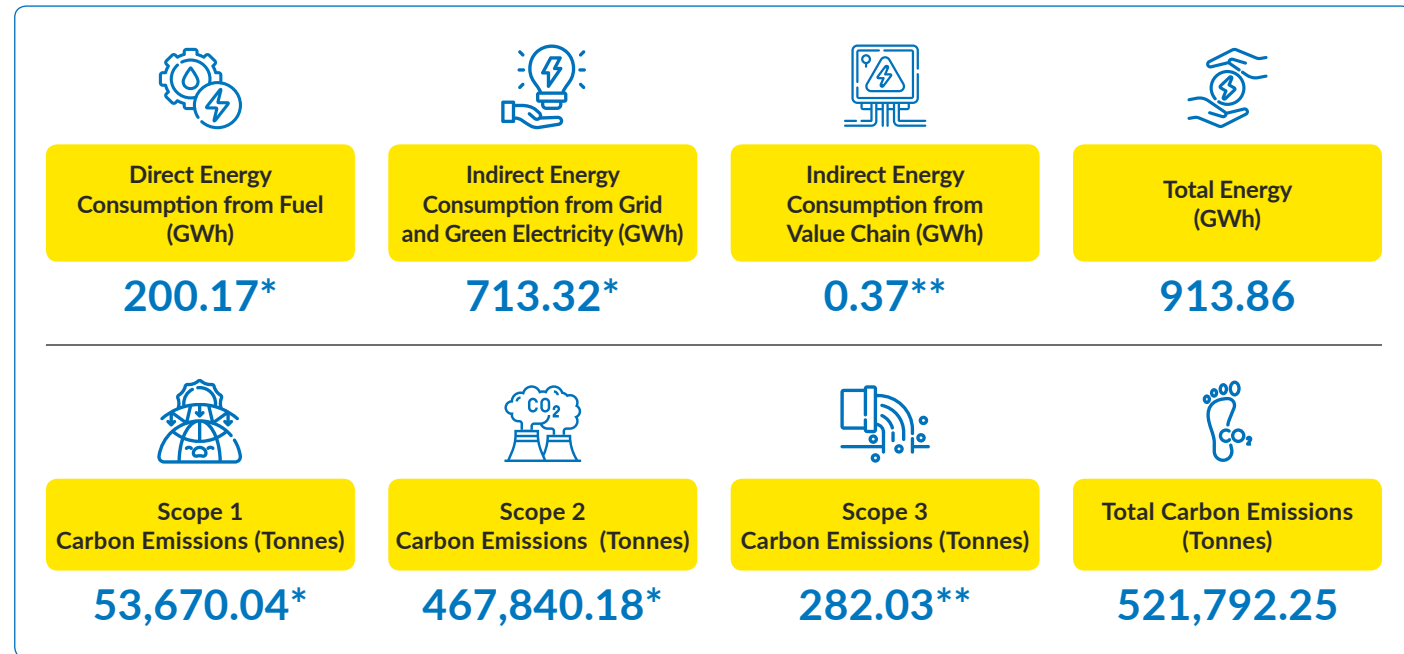
Network

- Optimise energy use of networks by adopting energy efficient hardware and best practices and by retiring legacy networks.
- Installing 74 sites in rural areas with hybrid solar technology, resulting in a reduction in electricity consumption.
- Powering 33 sites with hybrid battery gensets, potentially reducing diesel consumption by approximately 40%.
- Subscribed to 510 blocks (510,000 kWh) of electricity generated from renewable energy sources, attained via TNB's Green Energy Tariff (GET) programme.

Data Centre

- Power Usage Effectiveness (PUE) tracked through Data Centre Infrastructure Management (DCIM) monitoring tools, measures the efficiency of a data centre by comparing the energy used for IT equipment to total energy consumption, including cooling and other overheads.
- Migration to cloud-based data centres with lower carbon emissions as compared to traditional data centres.

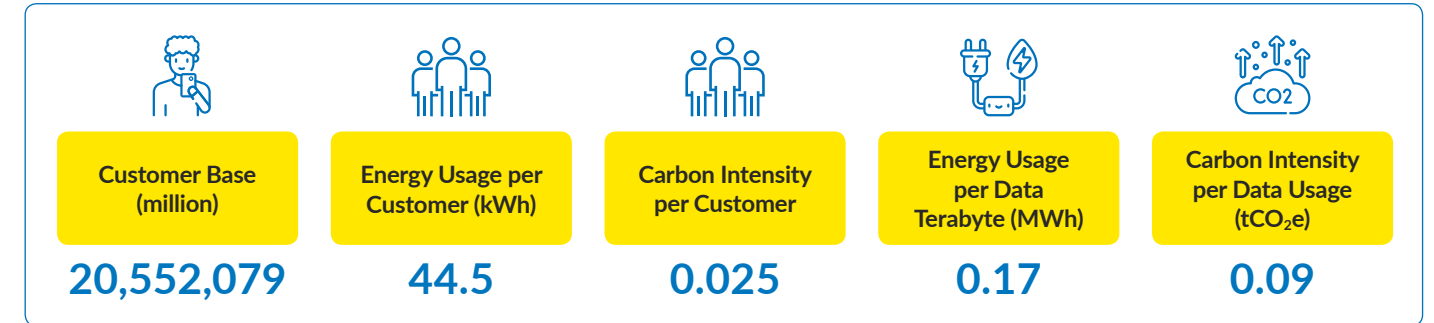
Greenhouse Gas (GHG) Emissions



Natural Capital

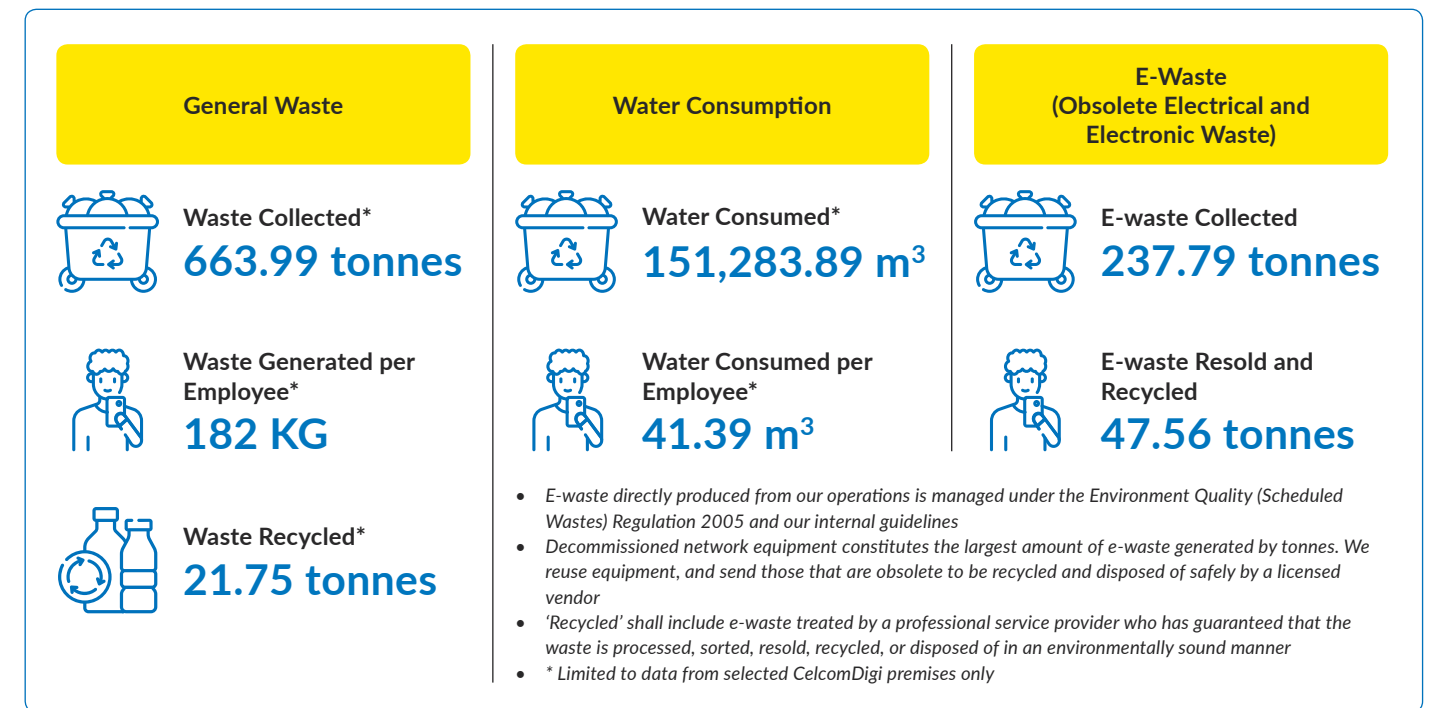
Managing our environmental impact positively (Continued)

Greenhouse Gas (GHG) Emissions (Continued)



Notes:

- * Total carbon emissions (scope 1 and 2) and total energy consumption (direct energy from fuel and indirect energy from grid and green electricity) has been independently assured by SIRIM QAS International
- ** Carbon emissions (scope 3) and energy consumption (indirect energy from value chain) data limited to employees' land travel for business purpose only
- EF references - Scope 1: DEFRA UK GHG Conversion Factors 2023 | Scope 2: Grid Emission Factors Malaysia 2021 | Scope 3: DEFRA UK GHG Conversion Factors 2023



Natural Capital

Risk and opportunities aligned with the recommendations of the TCFD

CelcomDigi plans to adopt the recommendations of the TCFD in phases as we progressively integrate our business to a single network and converge our distribution channels, systems, fleet, and facilities. This will enable us to develop robust plans that can assess potential business implications of climate-related risks and opportunities, as we continue to drive ambitions towards our science-based targets for 2030 and Net Zero for 2050.

Climate-related physical risk mitigation

Understanding physical climate-related risks such as the impact of flooding on our network infrastructure, we have installed elevated plinths for sites most prone to flooding. In 2023, more than 17 strategic sites nationwide were equipped with raised platforms to prevent service interruptions and to minimise potential downtime due to flooding. All of our elevated platforms proved to be resilient with no assets submerged during flood incidents in 2023.

Based on preliminary assessments and external developments, we have identified and concluded some of the opportunities and material risks that are aligned with the recommendations of the TCFD:

Opportunities	Transition Risks	Physical Risks
<ul style="list-style-type: none"> • Demand for development of new climate-friendly solutions and low carbon digital services. • Prioritise 'Just Transition' philosophy in our supply chain to meet Net Zero ambitions. • Brand preference by customers as a trusted digital services provider. 	<ul style="list-style-type: none"> • Carbon pricing and indirect price increases. • Carbon target gaps resulting in loss of investor confidence. • Increased cost of energy and carbon emissions and changing consumer preferences. • Negative impact on company finances. • Adverse brand and reputational impact. 	<ul style="list-style-type: none"> • Infrastructure damage, negative impact on service delivery to customers and operations from disruptions.

Promoting eco-friendly workspaces and stores

To raise environmental awareness among our employees, we have curated various initiatives that emphasise the importance of sustainable living and environmental care. These initiatives include creating environmentally conscious workplaces and channels for promoting 'green' behaviours.

CelcomDigi Tower is certified Gold by Green Building Index (GBI) and LEED	CelcomDigi Technology Operations Centre is certified Gold by Green Building Index (GBI) and LEED	Electric Vehicle (EV) charging stations at our Headquarters and Technology Operations Centre
CelcomDigi Hub is certified Gold by LEED		
CelcomDigi workplaces implement recycling and food waste bins including e-waste bins	Digitalising all retail stores with a 30% reduction of physical POSM to reduce waste to landfill	CelcomDigi utilises Smart Fleet Management
Climate and environmental modules in employee learning platforms	'World Environmental Month' Campaign to promote circularity and reduce single-plastic usage in our workplace	'After-7' programme to automate lighting and cooling at workspaces via BMS and EMS for greater energy efficiency

Natural Capital

Adopting whole-of-society approach towards decarbonisation opportunities

Partnerships to stimulate green growth

CelcomDigi and Yinson Holdings, a global energy infrastructure and technology company, signed a Memorandum of Understanding (MoU) to partner in the development of innovative EV services and infrastructure for Malaysian consumers, driving EV and green energy adoption in the country.



Yinson to leverage CelcomDigi's widest, fastest 4G LTE and 5G connectivity to power up connections for chargEV stations, the nation's largest charge point operator.



Made EV ownership as easy as subscribing to a CelcomDigi 5G postpaid plan, encouraging adoption of sustainable mobility solutions for consumers.



Supporting the National Climate Governance Malaysia Summit

CelcomDigi supported the inaugural National Climate Governance Malaysia Summit in September 2023 jointly organised by Climate Governance Malaysia, Companies Commission of Malaysia (SSM), FIDE FORUM, representatives from the United Nations Development Programme (UNDP), SME Corporation Malaysia, and the Institute of Corporate Directors Malaysia.

This event brought together more than 100 local and foreign subject matter experts who shared their expertise and experiences on decarbonisation, environmental conservation, biodiversity preservation, and the promotion of a just transition.



CEO Action Network (CAN)

CelcomDigi is a proud founding member of the CEO Action Network, which is a private network of CEOs from leading Malaysian businesses that focuses on sustainability advocacy, capacity building, and performance. Our CEO actively participates in the steering committee meetings to discuss and plan sustainable strategies.

Together, we actively engage across industries, investors, analysts, and regulators in dialogues pertaining to the national Net Zero ambition. These discussions reinforced the need for public-private dialogues between the relevant government agencies, utility providers, and corporate Malaysia to jointly develop Malaysia's national climate strategy. We also gained understanding of utility providers' renewable energy plans and trajectory; shared the mobile sector's role through its network-enabled technologies to reduce emissions; and shared challenges in accessing renewables.



Race to Net Zero!

We participated in the Bursa Bull Charge - Race to Net Zero Run 2023 to contribute to climate action awareness. At the event, we showcased how we are enabling industries to advance green growth at scale, besides encouraging customers to dispose of their mobile e-waste responsibly.

Social and Relationship Capital



Social and Relationship Capital

Our approach

Guiding Factors

Material Matters



Strategic Pillars



UNSDGs



CelcomDigi places significant importance on strengthening relationships with everyone we interact with, including our customers, employees, suppliers, shareholders, and business partners. We believe that by doing so, we are building a brand that Malaysians can trust and rely on in the age of 'digital-everything'.

These relationships are essential to enhance CelcomDigi's ability to tap into future growth opportunities. Our efforts to advance digitalisation are aligned with the 12th Malaysia Plan (2021-2025) aspiration to increase national productivity and advance the digital economy.

CelcomDigi is also committed to ESG practices within our value chain to ensure that all stakeholders benefit in the long run. We aim to be recognised as the top practitioner of sustainability among corporate Malaysia.

Key inputs in 2023

- Responsible business practices across our value chain
- Empowering suppliers through training
- Social impact programmes (digital safety, digital skills) and humanitarian efforts
- Inclusive connectivity options and digital offerings
- Regular engagement with stakeholders

Outputs

- Trusted partner to the government, consumers, and businesses
- Upholding human rights across the value chain
- Managing our supply chain responsibly
- Empowering societies through nation-building initiatives

Looking ahead

We observed that addressing ESG issues often requires a 'whole-of-society approach' to bring about significant improvements, which includes better alignment between the public and private sectors. As we move forward, we will strengthen our relationships with various government agencies, policymakers, academic and research institutions, business partners, social purpose organisations, and communities to create positive change. Utilising our core function as a facilitator of connectivity and digitalisation, we aspire to:

- Strengthen compliance procedures and protocols for transparency and adherence to regulatory standards
- Develop comprehensive training programmes and monitoring mechanisms to promote human and labour rights awareness
- Integrate sustainability practices and engage stakeholders to foster environmental responsibility
- Implement digital platforms for seamless training, inspection recording, and non-compliance reporting and tracking
- Establish a structured vendor development programme to empower suppliers and drive mutual growth
- Define value-based procurement strategies and metrics to prioritise quality, sustainability, and ethical standards

Social and Relationship Capital

Trusted partner to the government, consumers, and businesses

We continuously strive to raise our standards across our value chain and advance the nation towards becoming a digitally savvy society as part of our aspiration to be the nation's trusted partner to the government, consumers, and businesses. We will continue enabling an inclusive, accessible, and safe internet experience for all while advocating for responsible business practices across our value chain. Our combined strengths enable us to impact broader stakeholder groups and deepen our engagements on topics that are most material to them.

These are several partnerships we have established in 2023:

CelcomDigi and Time dotcom collaborate to boost fibre accessibility for Malaysians



Partnering to safeguard Malaysians online through Jelajah Anti-Scam Kebangsaan Malaysia



CelcomDigi and DHL Supply Chain reimagine logistics with Malaysia's first 5G powered AI Autonomous Warehouse



CelcomDigi and VIRNECT sign MoU to develop experiential industrial Metaverse learning and education



CelcomDigi partners SoftBank Corp, and SC-NEX under Sumitomo Corporation for cutting edge AI-enabled and robotics solutions



CelcomDigi and SK Telecom sign MoU to develop Malaysia's first Metaverse Ecosystem



CelcomDigi and i-City team up to transform Shah Alam's connectivity landscape



CelcomDigi partners Huawei and ZTE for nationwide network integration and modernisation



Top minds gather for strategic discussions around 5G at CelcomDigi MY5G CEO Roundtable 2023



CelcomDigi and Yinson seal partnership to elevate Malaysia's e-Mobility ecosystem



Social and Relationship Capital

Upholding human rights across the value chain

CelcomDigi's human rights policies and principles are aligned with the Universal Declaration of Human Rights (UDHR) and are guided by the United Nations Guiding Principles (UNGP) on Business and Human Rights. Our Sustainability Policy and Business Partner Conduct Principles clearly state our stance against child labour and forced labour. This applies to all partners and vendors who wish to do business with CelcomDigi.

United Nations Global Compact (UNGC) Young Executives Sustainability Summit 2023

- In promoting sustainability best practices among young professionals and youth leaders, we contributed approximately RM50,000 to organising the summit.
- As a panellist in the 'Intergenerational Dialogue - Sustainability: Passion or Realism?' forum, we shared perspectives in creating a sustainable future for all.
- We also engaged over 400 aspiring youths with Safe Internet and anti-scam awareness at the summit.



Implementing Human Rights Due Diligence 2023-2024

- CelcomDigi's human rights principles are based on international instruments including the UDHR, and the principles concerning fundamental rights in the eight International Labour Organisation (ILO) core conventions as set out in the Declaration on Fundamental Principles and Rights at Work.
- Our principle for respecting human rights is in accordance with the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Global Compact.
- Leveraging on our human rights due diligence exercise, we continuously assess our human rights risks and impacts on those who work with us and for us.
- This requires continuous improvement and stakeholder dialogue. Conducted biennially, this due diligence will be completed in 2024.



For more information on our approach towards Human Rights, visit https://celcomdigi.listedcompany.com/human_rights.pdf

Managing our supply chain responsibly

Our suppliers are crucial to the success of our business, as well as our social and environmental initiatives. We believe that our supply chain presents an exceptional opportunity to enhance business performance, reduce environmental impact, and promote social equality by mitigating human rights and health and safety risks.

In order to maintain these standards, all suppliers and business partners are required to abide by our Business Partner Conduct Principles. They must sign the Agreement of Responsible Business Conduct (ABC) and comply with our guidelines in the areas of Health, Safety, and Security (HSS), ethical conduct, human rights, and environmental management. We also encourage them to act in accordance with our Code of Conduct and human rights principles.

Social and Relationship Capital

Managing our supply chain responsibly (Continued)

Compliance

We ensure compliance with responsible standards in our procurement process through the implementation of our Integrity Due Diligence (IDD) process prior to engagement and execution of the ABC agreement with each supplier

Capacity Building

We require suppliers to undergo periodic training through curated programmes and individual assessments through CelcomDigi Knowledge Assessment Tool (CDKAT) in order for them to understand their responsibilities, build safety-first habits, and promote responsible business practices

Inspection

We conduct regular on-site inspections following live monitoring of workers' check-ins and scope of work being done via the CelcomDigi Permit-to-Work app. When a non-compliance practice is found, suppliers are required to respond with corrective action plans within the prescribed timeframe. Suppliers failing to meet the minimum requirements may face serious consequences such as suspension or even termination

Assessments

We conduct periodic assessments to ensure our business partners and suppliers adhere to legal and ethical standards and comply with our Business Partner Conduct Principles



For more information on our approach towards Supply Chain management, visit https://celcomdigi.listedcompany.com/responsible_supply_chain.pdf



New suppliers who signed the ABC
242*
(FY2022: 155)



Total suppliers who have signed the ABC to date
2,487
(FY2022: 2,245)



Total supplier training hours
23,478
(FY2022: 16,691)

Number of inspections conducted

Unannounced
795
(FY2022: 504)

Announced
10
(FY2022: 8)

Total
805
(FY2022: 512)

Number of findings

Major
17
(FY2022: 11)

Minor
84
(FY2022: 65)

Number of suppliers terminated
0
(FY2022: 0)

Number of suppliers suspended
1
(FY2022: 0)

Number of suppliers awarded contracts
607 local suppliers
212 foreign suppliers

Note:

* Number of new suppliers signing ABC has been independently assured by SIRIM QAS International

Social and Relationship Capital

Empowering societies through nation-building initiatives

Digital Safety

We aim to promote responsible digital practices and raise scam awareness across all segments of society, to strengthen digital safety.

War Against Scams

Online scams and fraud have become more prevalent across the globe as businesses adopt digital transactions. The National Scam Response Centre (NSRC) reported that over RM1.34 billion was lost to scammers in 2023 in Malaysia.

Efforts to accelerate targeted awareness and more effective prevention initiatives include:

- Taskforce to investigate scam encountered by customers and strategise to improve mitigations. The taskforce consists of experts from fraud management, consumer business, sales governance, network strategy, and sustainability
- Centralised scam reporting helpline making it easier for customers to report scams or potentially fraudulent activities
- Dedicated customer service agents offering additional support to customers to report scams
- Scam alerts on the latest modus operandi updated on our website Help Page within 24 hours
- Security enhancements in our apps and subscription flows to strengthen prevention against the threats of scams
- Supporting MCMC and industry efforts to block the sending and receiving of SMS from local and international mobile numbers with potential scam-related URL links

S.A.F.E Internet

- **S.A.F.E Internet talk series**
 - S.A.F.E (Smart, Aware, Fortify, and Empathy) is an awareness programme curated mainly for students, low-income, and underserved segments.
 - Held in partnership with UNICEF and UN Refugee Agency (UNHCR).
 - Engaged up to 400,000 people nationwide through on-ground activities and resources.
- **Training-the-trainer (TTT) sessions**
 - Trained representatives among employees, managers in all 307 internet centres managed by CelcomDigi, school teachers, and also refugee community leaders.
- **S.A.F.E Internet webpage**
 - Produced a simplified, easy-to-understand educational resources on staying S.A.F.E online to help us thrive in the digital space.
 - Reached 8 million people online through the social media platform.

CelcomDigi Anti-Scam Campaigns

- **Jelajah Anti Scam Kebangsaan (JASK)**
 - Co-organised a nationwide roadshow in collaboration with the Gabungan Bertindak Anti-Scam, Cybersecurity Malaysia, and Malaysian Crime Prevention Foundation.
 - Held seven nationwide Townhalls with over 11,700 people engaged.
- 
- **CelcomDigi, Royal Malaysian Police, and WhosCall #FightAgainstScam campaign**
 - Supported an awareness excursion from Kuala Lumpur to Cameron Highlands involving a 65 rider-convoy in efforts to garner attention to scam awareness.
 - Engaged more than 2,000 people at various pit-stops.

Pusat Sebaran Maklumat Nasional (NaDi) formerly known as Pusat Ekonomi Digital (PEDI)

NaDi, under the Universal Service Provision (USP) programme, aims to expand network infrastructure to underserved areas to close the digital divide. We facilitate the operations of NaDi internet centres across Malaysia to provide internet access to support e-learning and the development of digital skills and digital entrepreneurship among local communities. CelcomDigi operates 307 NaDi centres nationwide.

Social and Relationship Capital

Empowering societies through nation-building initiatives (Continued)

Digital Empowerment

We are driving digital empowerment for our students by future-proofing them with digital literacy and upskilling.

Future Skills for All

- A digital learning platform with interactive modules and learning tools that are aligned with the national syllabus on coding and design-thinking.
- The programme has been running since 2019 in collaboration with UNICEF and Arus Academy.
- 44,856* students and trainers (teachers and community leaders) are actively using the platform.

CelcomDigi Young Digital Innovators Programme

- The programme aims to provide opportunities for students in rural areas and underserved communities to learn coding and robotics.
- Several university lecturers and internet centre managers were trained to engage more schools for the programme.
- Over 1,400 students have been engaged in 2023.

Siswapreneur Bootcamp

- An annual bootcamp for university students to learn digital entrepreneurship leveraging AI technology.
- Partnered with Google Malaysia to upskill over 7,000 university students.

Note:

* Total enrolment has been independently assured by SIRIM QAS International

Corporate Citizenship

We aim to accelerate digital inclusion, particularly among underserved communities, through various initiatives such as donations, sponsorships, and collaborations with partners to maximise positive impact on society.

Laptop distribution to schools

Donated over 1,800 computers and laptops to benefit ~500 schools nationwide.

Flood preparedness, relief, and recovery

- More than 1.2 million early warning SMSes were sent to potential flood victims.
- Deployed flood relief worth RM300,000 via Malaysian Relief Agency to address severe flooding around the country.
- Funds were used to provide essential items, in addition to setting up mobile clinics.



For more information on our approach towards Community Empowerment and Outreach Programmes, visit https://celcomdigi.listedcompany.com/community_empowerment_outreach.pdf

Provisioning of Fixed Wireless Access (FWAs)

Provisioned 250 units of FWA to provide free internet connectivity to several centres:

- Temporary Evacuation Centres nationwide during floods.
- Correctional centres like Henry Gurney School and Puncak Alam Correctional Centre.
- Suriana Welfare Home.

CelcomDigi Corporate Raya Celebration

Aided approximately RM50,000 in celebrating special guests from five children shelter:

- Rumah Titian Kasih.
- Pertubuhan Kebajikan Anak-Anak Yatim Al-Nasuha.
- Rumah Amal Limpahan Kasih.
- Lighthouse Children Welfare Home.
- Pusat Jagaan Rumah Juara.

Trusted brand for Malaysians

Ensuring a safe and reliable experience for
your family as you discover the inspiring
possibilities of our digital world

BEYOND SPACE

Sci-Fi

Astronauts on a mission face dangers and revelations that test their survival skills. A dangerous planet environment challenges their expectations and perceptions of reality.

Watch



New Episodes



The Cyber Guardian



Team Force



Dance Hype



Corporate Governance Overview Statement

The Board of CelcomDigi Berhad upholds a strong corporate governance framework that empowers effective leadership amid various internal and external challenges, emphasising on long-term value creation and transparent ESG reporting. The Governance Framework follows the principles and best practices of corporate governance prescribed by the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), Malaysian Code on Corporate Governance (MCCG) 2021, Corporate Governance Guide, international best practices, and standards on corporate governance. Our Governance Framework delegates responsibilities to the Board and Management Committees. Supported by the Board Charter, Limits of Authority Matrix (LOA), and Business and Governance policies, an annual review aligns the Governance Framework with internal reorganisation and transformation initiatives.

It is imperative to review the Corporate Governance Overview Statement (CG Overview Statement) alongside the comprehensive Corporate Governance Report (CG Report). The CG Report provides in-depth insights into the application of each governance practice, including details on any departures and alternative measures implemented within the Group. The CG Report is available on our website at <https://corporate.celcomdigi.com/annualreport>.

As of 31 December 2023, CelcomDigi has applied all Practices of MCCG 2021 within our Corporate Governance Framework, with exceptions for Practice 5.2 (requiring at least half of the board to comprise independent directors, or a majority for large companies) and Practice 8.2 (disclosure of the top five Senior Management's remuneration component in bands of RM50,000).

The Board acknowledges these departures and is actively working towards achieving a majority of independent directors. CelcomDigi is undertaking reasonable efforts to achieve this Practice within two years, subject to the progress of the integration and the overall aim of securing a board composition with an optimal balance of competencies, diversity, and independence. CelcomDigi currently does not plan to fully disclose detailed Senior Management remuneration.

Statement by the Board on Corporate Governance

The CelcomDigi Board remains steadfast in its commitment to strong leadership and effective governance. Our Board, comprising of industry experts, corporate professionals, bring diverse perspectives and deep knowledge to reinforce our position as Malaysia's leading telecommunications provider.

Looking ahead, CelcomDigi's Board has outlined top priorities to deliver in 2024:

- **Integration & Synergies:** Streamlining operations and maximising merger synergies
- **Strategy Execution:** Implementing strategic plans to protect core business and deliver market growth with a focus on 5G
- **Billing Systems Optimisation:** Ensuring smooth migration for enhanced efficiency
- **Stakeholder Engagement:** Managing relationships effectively to support organisational goals
- **Governance & Compliance:** Upholding strong governance, regulatory adherence, risk management, sustainability, and operational excellence

Internalising Governance and Integrity

The Board believes that strong ethics and integrity standards are essential for sustainable business practices. Upholding these values enables our Board to protect the interests of our stakeholders and partners from fraud and corruption, and foster increased business growth. The Board adopts a top-down approach to incorporate CelcomDigi's values of good governance and accountability from leadership levels to all individuals across the Group.

Corporate Governance Overview Statement

The Group has in place a robust Anti-Corruption Policy, Whistleblowing Policy, and Business Party Conduct Policy that sets out sound principles and standards of good practice, to be adhered to by Directors, employees, and business partners. Consistent efforts to promote these policies fosters a culture of good governance and upholding the values of integrity, transparency, and accountability of our operations.

Embedding Sustainable Business Practices

CelcomDigi is committed to integrating sustainability performance into its overarching business strategy. This commitment entails considering environmental and social impacts in decision-making and aligning objectives with the Company's purpose and values.

In the short to mid-term, CelcomDigi will focus on:

- Defining and setting measurable ESG targets including setting a near-term company-wide emissions reduction target in line with the SBTi.
- Continuing engagement with stakeholders, including customers, regulators, investors, and communities to address concerns, and transparently communicate sustainability initiatives. A double materiality assessment conducted in early 2024 reevaluated our stakeholders' expectations and potential areas of impact on the environment and society.
- Fostering a culture of continuous improvement in sustainability efforts by regularly reviewing and updating strategies based on evolving industry standards, technologies, and stakeholder expectations.
- Maturing in our disclosure journey by proactively complying to regulatory requirements and demonstrating a strong commitment to advocate responsible business practices.
- Assessing and enhancing sustainability across the value chain including engaging suppliers for our scope 3 baseline and supply chain emissions reduction plan.

Principle A – Board Leadership and Effectiveness

Our Board plays a pivotal role in realising our purpose—Advancing and Inspiring Society. As the ultimate custodian of good corporate governance, the Board is steadfastly committed to fostering an ethical culture that champions integrity, effective internal controls, and robust decision-making processes.

Board Charter

Adhering to its Charter, the Board follows the Terms of Reference (TOR), delineating roles and responsibilities for both the Board and its Committees. This comprehensive guide serves as a reference for Board members, providing clarity on individual roles and responsibilities, as well as outlining intentions and expectations for fulfilling duties and obligations.

The Board updated its Charter on 17 August 2023, aligning it with the revised definition of an Independent Director by Bursa Malaysia. CelcomDigi is committed to conducting an annual review, ensuring its Charter remains competitive within the industry and adheres to the latest rules and regulations set forth by relevant authorities.



Read more about our Board Charter:
https://celcomdigi.listedcompany.com/corporate_governance.html

Code of Conduct

CelcomDigi's Code of Conduct outlines the expected business culture and conduct for all Board members and employees. This framework fosters a robust corporate culture, reinforcing our commitment to integrity in carrying out duties and responsibilities. The Code aims to guide decision-making, offering clarity and setting expectations for daily conduct. The Board steadfastly follows the Code, observing high standards of conduct and accountability in driving our business responsibly.

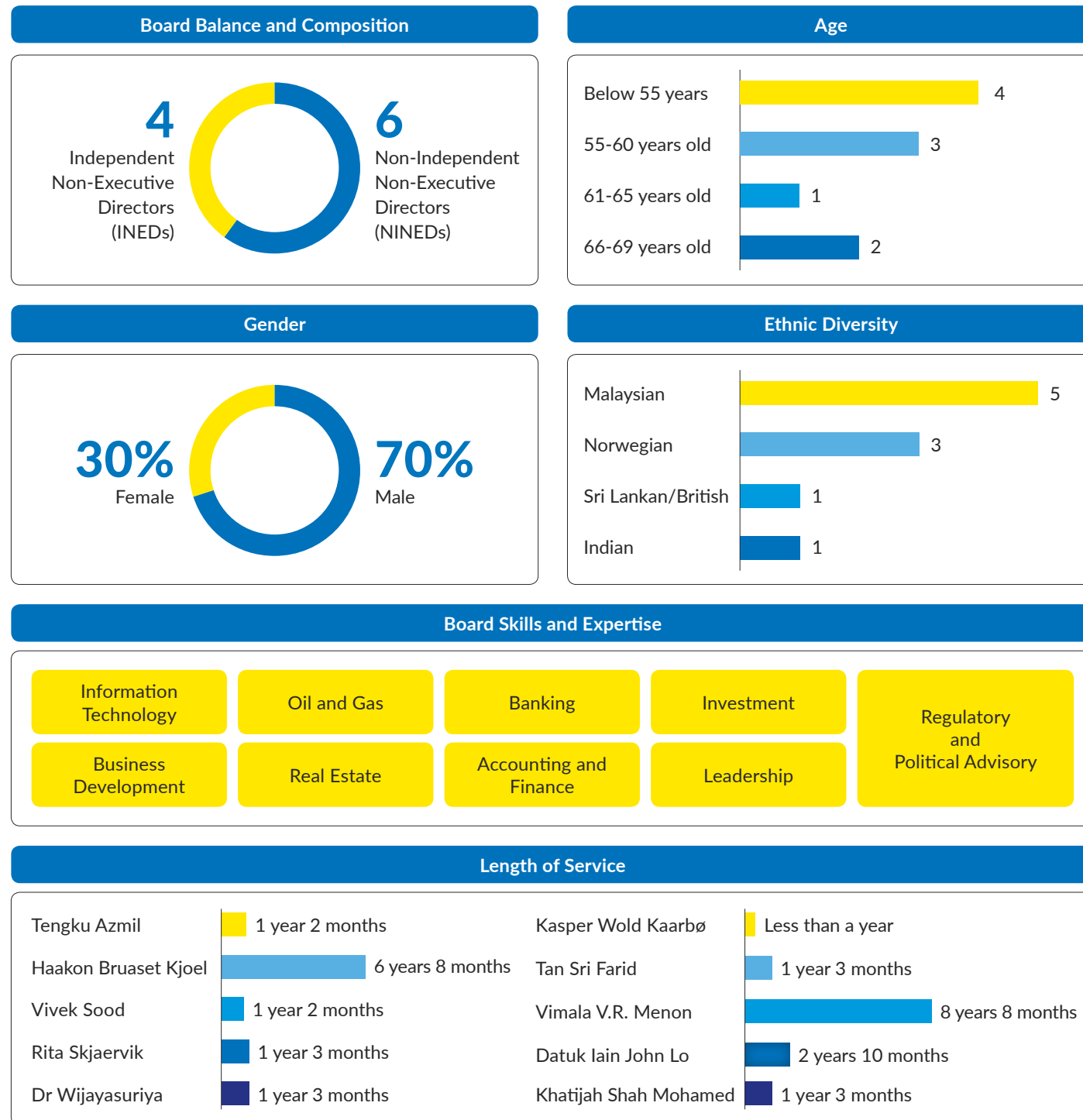


Read more about our Code of Conduct:
<https://corporate.celcomdigi.com/company/governance>

Corporate Governance Overview Statement

Board Composition

CelcomDigi's Board composition is carefully assembled, creating a balance between objectivity and diversity. This arrangement ensures the efficient performance of collective responsibilities, upholding good corporate governance, and facilitating holistic and strategic decision-making. The Board Nomination and Remuneration Committee (BNRC) conducts regular reviews of the Board's composition, providing recommendations to improve its effectiveness. More details on the BNRC's activities can be found in the BNRC Report.



The Board area of skills and experience are based on the Director's BEE 2023 Self-Assessment
* The above is based on information as at 15 March 2024

Corporate Governance Overview Statement

Board Roles and Responsibilities

The Board is responsible for ensuring the Group's success by managing its business in a responsible and efficient way. Directors have a duty to act in the Company's best interest, fulfilling collective and individual duties to shareholders. The Board works closely with Management to create long-term opportunities for the business, with a distinct separation of roles between the Chair and the CEO to keep a balance and avoid a concentration of power.

Tengku Dato' Sri Azmil Zahrudin, as Chair of the Board leads the Board in steering the Company's strategy and business direction leveraging his extensive experience. The Deputy Chair supports and chairs Board Meetings in the Chair's absence. Haakon Bruaset Kjoel assumed the role of Deputy Chair upon the resignation of Petter-Børre Furberg on 15 March 2024. The CEO manages day-to-day operations, leading the Group Senior Management team. The CEO oversees policies, strategies, and corporate culture across the Company, with the Deputy CEO ensuring operational and go-to-market efficiency aligned with the approved strategic plan of CelcomDigi.

The Board Committees, namely the Board Audit Committee (BAC), the BNRC, and the Board Governance and Risk Management Committee (BGRMC), assists the Board in its oversight function. The Board Committee Chairs report outcomes to the Board, presenting recommendations for approvals. The Board is kept informed of Board Committee activities through the circulation of meeting minutes and updates from respective chairpersons on deliberation and outcomes, ensuring transparency and alignment with organisational goals.

Overview of the Roles of our Board

Roles and Responsibilities	
1. Chair of the Board	<ul style="list-style-type: none"> Ensures orderly Board conduct and function. Manages effectiveness in strategy, governance, risk, and compliance. Leads meetings, sets agendas, and foster open debate among Directors. Engages regularly with the CEO and Deputy CEO for operational insights. Ensures effective communication with shareholders.
2. Deputy Chair of the Board	<ul style="list-style-type: none"> Assists the Chair. Chairs Board Meetings in the Chair's absence.
3. Independent Non-Executive Directors	<ul style="list-style-type: none"> Bring independent and objective insights, challenging Senior Management unbiasedly. Free of relationships interfering with judgement, prioritising minority shareholders. Scrutinise and challenge Senior Management performance in executing CelcomDigi's strategies.
4. Non-Independent Non-Executive Directors	<ul style="list-style-type: none"> Contribute to managing effectiveness in strategy, governance, risk and compliance. Act objectively in the Company's interest, independent of Senior Management. Scrutinise and challenge Senior Management performance in executing CelcomDigi's strategies.

Matters Reserved for the Board	Key Features of the Board
<ul style="list-style-type: none"> Review, approve, and adopt CelcomDigi's strategic plans and annual targets. Oversee and evaluate the conduct and performance of CelcomDigi's business. Declare dividends, approve financial statements, annual and quarterly reports, ensuring integrity in reporting. Review and approve strategic investments, mergers and acquisitions, divestment and corporate exercises. Oversee material acquisitions and disposition of assets not in the ordinary course of business. Review the adequacy and integrity of CelcomDigi's internal control system. Approve changes in CelcomDigi's policies, procedures, and limits of authority. Identify and manage principal risks affecting CelcomDigi. 	<ul style="list-style-type: none"> Separation of roles between the Chair of the Board and CEO. The Chair of the Board is not a member of the Board Committees. Meets Board Diversity requirements, particularly gender diversity, with three women serving as Board members (30% female representation). The Senior Management team does not sit on the Board.

Corporate Governance Overview Statement

We ensure that the Board Chair is independent by refraining from committee memberships, enhancing our board governance. This intentional approach prevents self-review and mitigates the risk of compromising objectivity, especially concerning observations and recommendations from Board Committees.

Board Access to Management, Company Secretaries, Information and External Experts

The Board maintains direct access to the Senior Management team, ensuring transparency and effective decision-making through unrestricted access to CelcomDigi's business information.

Our Company Secretaries, who are qualified under Section 235 of the Companies Act 2016 (Act), provide complete support, which includes participating in Board and Board Committees meetings, preparing minutes, and giving regulatory advice, such as the Act, MMLR, and other requirements, to help the Directors fulfil their duties.

Meeting materials are securely delivered through an electronic Board portal at least 12 days prior to the board meetings. Board calendars and agendas are set in advance, and all Board members are expected to attend the scheduled Board meetings and relevant Board Committees meetings as well as the general meetings.

Urgent ad hoc meetings are arranged in consultation with the Chair and Deputy Chair. The Board and Board Committees can access external information and expert advice, when necessary, facilitated by independent external experts at the Company's expense.

The Company Secretaries keep abreast of regulatory changes and corporate governance developments through continuous training. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in fulfilling their duties.

Board Meetings

Directors demonstrated full commitment with attendance at Board meetings during the financial year. There were 18 Board meetings held during the year 2023, focusing on post-merger activities. Similarly, the BAC, BGRMC, and BNRC meetings were held in 2023 and attended by all Board Committee members.

Current Directors	Board Meetings	
	Attendance	%
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz ¹ (Chair of the Board)	17/17	100
Haakon Bruaset Kjoel (Deputy Chair of the Board)	18/18	100
Vivek Sood ¹	17/17	100
Rita Skjaervik	18/18	100
Dr Shridhir Sariputta Hansa Wijayasuriya	18/18	100
Tan Sri Abdul Farid Alias	18/18	100
Vimala V.R. Menon	18/18	100
Datuk Iain John Lo	17/18	94
Khatijah Shah Mohamed	18/18	100
Kasper Wold Kaarbø ²	N/A	N/A
Former Directors		
Tan Sri Halim Shafie ³	1/1	100
Thayaparan S Sangarapillai ³	1/1	100
Jørgen Christian Arentz Rostrup ⁴	14/14	100
Petter-Børre Furberg ⁵	4/4	100

Notes:

¹ Appointed on 19 January 2023
² Appointed on 15 March 2024
³ Resigned on 19 January 2023
⁴ Resigned on 1 October 2023
⁵ Appointed on 1 October 2023 and Resigned on 15 March 2024

51 hrs
Total hours of the Board meetings

99.8%
Overall % of the Board meetings attended by Directors

90 hrs
Total hours of the Board and Board Committee meetings

Corporate Governance Overview Statement

Board Activities

During the review year, the Board focused on five key areas, as outlined below:

	Activities
Strategy	<ul style="list-style-type: none"> Reviewed and approved Group strategy, ambitions, and targets. Oversaw the implementation of Group strategy, and business plan. Reviewed and approved Strategic Projects: M&A and inorganic proposals. Discussed DNB Equity Participation and Access Agreement. Approved a future ready Brand Architecture. Approved the 2024 Business Plan and Corporate Scorecard. Discussed Succession Planning. Discussed Organisation Plan, people, and culture integration. Reviewed and discussed on IT/system integration.
Financial Performance	<ul style="list-style-type: none"> Reviewed and approved 2024 Capital Expenditure. Approved Quarterly Financial Results and Quarterly Interim Dividend. Reviewed and approved Audited Financial Statements for financial year ended (FYE) 31 December 2022. Approved Related Party Transactions and/or Recurrent RPTs by CelcomDigi Group. Recommended re-appointment of Ernst & Young PLT as external auditor for FYE 31 December 2023. Approved the establishment of Executive Share Grant Plan for Senior Management.
Risk and Internal Controls	<ul style="list-style-type: none"> Reviewed Enterprise Risk and Opportunities status update. Evaluated risk assessment encompassing financial and non-financial aspects. Reviewed internal controls and mitigation measures. Reviewed strategic investment proposals in relation to assessment related key risks and mitigation plans. Approved Internal Audit Plan 2023. Approved the Statement on Risk and Internal Control for the Integrated Annual Report 2022.
Governance	<ul style="list-style-type: none"> Reviewed compliance with the MCGG, the Act, and MMLR. Approved the Integrated Annual Report 2022 and CG Report. Approved Circular to shareholders in relation to the Proposed New and Renewal Shareholders' Mandate for Recurrent RPTs, proposed change of company name from 'Digi.Com Berhad' to 'CelcomDigi Berhad' and proposed adoption of new constitution for shareholders' approval. Analysed Performance Evaluation for Board and Board Committee members. Reviewed Anti-Corruption and compliance updates. Approved Board Calendar and Meeting plans 2023. Received Minutes of Meeting of Board Committees. Recommended payment of Directors' fees and benefits payable to Non-Executive Director (NED) for shareholders' approval. Approved convening the 26th Virtual Annual General Meeting (AGM) and Extraordinary General Meeting (EGM). Recommended Directors standing for re-election at the AGM. Approved Board Annual Wheel and Board calendar 2024. Approved TOR of BAC, BGRMC and BNRC, Board Charter, CEO Charter, Fit & Proper Policy, and other policies and manuals. Approved Conflicts of Interests Policy. Reviewed and approved changes in directors across the Company, subsidiaries, and investment companies.
Sustainability	<ul style="list-style-type: none"> Reviewed and discussed Sustainability Framework. Reviewed ESG Programme and Activities. Reviewed 2023 material matters through Materiality Assessment exercise conducted with external and internal stakeholders. Discussed short, medium, and long-term climate actions and roadmap.

Corporate Governance Overview Statement

Board Appointment Process

Board appointments are a meticulous and thorough process, ensuring the selection of Directors are aligned with the Company's values and strategic goals. The responsibility of appointments lies with the Board, acting upon recommendations from the BNRC. Appointments have due regard to our Fit and Proper (F&P) Policy taking into consideration the benefits of diversity. Appointments are made based on merit against objective criteria, with a focus on ensuring a well-balanced mix of personality, skills, and experience in line with approved selection criteria.

The BNRC plays a crucial role in developing specifications for required skills and experience, and external recruitment consultants are engaged when necessary. The existing appointment process is deemed adequate by the Board, involving thorough assessment of skills, experience, competency, and knowledge of individual candidates.

Process Summary:

- Step 1** Identification of required skills
- Step 2** Selection/assessment of candidates/ Directors
- Step 3** 'Fit and proper' assessment based on the criteria in the F&P Policy
- Step 4** Interaction with candidates(s)/Director(s)
- Step 5** BNRC's deliberation and confirmation of suitability
- Step 6** BNRC's recommendation for Board's approval
- Step 7** Decision by Board on recommended appointment/re-election

Board Effectiveness Evaluation (BEE)

The internally conducted BEE 2023 aimed at assessing the overall effectiveness of the Board and identifying areas for improvement. To ensure the independence of our Independent Non-Executive Directors (INEDs), this annual self-assessment on independence is mandatory. All 10 directors participated, with results kept confidential by the Company Secretary, and a summary is presented to the BNRC and the Board for discussion.

Key Assessment Sections:

Section 1

Board Leadership and Effectiveness

Section 2

Board Committees' Evaluation

Section 3

Board and Directors' Self/Peer Assessment

Section 4

Self-Assessment of Board Skills Matrix and Experience

Section 5

Level of Independence for Independent Director

The BEE 2023 findings indicated the Board's success in providing strategic guidance, effective monitoring, and astute evaluation of management proposals. The Board demonstrated commitment to aligning company integrity with financial, regulatory, and internal processes. Furthermore, the Board remained consistent in the need to stay informed about developments and initiatives related to ESG. The BEE also highlighted that the management and operation of the Board were sufficiently addressed in 2023.

The Board expressed satisfaction with the BEE 2023 findings, acknowledging their continued effective discharge of duties. The diligent and efficient performance of respective Board Committees was noted, and the Board believes the overall process was well managed.

Corporate Governance Overview Statement

Achievement of 2023 Priorities

The Board focused on continuing priorities in the first year post-merger, and accomplished the following:

Merger Integration and Synergies Strategy	Organisation Development	Sustainability and Corporate Responsibility
Successful implementation of Year 1 initiatives of a comprehensive merger integration plan resulting in increased operational efficiencies and synergies.	Established new culture and values, placement of key leadership layers, and the right organisation structure.	Integration of sustainability practices into the business strategy, emphasising environmental and social responsibility, and maintaining a long-term commitment to sustainability.

Induction and Continuous Professional Development

The BNRC facilitates and reviews internal and external training programmes annually, ensuring our Directors stay abreast of the latest knowledge and skills. Additionally, CelcomDigi organises market visits, providing insights into business operations and market outlook.

All directors have fulfilled the requirements of the Mandatory Accreditation Programme Part I, except for Kasper Wold Kaarbø, who was recently appointed on 15 March 2024, and has not yet completed the programme. The Directors have acknowledged the amendments to the MMLR related to sustainability training and have committed to attending the Mandatory Accreditation Programme Part II on Leading for Impact within the stipulated timeline. Throughout the financial year 2023, our Directors actively participated in various training programs listed below:

Name of Director	Training Programmes Attended
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	<ul style="list-style-type: none"> UEM Edgenta Berhad Annual Management Dialogue – GLCs Role in Malaysia's Economic Transformation Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation A Leadership agenda: Driving trust from the top IASB-MASB Virtual Outreach on Post-implementation Review of IFRS9 Financial Instrument - Impairment PNB Knowledge Forum – Harnessing Innovation and Technology for Sustainable Business CelcomDigi MY5G CEO Roundtable – Realising the True Potential of 5G for Malaysian Businesses Mandatory General Offer – Duties of the Offerer and Ultimate Offerer EPF Strategy Meeting – Panel Session – Organisational Culture Transformation Khazanah Megatrend Forum – Orchestrating a New Development Bargain for Sustainable Growth CelcomDigi: Introduction to 5G Opportunities CelcomDigi: Board Strategy Workshop
Haakon Bruaset Kjoel	<ul style="list-style-type: none"> CelcomDigi: Board Strategy Workshop CelcomDigi: Introduction to 5G Opportunities EY Management of Cyber Risk Singapore Institute of Directors (SID) Directors Conference 2023 Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation INSEAD International Directors Programme
Vivek Sood	<ul style="list-style-type: none"> Mobile World Congress 2023 Barcelona CelcomDigi: Board Strategy Workshop CelcomDigi: Introduction to 5G Opportunities Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers Axiata GR&C Annual Conference 2023 Artificial Intelligence Board Briefing on M&A Framework What Worked for Deutsche as guest speaker session

Corporate Governance Overview Statement

Name of Director	Training Programmes Attended
Rita Skjaervik	<ul style="list-style-type: none"> CelcomDigi: Board Strategy Workshop CelcomDigi: Introduction to 5G Opportunities Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation Finance – Profit and Balance, Calculates key figures, Hidden value items, Crisis symptoms, etc How to Develop Resilient Businesses, Teams, and Leaders
Dr Shridhir Sariputta Hansa Wijayasuriya	<ul style="list-style-type: none"> CelcomDigi: Board Strategy Workshop CelcomDigi: Introduction to 5G Opportunities Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation Mobile World Congress 2023 Barcelona TM Forum in Bangkok as a speaker What Worked for Deutsche as guest speaker session Axiata GR&C Annual Conference 2023 M360 APAC Seoul Artificial Intelligence Board Briefing on M&A Framework
Tan Sri Abdul Farid Alias	<ul style="list-style-type: none"> CelcomDigi: Board Strategy Workshop CelcomDigi: Introduction to 5G Opportunities Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation Invest Malaysia Kuala Lumpur – Reshaping Malaysia's Narrative Cloud Adoption – Overview and Trends Invest Malaysia Series 2 – Digital Malaysia Mandatory Accreditation Programme Part II: Leading for Impact IMKL: Launch of the National Energy Transition Roadmap Conflicts of Interest and Governance of COI Global Market and Economic Outlook Global Capital Market Trends & Opportunities for Malaysia Guardians of Integrity Elevating Board Oversights in Anti-Fraud, Bribery, and Corruption Capacity Building Workshop on ESG and Corporate Greenhouse Gas Accounting and Reporting LED 1 – Listed Entity Director Essential LED 2 – Board Dynamics LED 3 – Board Performance LED 4 – Stakeholder Engagement LED 5 – Audit Committee Essentials LED 6 – Board Risk Committee LED 9 – Environmental, Social & Governance Essentials (Core) BPMB Leadership – Leadership Metamorphosis: Embrace Inspiring Progress
Vimala V.R. Menon	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II: Leading for Impact MFRS Updates 2023 CelcomDigi: Board Strategy Workshop Management of Cyber Risk CelcomDigi: Introduction to 5G Opportunities Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation Economic Update 2023 Volatility and Opportunity ICAEW Regional Forum CPTPP and RCEP

Corporate Governance Overview Statement

Name of Director	Training Programmes Attended
Datuk Iain John Lo	<ul style="list-style-type: none"> BNM Climate Change Principle Based Taxonomy (CCPT) Classification and RHB ESG Risk Assessment Process Anti Money Laundering and Countering Terrorism Financing (AML/CFT) Risk Management in Share Margin Financing Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation Key Updates on Malaysian Taxation and Budget 2023 Cloud Awareness Engagement Awareness on Zero Day Malware Net Zero within Financial Institutions Advocacy Session for Directors and CEOs of Main Market Listed Issuers Management of Cyber Risks Energy Transition and its Impact on the Future Workforce CelcomDigi: Introduction to 5G Opportunities What amounts to COI Business Sustainability Programme IFRS17, e-invoicing, IFRS S1 Islamic Finance, Islamic Fintech and Digital Banking Conversation with Audit Committees Mandatory Accreditation Programme Part II: Leading for Impact
Khatijah Shah Mohamed	<ul style="list-style-type: none"> CelcomDigi: Board Strategy Workshop Management of Cyber Risk CelcomDigi: Introduction to 5G Opportunities Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation Navigating Risk Horizons: Building Resilience for a Thriving Economy Telekom Mobility Report Ericsson IDCM Power Talk - Generative AI: An opportunity or Risk?
Petter-Børre Furberg ¹	<ul style="list-style-type: none"> CelcomDigi: Board Strategy Workshop CelcomDigi: Introduction to 5G Opportunities

Note:

¹ Resigned on 15 March 2024

Board Nomination and Remuneration Committee (BNRC) Report

Committee Membership	Meetings Attended
Datuk Iain John Lo (Chair of BNRC)	6/6
Tan Sri Abdul Farid Alias	6/6
Vimala V.R. Menon	6/6

The BNRC comprises of three INEDs and is chaired by Datuk Iain John Lo.

The principal duties of our BNRC are to:

- lead succession planning and appointment of Board members in CelcomDigi;
- oversee the development of a diverse pipeline for Board and Senior Management's succession;
- lead annual review of Board effectiveness, ensuring that the performance of the Board, each individual Director and the Chair of the Board are independently assessed; and
- review the performance of Senior Management through company scorecards.

Corporate Governance Overview Statement

Functions of the BNRC and Related Activities in 2023

Board Succession Plan

The BNRC plays a crucial role in overseeing the Board Succession Plan, ensuring the proper succession planning for Directors and reviewing the necessary mix of skills and experience. This includes evaluating the tenure of Independent Directors, proposing retirement, and making recommendations for the re-election of Directors.

During the year under review, there were changes made to our Board composition. Tan Sri Halim Shafie, and Thayaparan S Sangarapillai both resigned on 19 January 2023, while Jørgen Christian Arentz Rostrup resigned on 1 October 2023. On 19 January 2023, Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz assumed the role of Chair of the Board and Non-Independent Non-Executive Director, and Vivek Sood joined as Non-Independent Non-Executive Director on 19 January 2023. Subsequently, on 1 October 2023, Petter-Børre Furberg took up the role of Deputy Chair and Non-Independent Non-Executive Director. Kasper Wold Kaarbø was appointed as a Non-Independent Non-Executive Director on 15 March 2024. Petter-Børre Furberg stepped down on the same date, and Haakon Bruaset Kjoel became the Deputy Chair of the Board.

Stringent fit and proper criteria were applied to all board members. The BNRC conducted assessment, confirming that the individuals met the requirements outlined in the F&P Policy for their appointments as Directors.

In compliance with the MMLR, CelcomDigi restricts the tenure of independent directors to not exceed a cumulative term of 12 years. Annual assessments affirm their independence. As of FYE 2023, no Director has exceeded nine years as an Independent Director. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their abilities to act in the best interest of the Company.

Directors' Re-election

In adherence to relevant requirements, the Directors' retirement rotation list was presented to the BNRC for endorsement prior to recommendation to the Board, and subsequently, to the shareholders for approval. This recommendation is derived from their annual evaluation, independence assessment, and fit and proper criteria, all assessed by the BNRC before presenting for recommendations to the Board for deliberation and approval.

Directors retiring pursuant to Article 104(A) and 104(E) of the Company's Constitution are as follows:

Article 104(A)	Article 104(E)
(i) Haakon Bruaset Kjoel	(i) Kasper Wold Kaarbø
(ii) Datuk Iain John Lo	
(iii) Khatijah Shah Mohamed	

During the BNRC meeting held on 5 March 2024, the BNRC assessed whether all retiring Directors met the fit and proper criteria, noting their compliance with the policy to continue their services as directors. All the retiring Directors have given their consent for the re-election at the 27th AGM.

Corporate Governance Overview Statement

Directors' Remuneration

The Board remuneration structure is aligned to our strategic objectives, facilitating the attraction, motivation, and retention of high calibre talent. It incorporates market practices and trends, with specific focus on attracting and retaining high-performing NEDs. Each of the NEDs abstains from participating in discussions or voting on their individual remuneration. NEDs namely Haakon Bruaset Kjoel, Rita Skjaervik, Kasper Wold Kaarbø, Vivek Sood, and Dr Shridhir Sariputta Hansa Wijayasuriya, who are nominee representatives from our major shareholders, receive remuneration from their employing companies within the Telenor and Axiata Group, without any compensation from CelcomDigi.

Non-Executive Directors	Directors' Fees (RM)	Benefits-in-kind (RM)	Total
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz ¹	513,871	8,208	522,079
Haakon Bruaset Kjoel	Nil	Nil	Nil
Vivek Sood ¹	Nil	Nil	Nil
Rita Skjaervik	Nil	Nil	Nil
Dr Shridhir Sariputta Hansa Wijayasuriya	Nil	Nil	Nil
Kasper Wold Kaarbø ²	Nil	Nil	Nil
Tan Sri Abdul Farid Alias	459,000	10,661	469,661
Vimala V.R. Menon	391,500	4,940	396,440
Datuk Iain John Lo	445,500	9,343	454,843
Khatijah Shah Mohamed	405,000	6,126	411,126
Tan Sri Halim Shafie ³	26,129	4,735	30,864
Thayaparan S Sangarapillai ³	19,597	4,735	24,332
Jørgen Christian Arentz Rostrup ⁴	Nil	Nil	Nil
Petter-Børre Furberg ⁵	Nil	Nil	Nil
Total	2,260,597	48,748	2,309,345

Notes:

¹ Appointed on 19 January 2023

² Appointed on 15 March 2024

³ Resigned on 19 January 2023

⁴ Resigned on 1 October 2023

⁵ Appointed on 1 October 2023 and Resigned on 15 March 2024

CEO and Senior Management Performance Appraisal

The BNRC conducted a thorough review of the CEO and the Senior Management's 2023 scorecard, evaluating their performance against set targets in a meeting in February 2024. The remuneration packages and incentives are designed to align with best practices in remuneration, retention, and reward, ensuring the Group's ability to attract and retain top talents.

Moreover, the BNRC dedicated numerous meetings to examine and establish a Proposed Executive Share Grant Plan for Senior Management. In parallel, management succession planning received focused attention and underwent a comprehensive review throughout the year.

Corporate Governance Overview Statement

BNRC's Effectiveness Review and Performance

Based on the BEE 2023 findings, the Board affirms the effective performance of the BNRC in fulfilling its duties and functions throughout the year, thus providing valuable contribution to the Board. The Board is satisfied with the performance and effectiveness of the BNRC in providing sound advice and recommendations to the Board, particularly on managing competencies and succession planning for Directors and Senior Management.

Summary Activities of the BNRC as below:

Main Activities for 2023	
<ul style="list-style-type: none"> Conducted the annual assessment and review of the composition of the Board and Board Committees. 	<ul style="list-style-type: none"> Completed the assessment on Senior Management Remuneration.
<ul style="list-style-type: none"> Reviewed the 2023 and 2024 Corporate Scorecard and Management Priorities. 	<ul style="list-style-type: none"> Reviewed TOR of BNRC.
<ul style="list-style-type: none"> Reviewed the Directors' Fees and Benefits Payable. 	<ul style="list-style-type: none"> Reviewed the assessment on Job Architecture Implementation.
<ul style="list-style-type: none"> Reviewed Directors' training requirements. 	<ul style="list-style-type: none"> Reviewed Succession Planning for Senior Management.
<ul style="list-style-type: none"> Recommended the re-election of Directors retiring at the 26th AGM. 	<ul style="list-style-type: none"> Reviewed Senior Management Team and Structural Change.
<ul style="list-style-type: none"> Reviewed the BNRC Report for inclusion in the Integrated Annual Report. 	<ul style="list-style-type: none"> Reviewed the proposed new directors for the Company, its subsidiaries and investment companies.
<ul style="list-style-type: none"> Reviewed Senior Management Remuneration Policy. 	<ul style="list-style-type: none"> Conducted a comprehensive BEE.
<ul style="list-style-type: none"> Reviewed the establishment of the Proposed Executive Share Grant Plan for Senior Management. 	

Principle B – Effective Audit and Risk Management

Board Audit Committee (BAC) Report

The Board Audit Committee (BAC) is dedicated to supporting the Board in fulfilling its statutory and fiduciary responsibilities for the Company and its subsidiaries (the Group). The BAC plays a key role in enhancing overall efficiency by independently reviewing the Company's financial, operating, and compliance controls. This includes assessing the effectiveness of the internal and external auditors, guided by factors as prescribed under Paragraph 15.21 of the Main Market Listing Requirements (MMLR).

The BAC roles and responsibilities are set out in its revised TOR, which includes reporting on any Conflict of Interest (COI) or potential COI situations within the Company or Group during the financial year, together with measures to resolve, eliminate, or mitigate such conflicts. The BAC is guided by the Internal Audit Charter, approved by the Board, and aligned with the MMLR, to fulfil its duties and responsibilities.

Composition of the BAC and Attendance of Meetings

The BAC comprises the following Independent Non-Executive Directors:

Committee Membership	Meetings Attended	
Tan Sri Abdul Farid Alias (Chair of BAC)	9/9	■■■■■■■■■■
Vimala V.R. Menon	9/9	■■■■■■■■■■
Khatijah Shah Mohamed	9/9	■■■■■■■■■■

Corporate Governance Overview Statement

The BAC discharges its responsibilities through its scheduled meetings during the year which covers the matters under the purview of the BAC. A total of nine meetings were held for the financial year ended 31 December 2023.

Summary of BAC Activities

During the financial year under review, the BAC carried out the following activities in the discharge of its roles and responsibilities:

Activities	
Internal Audit	a) Deliberated the risk-based Annual Audit Plan to ensure adequate scope and comprehensive coverage of CelcomDigi's activities, prior to recommending to the Board for approval. Monitored the progress of the planned audit reviews and approved changes to the Annual Audit Plan 2023, in response to changes in the risk environment and ad hoc requests from CelcomDigi Management. b) Reviewed and deliberated on the significant audit findings, audit recommendations, and the adequacy of the Management teams' corrective actions. Significant issues were discussed at length with the presence of relevant Senior Management team members to ensure satisfactory and timely remediation of agreed corrective actions, to address and mitigate identified risks. c) Monitored the progress of Management corrective actions on outstanding audit findings on a quarterly basis, to ensure that all corrective actions to close identified gaps had been implemented based on committed timelines, until the BAC was satisfied that adequate controls were in place. d) Provided guidance on ad hoc matters arising from ongoing internal audit reviews and activities. e) Evaluated the effectiveness of the Internal Audit function through evaluation of its performance and competencies, as well as monitoring the adequacy of resources and total costs, to ensure that it had the required expertise and professionalism to discharge its duties. f) Reviewed and deliberated on investigation findings and the CelcomDigi Management teams' recommendations on remedial actions that included disciplinary and/or corrective actions. Discussions were conducted on the root cause of the incidents and the risk exposure to the Company. Periodic updates were furnished to the BAC to ensure adequate and timely resolution of the remedial actions. g) Reviewed the COI policies and procedures on the reporting of any COI, or potential COI situations to the Board, pursuant to the MMLR.
Financial Reporting	a) Reviewed CelcomDigi unaudited quarterly financial results and audited annual financial statements, and related announcements, before recommending for Board approval, including: <ul style="list-style-type: none"> Deliberation on significant audit and accounting matters highlighted, comprising Management judgement, estimates or assessments made and the adequacy of disclosures in the financial statements; and Discussion of significant financial matters to ensure compliance with the Malaysian Financial Reporting Standards (MFRS) and internal accounting policies.
External Audit	a) Reviewed the scope of work of the external auditors confirming their independence and objectivity. b) Reviewed external auditors' Management Letter together with Management's responses, to ensure that appropriate actions have been taken. c) Monitored on a quarterly basis, all non-audit services and fees incurred in which the external auditors were engaged, taking into account external auditors' independence and objectivity. The amount incurred by CelcomDigi in respect of audit fees and non-audit related fees for services rendered by the external auditors is disclosed on page 120 in the Additional Compliance Information in this report. d) Met privately with the external auditors at the BAC meetings to ensure there were no restrictions to the scope of their audit and discussed significant matters that arose during audit. e) Evaluated the performance of the external auditors and made recommendations to the Board on the appointment of a single auditor, subject to the approval of CelcomDigi shareholders at the Annual General Meeting.

Corporate Governance Overview Statement

Activities	
Related Party Transactions	a) Reviewed the mandate compiled for recurrent related party transactions. b) Reviewed related party transactions as disclosed in the financial statements and performed quarterly monitoring of the mandate for recurrent related party transactions to ensure compliance with the MMLR and internal policies and procedures. c) Reviewed and deliberated new related party transactions to ensure that the terms and conditions of the transactions are commercially based and performed at arm's length.
Conflict of Interest	a) Monitoring conflict of interest situations that persist or may arise within the Company, including any transaction, procedure, or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts, had been added to the BAC responsibilities. Further to the expanded BAC responsibilities covering conflict of interest, the BAC has reviewed the conflict of interest situations declared by directors and reported to the Board accordingly, ensured the interested directors abstained from deliberation and voting on the transactions.
Other Activities	a) Reviewed and recommended to the Board, the BAC Report, Directors' Responsibility Statement, and Statement on Risk Management and Internal Control, for inclusion into the Integrated Annual Report. b) Reviewed and recommended the revised TOR of BAC for Board's approval. c) Reviewed the proposed dividend payout on a quarterly basis, taking into consideration the cash flow requirements before recommending for Board's approval.

Internal Audit Function

The Internal Audit (IA) function operates based on the risk-based Annual Audit Plan approved by the BAC, that covers areas such as governance, risk management, and internal control processes, including regulatory compliance such as related party transactions.

IA employs a risk-based methodology in its preparation of the Annual Audit Plan, aligning with the Company's objectives, risk appetite, and profile, with input from BAC and Senior Management team.

At the quarterly BAC meetings, IA presents progress updates of its Annual Audit Plan, including the key findings from audit reports and the corresponding audit opinion, audit recommendations, and corrective actions. Agreed-upon corrective actions are tracked, ensuring resolution and closure within the specified completion date.

Scope and Coverage

In 2023, IA conducted 20 engagements (includes advisory and ad hoc reviews) covering areas such as Finance, IT systems and network, Enterprise cross-selling, warehouse operations, Universal Service Providers, dealer management, and Recurring Related Party Transactions, including ad hoc audits requested by the Senior Management team. Internal investigations into misconduct and breaches of the Code of Conduct were also conducted.

Quality Insurance and Improvement Programme

IA maintains a Quality Assurance and Improvement Programme (QAIP), appraising conformity with IA standards. Results are reported to the BAC annually. IA has adopted Audit Command Language (ACL) for data analytics, enabling data-driven and digital auditing and provided extensive coverage on the scope of the audit reviews. IA upgraded its Audit Management System, Pentana in December, which enables a systematic, digitalised, and consistent audit process and documentation of audit work.

Corporate Governance Overview Statement

Resources

The BAC regularly reviews human resource requirements to ensure IA is well-equipped with competent and proficient internal auditors. The educational background of the IA team is listed below:

Educational Background	Total Internal Auditors
IT/Information System/Computer Science	8
Accounting/Finance/Economics	8
Engineering	1
Quality Management	1
Others	2

The total operational costs of the IA department for FY2023 amounted to RM4.84 million.

Professional Qualifications and Continuous Development

Given the growing importance of digital technologies and data analytics in audits, internal auditors need broader skill sets and enhanced technological understanding to leverage technology effectively. The internal auditors are encouraged to obtain professional certifications to maintain a high level of proficiency. The IA team's professional qualifications are listed below:

Professional Qualification	Total Internal Auditors Certified
Certified Information Systems Auditor	5
Chartered/Certified Accountants	7
Certified Internal Auditor	1
Certified Accounting Technician	1
ISO Lead Auditor	1

Board Governance and Risk Management Committee (BGRMC) Report

Committee Membership	Meetings Attended
Vivek Sood ¹ (Chair of BGRMC)	5/5
Datuk Iain John Lo	5/5
Haakon Bruaset Kjoel	5/5
Khatijah Shah Mohamed	5/5
Thayaparan S Sangarapillai ²	N/A

Note:

¹ Appointed on 19 January 2023

² A former Chair of the Committee who had resigned on 19 January 2023

The BGRMC focuses on governance, compliance, and risk management, including sustainability. The BGRMC is led by Vivek Sood, a NINED, and oversees risk management, compliance, and governance frameworks, and integrating sustainability considerations into CelcomDigi's long-term strategy plans. The BGRMC comprises of two INEDs and two NINEDs. The BGRMC's roles and responsibilities are detailed in the BGRMC TOR available at https://celcomdigi.listedcompany.com/corporate_governance.html.

Corporate Governance Overview Statement

Summary of Activities

The BGRMC conducted the following activities in 2023:

Activities	
Risk Management and Internal Control	<ul style="list-style-type: none"> a) Reviewed top enterprise risks quarterly, assessing threats, opportunities, and mitigation progress. b) Evaluated overall adequacy and effectiveness of internal controls considering internal and external audit findings.
Compliance	<ul style="list-style-type: none"> a) Reviewed and provided a quarterly report on Compliance & Monitoring programme roadmap, training, awareness, and procedure including process and procedures for Integrity Due Diligence and all matters arising in dealing with Anti-Corruption matters. b) Oversaw corrective action upon Disciplinary Committee deliberations for consequence management. c) Reviewed Enterprise Risk Management, Compliance & Monitoring, Sustainability, Cybersecurity, Occupational Safety and Health & Supply Chain Management, Regulatory, and Privacy updates, wherever applicable, for discussion at Governance Risk & Compliance Committee Meeting before the next BGRMC Meeting. d) Organisation-wide policy and manual review, with periodic revision and updates by policy owners for Board approval.
Other Activities	<ul style="list-style-type: none"> a) Reviewed the circular on the change of name from 'Digi.Com Berhad' to 'CelcomDigi Berhad'. b) Reviewed the adoption of the new Constitution. c) Reviewed the Integrated Annual Report 2022 consisting of CG Overview Statement, CG report, and Statement of Internal Control and Risk Management. d) Reviewed the Quarterly Environmental, Social and Governance programme and strategy. e) Reviewed the Health & Safety preparations for the network consolidation and implementation work, Supply Chain, and Vendor Management. f) Reviewed the Quarterly Cybersecurity update.

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Our Corporate Reporting Integrity

CelcomDigi is unwavering in its commitment to upholding corporate reporting integrity. Through stringent efforts, we ensure that the information presented in this report is not only truthful, reliable, and complete but also reflects our dedication to transparency and accountability. The cornerstone of these efforts is the Reporting Committee, a cross-functional team consisting of members from Company Secretary, Investor Relations (IR), Sustainability, Corporate Strategy, and Communications teams.

This committee meticulously reviews the report, aiming for a comprehensive representation of CelcomDigi's performance against local and international reporting standards. The multi-layered review process, involving the BAC and BGRMC, ensures compliance with established governance practices before the final approval by the Board.

Our Approach in Communicating with Stakeholders

The Board emphasises the pivotal role of stakeholder engagement in fostering good corporate governance, prioritising open and transparent two-way communications. We consider stakeholders' insights into the impact of our business strategies, ensuring their input significantly influences our disclosure practices. Our engagement practices align with the provisions of the MCCG concerning shareholder dialogue.

Corporate Governance Overview Statement

Our IR team utilises digital platforms to convey information on CelcomDigi's financial performance, business direction, and strategic development to the investment community. Our dedicated IR website serves as a comprehensive platform for the latest corporate information and actively encourages feedback and inquiries from stakeholders and the public. For further details, including digital engagement initiatives, refer to Section 3: Our Key Relationships on pages 45 to 47.

Conduct of General Meetings

CelcomDigi's commitment to transparent and engaging General Meetings, comprising the AGM and EGM, stands as a cornerstone for shareholder communication. Our general meetings serve as a pivotal platform for shareholders to actively engage with the Board and Senior Management team in a constructive two-way dialogue.

Building on our digital way of work and leveraging technological advancements for video conferencing, we successfully transitioned to a virtual format for both AGM and EGM. The virtual meetings not only ensured business continuity but were also well-received by our stakeholders who appreciated the efficiency and transparency brought about by the digital setting. Interactive features, including live Q&A sessions, online polling, and chat rooms, provided an enriched experience for shareholder engagement.

We are pleased to announce our AGM for CelcomDigi Berhad scheduled for 27 May 2024, as highlighted in the notice issued to shareholders 28 days prior to the meeting. This timeline ensures shareholders have sufficient time to review the Company's performance in the year under review, and the resolutions to be tabled during the AGM. The AGM minutes and summary of Q&A dialogues will be published on <https://celcomdigi.listedcompany.com/aggm.html> for public viewing following the conclusion of the AGM.

Summary of IR activities

In 2023, CelcomDigi embarked on its inaugural year of operations following the successful merger of Celcom and Digi. Throughout this significant period, the company strategically designed a series of IR events ranging from quarterly results briefings to company roadshows to keep our IR stakeholders well-informed and updated on the Company's financial, operational, and strategic advancements. The IR team worked closely with internal stakeholders, to actively address shareholders' and investors' concerns and feedback. We express our sincere appreciation to all stakeholders who dedicated their time and effort to attend these events. The summary of our investor engagement activities during this pivotal first year is outlined below, while the comprehensive details of the IR calendar can be accessed at https://celcomdigi.listedcompany.com/financial_calendar.html.

Statement by the Board

The Board has approved this statement on 15 March 2024. The Board is pleased to report that, to the best of their knowledge, CelcomDigi adheres to the highest corporate governance standards. This commitment is evident through continuous adoption of principles and best practices outlined in the MCCG, MMLR, and relevant laws and regulations.

Statement on Risk Management and Internal Control

In adherence to Paragraph 15.26 (b) of the Main Market Listing Requirements stipulated by Bursa Malaysia Securities Berhad (Bursa Securities), the Board at CelcomDigi, in strict accordance with the guidelines delineated in the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers, takes satisfaction in presenting a comprehensive statement outlining the details and extent of the enterprise risk management and internal control systems within the Group for the fiscal year under review.

RESPONSIBILITIES AND ACCOUNTABILITIES

The Board is dedicated to creating and sustaining a robust, efficient system for enterprise risk management and internal control, with the primary goal of safeguarding shareholders' investments and the assets of CelcomDigi and its subsidiaries (the Group). The meticulously designed enterprise risk management and internal control system aims to identify and address the Group's risks, ensuring alignment with the overall business objectives and corporate sustainability strategies.

The Board Governance and Risk Management Committee (BGRMC), through delegation of authority by the Board, regularly evaluates the adequacy and effectiveness of the risk management framework and internal controls. This evaluation involves identifying, assessing, monitoring, and reporting on key business risks, with the overarching goal of protecting shareholders' investments and the Group's assets.

The Senior Management team is entrusted with executing Board-approved policies related to risk management and internal control. This responsibility encompasses identifying and assessing the risks, monitoring the attainment of business goals and objectives, all while staying within the pre-defined risk appetite parameters.

The Board acknowledges that, while the risk management and internal control system can provide reasonable assurance, it cannot guarantee absolute protection against the possibility of significant loss or unexpected events.

Corporate Annual Statement on Risk Management and Internal Controls (SORMIC) Assessment

The management dedicates continuous efforts to enhance the governance process by instituting the SORMIC Working Team co-led by Enterprise Risk Management (ERM), Compliance, Finance, and Internal Audit functions. This is evident through the annual SORMIC assessments conducted across CelcomDigi's divisions and subsidiaries.

Furthermore, the management takes responsibility in preparing the comprehensive Statement on Corporate Governance and the SORMIC. These statements undergo review and approval by the Board.

Risk Management (Governance)

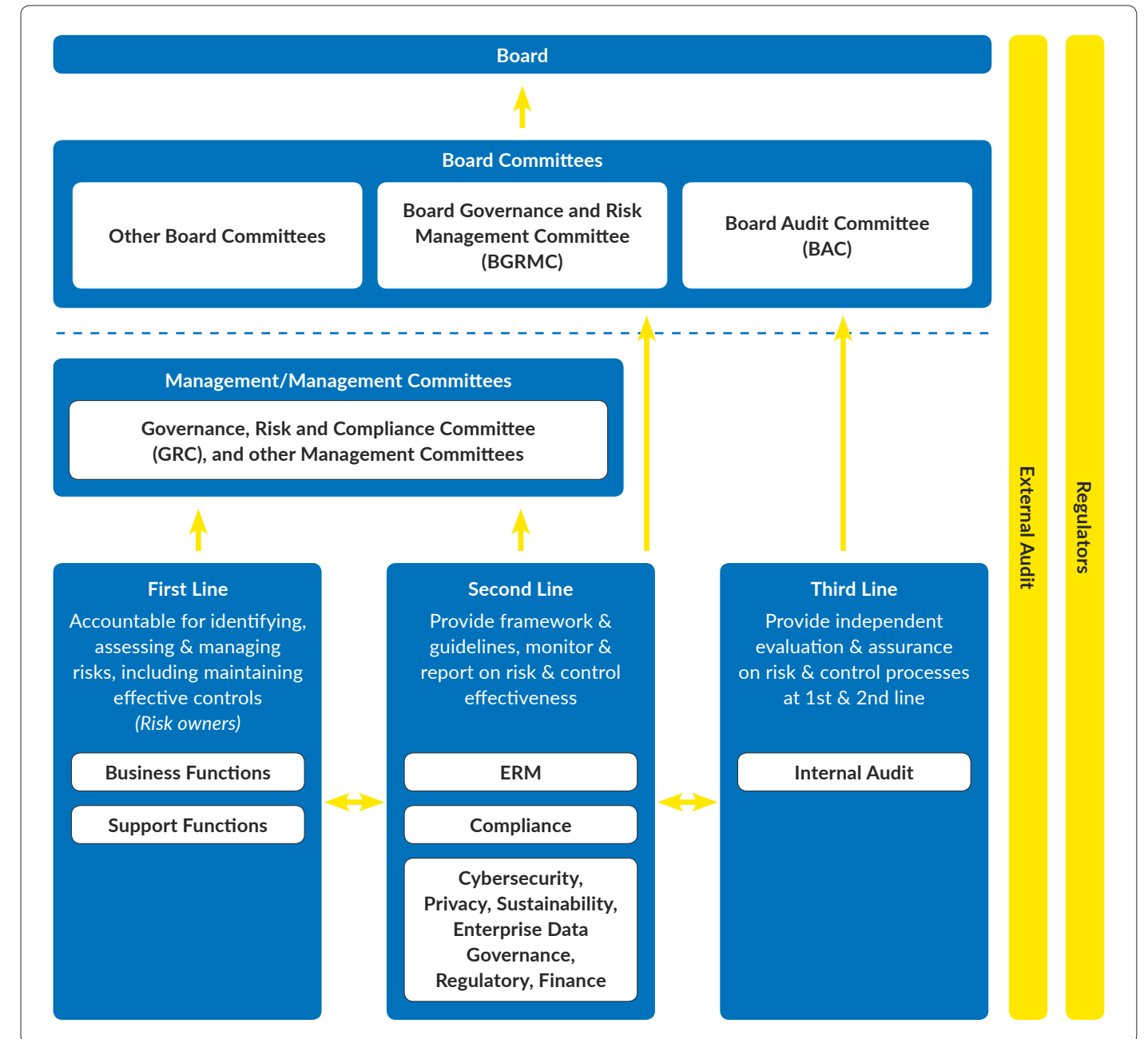
CelcomDigi's ERM framework serves as the foundation and procedural guide for effectively addressing risks throughout the Group. The ERM framework of the Group is based on ISO31000:2018 Risk Management Standards. The description of ERM responsibilities within CelcomDigi is an integral aspect of the framework, designating the ERM function as the entity responsible for executing the ERM programme and activities.

The Senior Management team assumes a pivotal role in consistently identifying significant threats, evaluating risk profiles, and actively steering mitigation strategies. Concurrently, all line managers uphold the responsibility of managing risks within their respective functions, ensuring the integration of risk management into day-to-day business operations and decision-making processes.

Statement on Risk Management and Internal Control

Diagram 1 below illustrates the roles and responsibilities of risk management practices across CelcomDigi.

Diagram 1: Roles and Responsibilities of Managing Risks



Statement on Risk Management and Internal Control

Risk Management (Methodology)

At CelcomDigi, our commitment to effective risk management is embedded in a strategic and comprehensive approach. We initiate the risk identification process through thorough assessments aligned with the overarching ambitions and strategic objectives outlined in our corporate plan and other emerging risks within the telecommunications industry to ensure relevance and robust risk coverage. These ensure that we are better-positioned to navigate potential risks and uncertainties that could impact the achievement of our organisational goals and capitalise on new opportunities.

Upon identification, these risks undergo meticulous evaluation and are subjected to in-depth deliberation by our experienced Senior Management team. The objective is to gain an understanding of each risk's potential impact and implications for our business. These identified risks are systematically integrated into a risk register and evaluated to ascertain their risk rating, categorised as Extreme, Significant, Moderate, or Low, on a quarterly basis. The risk rating process is conducted in accordance with a matrix that factors in the likelihood of occurrence and associated impacts, encompassing both financial and non-financial parameters. Subsequently, the owners of these risks will be responsible to implement effective risk mitigation measures, aiming to achieve a residual risk level that falls within the acceptable tolerance threshold.

Monitoring is a key component of our risk management strategy. We closely track the progress of our mitigation efforts to ascertain their effectiveness and make necessary adjustments and report to the Governance, Risk and Compliance Committee (GRC). This continuous monitoring is crucial for maintaining overall risk exposure within acceptable levels and for adapting our strategies to the evolving business landscape.

The Senior Management team plays a pivotal role in providing regular updates to both the Board and the BGRMC. This communication is facilitated through a detailed risk heat map presented on a quarterly basis. This transparent reporting mechanism ensures that key stakeholders are well-informed about the top risks facing CelcomDigi, fostering a culture of transparency and accountability.

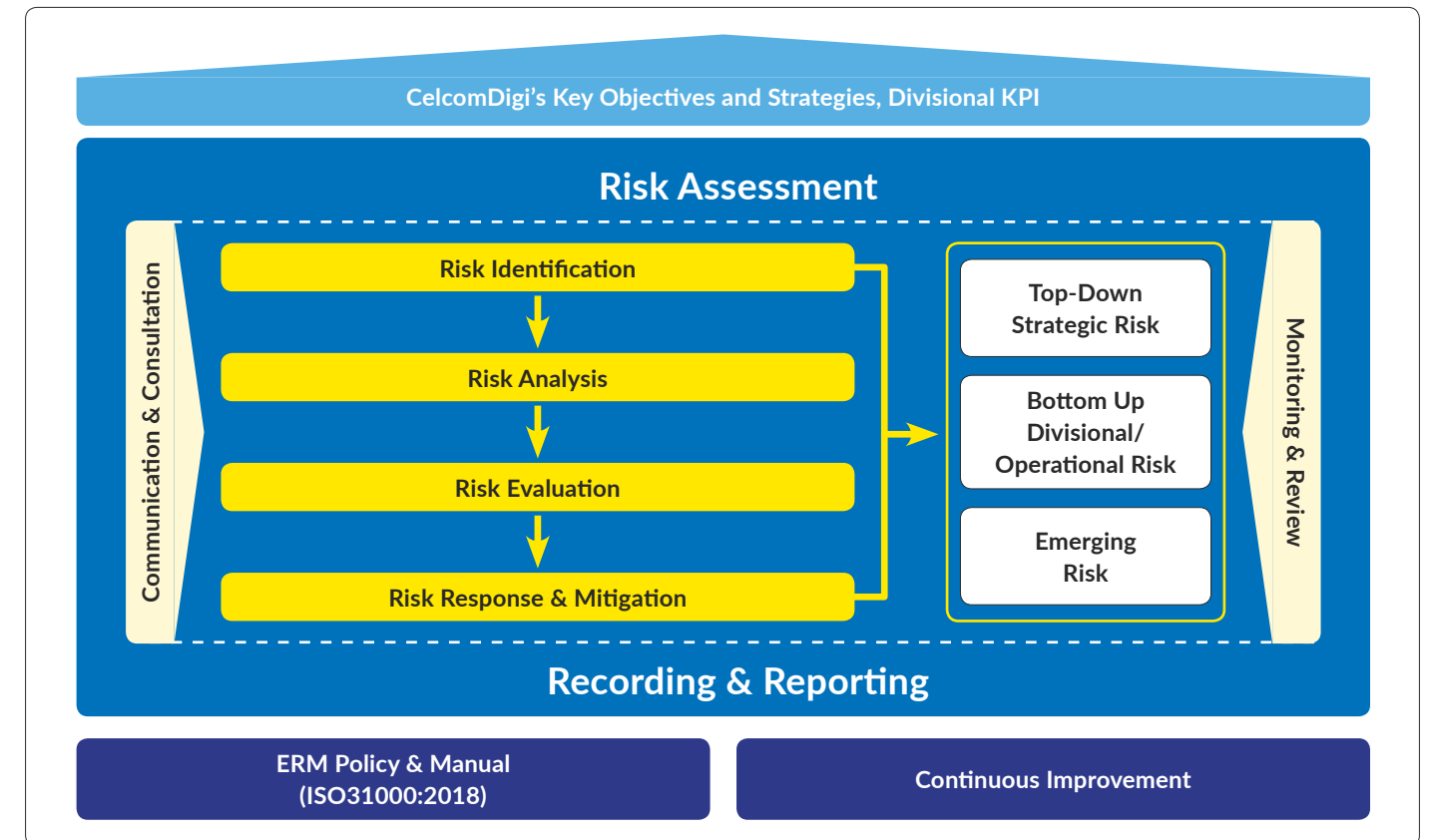
Moreover, the thorough review and deliberation on the movement and mitigation status of material risks underscore our commitment to robust oversight and effective risk governance. This rigorous approach ensures that our risk management processes are not only proactive but also responsive to emerging challenges.

In our pursuit of excellence, we acknowledge the importance of continuous improvement. As part of this commitment, we actively seek opportunities to enhance our risk management framework. This includes refining our practices and processes to align with industry best practices and emerging trends. Our dedication to continuous improvement reflects our proactive stance in managing risks and contributes to the overall resilience and success of CelcomDigi.

Statement on Risk Management and Internal Control

Kindly refer to the accompanying diagram 2 for a comprehensive overview of CelcomDigi's risk management framework and processes:

Diagram 2: Risk Management Framework



INTERNAL CONTROL SYSTEMS

The Board has implemented internal control systems to ensure effective governance and oversight across various functions of the organisation. The controls are outlined as such:

Cybersecurity

- CelcomDigi is committed to reducing the security risk of service disruption by ensuring its infrastructure is protected and services are not interrupted, thereby enabling continuous service to customers.
- The cybersecurity function is responsible for ensuring the confidentiality, integrity, and availability of information processing facilities, including telecommunications systems and IT infrastructure, by protecting against cyber-threats, data security, and other security risks and threats arising internally and externally.
- Security compliance and cyber maturity assessment activities in accordance with industry best practices - the Information Security Forum (ISF) and GSM Association (GSMA) standards encompass building cyber resilience and protecting critical organisational assets, technology, and networks. This includes executing a robust cybersecurity awareness programme, vulnerability management, red teaming activities, and security posture assessments, and continuing security assurance governance through internal audits, risk assessments, and independent body accreditation. CelcomDigi complies with ISO27001:2013 Information Security Management System and local authority regulations.

Statement on Risk Management and Internal Control

- Centralised governance and control conducted with periodic programmed forum with Cybersecurity Steering Committee (CSSC), GRC, and the BGRMC meeting with CelcomDigi's top management and Board Members.

Privacy

- CelcomDigi is committed to responsible stewardship of data entrusted to us by our customers, employees, and business partners. Our data privacy strategy incorporates strong governance around privacy controls and driving a responsible business culture, supported by continuous awareness of best privacy practices. CelcomDigi's Privacy Policy provides guidance on practices that prioritise trust, transparency, and accountability in managing and handling personal data throughout our value chain.
- We regularly review and update the Privacy Notice and present it in a simplified infographic format to keep customers informed on how CelcomDigi collects, uses, and shares information. We engage with various stakeholders to understand and address emerging regulations and future-proof our day-to-day data management practices.
- On a quarterly basis, privacy compliance matters will be reported and discussed in the GRC for escalation to the Board through the BGRMC.

Enterprise Data Governance (EDG)

The cornerstone of CelcomDigi's data ecosystem is our robust EDG function, which ensures the meticulous oversight, protection, and management of the Group's data assets. This dedication to data integrity, ownership, and proper governance fosters consistent, available, and usable data that empowers informed decision-making across the organisation. Our strategic focus rests upon three pillars:

- Data Governance and Operations (DGO):** We establish and enforce data policies, standards, and procedures, ensuring responsible data stewardship and compliance.
- Data Quality and Master Data Management (DQMDM):** We prioritise data accuracy and consistency through ongoing cleansing, standardisation, and integration across all domains.
- Data Strategy and Architecture (DSA):** We design and implement modern data architecture and technologies, aligning with business objectives and enabling seamless data access and utilisation.

Our comprehensive EDG Policy and Manual guide these efforts, providing a clear roadmap for responsible data management. Our commitment goes beyond mere policy. We

cultivate a data-aware culture through ongoing communication initiatives, training programmes, and impactful events like the **Global Information Governance Day 2023 (GIGD2023)** and **CelcomDigi Data-Driven Digital Forum (CD3F2023)**. This unwavering focus on awareness ensures data governance is not just a function, but a shared responsibility across the organisation.

Business Continuity Management (BCM)

Being the largest telecommunications company in Malaysia, CelcomDigi places a paramount emphasis on compliance with ISO22301: Business Continuity Management, reflecting a steadfast commitment to the establishment of resilient business continuity processes. The Management at CelcomDigi consistently takes the lead in the ongoing enhancement of these processes, encompassing critical aspects such as emergency response, crisis management, crisis communication, business continuity, and Network and IT disaster recovery.

In alignment with its commitment to continuous improvement, CelcomDigi implements a comprehensive annual BCM programme. This programme is multifaceted, comprising essential components such as awareness initiatives, targeted training sessions, and regular reviews and validations. These strategic activities are pivotal in meticulously evaluating the efficiency and effectiveness of CelcomDigi's BCM strategies. Such proactive measures not only fortify the organisation's preparedness, but also underscore its resilience in navigating potential disruptions with well-coordinated response and recovery capability.

Internal Control over Financial Reporting (ICFR)

The ICFR function plays an important role in evaluating and improving the effectiveness of key controls surrounding CelcomDigi's financial reporting processes. Its primary objective is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. Reviews on internal controls over financial reporting are performed in accordance with CelcomDigi's ICFR Framework, which requires an assessment based on the materiality of significant accounts, and the testing and evaluation of the design and operating effectiveness of key controls.

The function adopts a routine to continuously monitor and follow up on unaddressed risks and non-operating controls, including periodic reporting to Senior Management team and the BAC on the status of controls over the financial reporting processes.

Statement on Risk Management and Internal Control

ORGANISATIONAL STRUCTURE

CelcomDigi has established an organisational structure with clearly defined lines of responsibility and accountability, segregation of duties, and assignment of authority to ensure effective and independent stewardship.



Board and Senior Management Team Committees

The Board Committees, i.e. the BAC, BGRMC, and BNRC have been established to assist the Board in executing its governance responsibilities and oversight function. These Board Committees have been delegated specific responsibilities, all of which are governed by clearly defined Terms of Reference (TOR). The TOR of these Committees are accessible in the Corporate Governance section of CelcomDigi's website at https://celcomdigi.listedcompany.com/corporate_governance.html

Various committees comprising key Senior Management team members have been established to assist and support the Board Committees in overseeing core areas of business operations under their respective documented mandates. Some of these committees are:

Governance, Risk and Compliance Committee (GRC)

- Chaired by the CEO with relevant Senior Management Team members serving on the GRC.
- Meets quarterly.
- Ensures the effectiveness of governance, risk management and compliance, including overseeing business conduct practices across the three lines of defence.
- Reviews and deliberates on emerging significant risks.
- Makes decisions on coordinated action plans to mitigate risks.
- Oversees Environmental, Social, and Governance performance.

Regulatory Steering Committee (RSC)

- Chaired by the CEO, with key Management members serving on the committee.
- Meets monthly.
- Sets the direction and makes decisions on regulatory and industry-related projects/topics that have a significant impact on the Group. The RSC provides guidance, opinions, and views regarding CelcomDigi's relationship with external stakeholders on issues or topics that could potentially impact CelcomDigi in the future. These issues or topics include technology, revenue, customer experience, branding, and corporate image.

Climate Working Committee (CWC)

- Co-chaired by the Chief Corporate Affairs Officer (CCAO) and Chief Technology Officer (CTO).
- Meets quarterly.
- Oversees climate-related risks and opportunities in CelcomDigi.
- Ensures climate mitigation and adaptation strategies, and alignment with the Task Force on Climate related Financial Disclosures (TCFD).
- Recommends environmental actions and initiatives, anchored on CelcomDigi's Net Zero 2050 ambition.
- Reports to the GRC for onward escalation to the BGRMC.

Investment Committee (IC)

- Chaired by the Investment Controller with the IC members as assigned/depicted in the Investment Approval Manual, in accordance with CelcomDigi's Authority Matrix, to ensure a sufficient quorum for all investment approvals.
- Meets biweekly or on an ad hoc basis when necessary.
- Governs the approval process regarding material capital investments and operating expenditure in accordance with CelcomDigi's Authority Matrix.

Statement on Risk Management and Internal Control

Compliance and Monitoring

CelcomDigi's Compliance function plays a critical role to assist the BGRMC and GRC to ensure the effectiveness of governance, risk, compliance, and monitoring programme.

Compliance developed the OneCompliance model to emphasise the importance of building and embedding a sustainable culture of compliance that will be evidenced in CelcomDigi's uniformity and synergy in the practice of a single language of Compliance. This is also to ensure good governance by providing hands-on support to the business/functions to comply with the applicable laws and regulations. The OneCompliance model comprises of four Strategic Compliance Pillars as below:

1. Training and Communication

- Training and awareness programmes for employees and business partners are carried out on the topics of the Code and ABC.
- The high level of awareness and accountability of employees and Management are maintained through a consistent tone from the top, which is measured using Chief Executive Officer Key Performance Indicator (CEO KPI) as below:
 - i) 100% completion of Compliance Awareness and Training in three core modules which are, Code of Conduct, Anti-Corruption, and Conflict of Interest.
 - ii) 100% workforce pass rate of the year-end Compliance assessment.

2. Risk and Monitoring

- The 'three line of defense system' is formalised to strengthen risk management and controls across CelcomDigi. Compliance performs oversight reviews to those in first line roles which are crucial to management decision and actions to protect the employees and CelcomDigi.
- Compliance, anti-corruption, and business partner risk assessments are conducted annually to prevent incidents from occurring through effective remediation and mitigation steps.
- Periodic risk-based monitoring and routine testing of key controls are conducted to assess compliance with internal policies and manuals.
- Monitoring and follow-up activities performed on the status of Compliance's recommendations on corrective actions identified are effectively implemented in a timely manner.
- Reports on material breaches of the Code and ABC are presented to the BGRMC and GRC on a quarterly basis.

3. Compliance Transformation

- Exploring new digital ways of work that drive compliance via integrated and automated data analytics systems.
- Conflict of interest declaration is automated, for effective documentation and management.
- Gift and hospitality records are diligently maintained and tracked.
- Background screening of new business partners is conducted via the implementation of the automated business partner due diligence system prior to onboarding.
- Due diligence mitigation actions for high-risk business partners are recommended and closely monitored for implementation.

4. Board, Management, and Principal Reporting

- Document, compile, and develop reports, metrics, and dashboards to update the Board and Senior Management team on Compliance updates to the BGRMC and GRC.
- Annual reviews of the Code, policies, and manuals are carried out to keep the Group up to date with the latest regulations and technology, as well as consistent with industry best practices.
- Ensuring that the Code and ABC are implemented consistently and effectively through sharing of knowledge and measures for quality assurance.

CelcomDigi Policies and Manuals

Policies and manuals are set up to ensure compliance with internal controls and the prescribed laws, rules, and regulations. These policies and manuals provide direction for the proper management and governance of operations and business activities. The documents are reviewed annually and published on Workplace Knowledge Library which is available to all employees.

The Code of Conduct (the Code) and Agreement of Responsible Business Conduct (ABC)

The Code and ABC are vital and integral parts of CelcomDigi's governance regime that define the core principles and ethical standards in conducting business, engaging with stakeholders, and ensuring compliance with relevant laws and regulations. The Code applies to employees while the ABC applies to those acting on behalf of CelcomDigi. The relevant parties are required to confirm that they have read, understood, and will adhere to the Code and ABC, respectively. The Group has communication channels that allow concerns of non-adherence to the Code and ABC to be anonymously reported.

Statement on Risk Management and Internal Control

Business Partner Management

The Business Partner Conduct Principles (BPCP) sets out requirements of CelcomDigi and its subsidiaries towards Business Partners for responsible business conduct and reflects what responsible business means to CelcomDigi. To manage the compliance of Business Partners with the BPCP, CelcomDigi shall:

- Conduct risk-based due diligence of prospective Business Partners prior to engagement to assess whether they may entail an unacceptable risk.
- Consider if there are relevant mitigation actions available that may bring potentially unacceptable risks down to an acceptable level.
- Conduct risk-based monitoring of the Business Partners' compliance with the BPCP throughout the lifetime of the engagement.
- Perform periodic reassessments of Business Partners and annual assessment of overall landscape and risks associated with Business Partner categories.

Internal Audit (IA)

The IA function was established to undertake independent reviews and assessments of the adequacy, efficiency, and effectiveness of risk management, internal controls, and governance processes implemented by the Management. To maintain impartiality, proficiency, and due professional care, the IA function reports functionally to the BAC and administratively to the CEO.

The annual audit plan, which is established using a risk-based approach, is reviewed and approved by the Board annually. Audit reports, including audit recommendations, Management responses, and remedial action plans for improvement and/or rectification are presented and tabled to the BAC on a quarterly basis. The status of the implementation is monitored by the BAC to ensure that issues are addressed in a timely manner. When deemed necessary, the Management representatives will be required to attend BAC meeting(s) to provide explanations and propose action plans on significant audit findings.

The IA function is guided by the provisions of its IA Charter, which is reviewed and approved by the BAC annually. IA activities conform to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, set forth by the Institute of Internal Auditors.

The Head of IA, reporting directly to the BAC, is responsible for enhancing the quality assurance and improvement programme of the IA function. Its effectiveness is monitored through continuous internal and external quality assessments, and the results are presented to the BAC. The internal assessment is performed annually while the external assessment by a certified body to be conducted every five years.

Annually, IA staff declare adherence to the Code of Ethics that they are free from any relationship or conflict of interest which could impair their objectivity and independence. Any non-conformance and/or conflict of interest will be reported to either the Head of IA or to the Chair of the BAC.

CONCLUSION

The Board has received assurance from the CEO, DCEO, and CFO that CelcomDigi's risk management and internal control framework has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking into consideration the assurance from the Senior Management team and relevant assurance providers, the Board is of the view that the risk management and internal control practices and processes in place are adequate and effective in safeguarding the stakeholders' interests, shareholders' investments, customers' interests, and CelcomDigi's assets.

Additional Compliance Information

Other Disclosures

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Securities as set out in Appendix 9C thereto.

1. Audit and Non-Audit Fees

During the financial year, the amount incurred by CelcomDigi and the Group with respect to audit fees and non-audit related fees paid or payable to its external auditors, Messrs. Ernst & Young PLT ("EY") and its affiliated firms for the financial year ended 31 December 2023 were as follows:

	Company (RM)	Group (RM)
EY		
Statutory audits	250,000	760,000
Audit related services ¹	101,000	101,000
Non-audit services ²	50,000	190,000
Total fees to EY	401,000	1,051,000
EY affiliated firms		
Non-audit services ²	-	49,500
Total fees to EY and EY affiliated firms	401,000	1,100,500

Notes:

¹ The audit related services are in connection to review of interim financial information and yearly reporting packages

² The non-audit services comprised of the following assignments:

- (a) Review of regulatory compliance reporting
- (b) Review of Statement on Risk Management and Internal Control
- (c) Performance of agreed-upon procedures
- (d) Performance of advisory services

2. Material Contracts

(a) Conditional Share Subscription Agreement with Digital Nasional Berhad dated 7 October 2022

On 7 October 2022, CelcomDigi's wholly-owned subsidiaries, Digi Telecommunications Sdn Bhd (Digi Tel) and Celcom Mobile Sdn Bhd (Celcom Mobile) had each entered into a conditional share subscription agreement (SSA) with Digital Nasional Berhad (DNB) for the proposed subscription of:

- (i) 100,000 new ordinary shares in DNB; and
- (ii) 178.47 million DNB Rights to Allotment,

which represents 12.50% equity interest in the enlarged DNB each held by Digi Tel and Celcom Mobile for cash consideration of RM178.57 million, for a collective 25.00% equity interest in the enlarged DNB for a total cash consideration of RM357.14 million.

On 3 May 2023, both Digi Tel and Celcom Mobile have terminated their respective SSA with DNB.

Additional Compliance Information

(b) Conditional Share Subscription Agreement with DNB dated 1 December 2023

On 1 December 2023, CelcomDigi's wholly-owned subsidiary, Infranation Sdn Bhd (CelcomDigi) had entered into a SSA with DNB (the Proposed Transaction). The Proposed Transaction involves:

- (i) CelcomDigi subscribing 100,000 new ordinary shares in DNB at an issue price of RM1.00 for each DNB share; and
- (ii) Digi Tel, making a cash payment of RM233,233,333 to DNB as a prepayment for the 5G products and services to be delivered by DNB to Digi Tel which shall be regarded and treated as a shareholder advance by CelcomDigi to DNB upon the completion of the Proposed Transaction.

3. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 23 May 2023, the Company obtained the shareholders' mandate to allow the Company and the Group to enter into recurrent related party transactions of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2023 is set out in the Integrated Annual Report on pages 230 to 232.

4. Utilisation of Proceeds from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2023.

5. Material Public Sanction or Penalty

There were no material public sanctions and/or penalties imposed on the Company, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2023.

6. Executive Share Grant Plan ("ESGP")

The Company had on 17 August 2023 established an ESGP of up to 0.5% of the total number of issued shares in the Company throughout the 10 years duration of the ESGP for eligible employees who hold senior management positions in the Company and its subsidiaries.

The ESGP is administered by the Company's Board Nomination and Remuneration Committee (BNRC). Pursuant to the by-laws of the ESGP, the BNRC may decide to satisfy any of the grants by transferring the Company's treasury shares and/or payment of cash.

Details of ESGP granted to the Senior Management including the Chief Executive Officer from the commencement date and until 31 December 2023 were as follows:

Grant date	No. of shares granted	No. of shares vested	No. of shares outstanding
1 September 2023	1,779,600	-	1,779,600

As at 31 December 2023, none of the shares granted to any of the Senior Management including the Chief Executive Officer have been vested.

The percentage of ESGP which is applicable to the Senior Management including the Chief Executive Officer from the commencement date and until 31 December 2023 is 100%.

Statement of Responsibility by Directors

In respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the financial statements of CelcomDigi Berhad and its subsidiaries (“the Group”) are drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as of 31 December 2023 and of their financial performance and cash flows for the year.

In reviewing the annual audited financial statements, the Directors have relied upon the Group’s system of internal controls to provide them with reasonable grounds to believe that the Group’s accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently conclude on the following:

- a. Selected and applied the appropriate and relevant accounting policies on a consistent basis;
- b. Made judgements and estimates that are reasonable and prudent; and
- c. Prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information relating to subsidiaries are disclosed in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	1,566,939	1,586,879
Attributable to:		
Owners of the Company	1,552,309	1,586,879
Non-controlling interests	14,630	-
	1,566,939	1,586,879

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the finalisation of purchase price allocation ("PPA") exercise in connection with the acquisition of Celcom Berhad as disclosed in Note 15 to the financial statements.

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2022:	
Fourth interim single-tier dividend of 3.1 sen per ordinary share, declared on 24 February 2023 and paid on 29 March 2023	363,677
In respect of the financial year ended 31 December 2023:	
First interim single-tier dividend of 3.2 sen per ordinary share, declared on 24 May 2023 and paid on 28 June 2023	375,408
Second interim single-tier dividend of 3.2 sen per ordinary share, declared on 18 August 2023 and paid on 29 September 2023	375,408
Third interim single-tier dividend of 3.3 sen per ordinary share, declared on 17 November 2023 and paid on 22 December 2023	387,140

The board of directors had on 20 February 2024, declared a fourth interim single-tier dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM410.6 million. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

Directors' Report

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Haakon Bruaset Kjoel	
Vimala V.R. Menon	
Datuk Iain John Lo	
Tan Sri Abdul Farid Alias	
Khatijah Shah Mohamed	
Dr. Shridhir Sariputta Hansa Wijayasuriya	
Rita Skjaervik	
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	(Appointed on 19 January 2023)
Vivek Sood	(Appointed on 19 January 2023)
Tan Sri Halim Shafie	(Resigned on 19 January 2023)
Thayaparan S Sangarapillai	(Resigned on 19 January 2023)
Kasper Wold Kaarbø	(Appointed on 15 March 2024)
Petter-Boerre Furberg	(Appointed on 1 October 2023 and resigned on 15 March 2024)
Jørgen Christian Arentz Rostrup	(Resigned on 1 October 2023)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those directors listed above are:

Datuk Mohamad Idham Nawawi
Albern Murty
Tan Moi Tsu @ Lucy Chin Moi Tsu
Praveen Rajan Nadarajan
Azmi Ujang
Datuk Kamal Khalid
Leong Kin Man
Ahmad Rizal Dahli
Koh Chit Khoon
Lee Li Hung
Chou Kar Loon
Assan Nasip
Rudy Jaglul (alternate Director to Ahmad Rizal Dahli)
Kesavan Sivabalan
Datuk Maureen Lind @ Zarina Abdullah (alternate Director to Assan Nasip)
Loy Kuang Haow
Chee Loo Fun (alternate Director to Afizulazha Abdullah)
Cheng Weng Hong
Afizulazha Abdullah
Foo Chen Dah

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

DIRECTORS' BENEFITS (CONT'D.)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Non-executive:		
Fees	2,355	2,261
Benefits-in-kind	70	49
	2,425	2,310

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group maintains a directors' and officers' liability insurance for any legal liability incurred by the directors and officers in discharging their duties while holding office for the Group and the Company. In respect of the above, the total amount of insurance premium paid for the financial year ended 31 December 2023 was RM192,500. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTEREST

The directors in office at the end of the financial year did not have any direct or indirect interest in any shares or options over ordinary shares in the Company or its related companies during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company, inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D.)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 31 to the financial statements.

AUDITORS

Auditors' remuneration for the statutory audit is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	760	250

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2023.

Signed on behalf of the board in accordance with a resolution of the directors dated 15 March 2024.

Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz
Director

Tan Sri Abdul Farid Alias
Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz and Tan Sri Abdul Farid Alias, being two of the directors of CelcomDigi Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 135 to 226 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the board in accordance with a resolution of the directors dated 15 March 2024.

Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz
Director

Tan Sri Abdul Farid Alias
Director

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tan Moi Tsu @ Lucy Chin Moi Tsu, being the officer primarily responsible for the financial management of CelcomDigi Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 135 to 226 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above-named Tan Moi Tsu @ Lucy Chin Moi Tsu
at Kuala Lumpur in Wilayah Persekutuan
on 15 March 2024

**Tan Moi Tsu @
Lucy Chin Moi Tsu**

Before me,

Independent Auditors' Report

to the members of CelcomDigi Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CelcomDigi Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 135 to 226.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By- Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

a) Revenue recognition

Refer to Note 2.20.1 – Material accounting policies - Revenue from contracts with customers, Note 4.8 - Significant accounting estimates and judgements and key sources of estimation uncertainty - Revenue recognition - determining stand-alone selling price and Note 5 – Revenue

Independent Auditors' Report

to the members of CelcomDigi Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

a) Revenue recognition (cont'd.)

The Group recognised total revenue of RM12.7 billion during the financial year ended 31 December 2023. Revenue was measured taking into account the bundling of services with handsets and discounts. The inherent industry risk arises from the complexity of the telecommunications billing system. Large volumes of data with a combination of different products and services sold and price changes during the financial year were processed through a number of different modules in the telecommunications billing system. These may have an impact on the amount of revenue recognised during the financial year. As such, we considered revenue recognition to be a key audit matter.

We performed the following audit procedures amongst others:

- Obtained an understanding of the Information Technology ("IT") automated and manual controls surrounding revenue systems and processes such as capturing and recording revenue transactions, authorisation of rate changes and timely updating of approved rate changes in the billing system, and tested the operating effectiveness of these IT automated and manual controls;
- Tested end-to-end reconciliation from billing system to accounting system including verifying material revenue adjustments passed into the accounting system;
- Tested the allocation of revenue to separately identifiable components of multiple element arrangements, particularly in relation to transactions that include the delivery of handset combined with a service element in the contracts, as well as the timing of revenue recognised; and
- Evaluated appropriateness of revenue recognition policies.

b) Acquisition of Celcom Berhad and its subsidiaries ("Celcom Group") and impairment assessment of goodwill on consolidation arising from the acquisition of Celcom Group

Refer to Note 2.2 – Material accounting policies – Basis of consolidation - Business combinations, Note 2.6 - Material accounting policies - Intangible assets, Note 2.7 – Material Accounting Policies – Impairment of non-financial assets, Note 4.1 - Significant accounting estimates and judgements and key sources of estimation uncertainty - Useful lives of intangible assets - trademark and customer relationship, Note 4.2 – Significant accounting estimates and judgements and key sources of estimation uncertainty – Impairment assessment of goodwill and trademark, Note 12 – Intangible assets and Note 15 – Investments in subsidiaries

i. Acquisition of Celcom Group

The Company had on 30 November 2022 completed the acquisition of Celcom Group for a preliminary purchase consideration of RM18.3 billion based on the terms and conditions of the Share Purchase Agreement ("SPA") dated 21 June 2021.

The Group assessed the fair value of the identified assets acquired and liabilities assumed on the date of acquisition via a purchase price allocation ("PPA") exercise. A provisional goodwill of RM15.4 billion was recognised in the Group's financial statements on the date of acquisition in the previous financial year.

The Group has finalised the purchase consideration and the PPA exercise in the current financial year. Based on the final purchase consideration of RM18.7 billion and the finalised PPA, the Group recorded a final goodwill of RM15.9 billion.

Independent Auditors' Report

to the members of CelcomDigi Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

b) Acquisition of Celcom Berhad and its subsidiaries ("Celcom Group") and impairment assessment of goodwill on consolidation arising from the acquisition of Celcom Group (cont'd.)

i. Acquisition of Celcom Group (cont'd.)

Management engaged external valuers to value the identifiable assets acquired and liabilities assumed in the acquisition, including the identification and valuation of intangible assets.

Accounting for the acquisition is an area of focus because of the assumptions made in determining the fair value of the identifiable assets acquired and liabilities assumed are inherently uncertain and require significant judgements.

We performed the following audit procedures amongst others:

- Obtained and reviewed the SPA to evaluate the appropriate date of acquisition and purchase consideration;
- Evaluated management's process to identify intangible assets;
- Assessed the competence, capabilities and objectivity of management's external valuers;
- Obtained the valuation reports and discussed with the external valuers on the methodologies and key assumptions used;
- Involved our internal valuation experts to evaluate the methodologies used to determine the fair values of the assets acquired and liabilities assumed (including the valuation of intangible assets acquired), and benchmarked the discount rate applied to other comparable companies in the same industry;
- Assessed the reasonableness of key assumptions applied by management in their forecast by comparing them with economic and industry forecasts; and
- Evaluated the appropriateness of disclosures in the financial statements of the Group.

ii. Impairment assessment of goodwill on consolidation arising from the acquisition of Celcom Group

As at 31 December 2023, the Group's goodwill arising from the acquisition of Celcom Group was RM15.9 billion, which represented 44% of the Group's total assets. The Group is required to perform an annual impairment assessment of the cash generating unit ("CGU") to which the goodwill has been allocated.

The Group estimated the recoverable amount of the CGU to which the goodwill is allocated based on value-in-use ("VIU").

We considered this to be an area of focus as the amount of goodwill is significant, and the determination of the VIU of the CGU involved significant management judgements, estimates and assumptions, particularly on the revenue growth rates, discount rate and terminal growth rate. These judgements, estimates and assumptions are inherently uncertain.

Independent Auditors' Report

to the members of CelcomDigi Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

- b) Acquisition of Celcom Berhad and its subsidiaries ("Celcom Group") and impairment assessment of goodwill on consolidation arising from the acquisition of Celcom Group (cont'd.)
- ii. Impairment assessment of goodwill on consolidation arising from the acquisition of Celcom Group (cont'd.)

We performed the following audit procedures amongst others:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amount of the CGU;
- Evaluated management's key assumptions on projected revenue and terminal growth rate, by considering the current and expected future economic conditions. We compared the projected revenue to the past trends and compared expected revenue growth rates with the industry forecasts;
- Assessed, with the involvement of EY valuation expert, the appropriateness of the rate used in discounting the future cash flows to present value;
- Assessed the sensitivity of the cash flows to changes in the key assumptions to understand the impact that reasonable alternative assumptions would have on the overall recoverable amount; and
- Evaluated the adequacy of the Group's disclosures in the financial statements concerning those key assumptions to which the outcome of the impairment assessment is most sensitive.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report

to the members of CelcomDigi Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Responsibilities of the directors for the financial statements (cont'd.)

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report

to the members of CelcomDigi Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditor's responsibilities for the audit of the financial statements (cont'd.)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 15 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
15 March 2024

Tseu Tet Khong @ Tsau Tet Khong
03374/06/2024 J
Chartered Accountant

Statements of Comprehensive Income

For the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
			Restated		
Revenue	5	12,682,151	6,773,311	1,713,634	1,025,500
Other income		108,394	29,153	-	6,620
Cost of materials and traffic expenses		(2,816,540)	(1,748,556)	-	-
Sales and marketing expenses		(718,257)	(398,397)	-	-
Operations and maintenance expenses		(676,010)	(246,689)	-	-
Rental expenses		(287,445)	(104,491)	-	-
Staff expenses	7(b)	(897,646)	(314,297)	-	-
Depreciation expenses		(2,996,008)	(1,300,560)	-	-
Amortisation expenses	12	(234,125)	(97,600)	-	-
Other expenses		(1,475,575)	(1,013,804)	(3,259)	(21,271)
Finance costs	6	(627,874)	(282,563)	(123,836)	(145)
Interest income		88,885	34,082	453	220
Share of results of an associate and a joint venture		31,036	-	-	-
Profit before tax and zakat	7	2,180,986	1,329,589	1,586,992	1,010,924
Taxation and zakat	8	(614,047)	(481,383)	(113)	(48)
Profit for the financial year		1,566,939	848,206	1,586,879	1,010,876
Other comprehensive (loss)/income, net of tax					
<u>Item that may be reclassified to profit or loss in subsequent periods</u>					
Foreign currency translation differences		(85)	103	-	-
<u>Item that will not be reclassified to profit or loss in subsequent periods</u>					
Loss on equity instruments designated at fair value through other comprehensive income ("FVOCI")		(42)	-	-	-
Other comprehensive (loss)/income for the financial year, net of tax		(127)	103	-	-
Total comprehensive income for the financial year, net of tax		1,566,812	848,309	1,586,879	1,010,876

Statements of Comprehensive Income

For the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Profit for the financial year, attributable to:					
Owners of the Company		1,552,309	848,034	1,586,879	1,010,876
Non-controlling interests		14,630	172	-	-
		1,566,939	848,206	1,586,879	1,010,876
Total comprehensive income for the financial year, attributable to:					
Owners of the Company		1,552,182	848,137	1,586,879	1,010,876
Non-controlling interests		14,630	172	-	-
		1,566,812	848,309	1,586,879	1,010,876
Earnings per share attributable to owners of the Company (sen per share)					
- Basic	9	13.2	10.4		

Statements of Financial Position

As at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Non-current assets					
Property, plant and equipment	11	6,127,292	6,279,705	-	-
Intangible assets	12	18,950,800	19,259,470	-	-
Right of use assets	13	6,444,331	7,289,950	-	-
Investments in subsidiaries	15	-	-	19,523,561	19,121,561
Investment in a joint venture	16	14,000	-	-	-
Investment in an associate	17	156,979	139,943	-	-
Other investments	18	36	78	-	-
Trade and other receivables	20	647,700	642,760	-	-
Contract costs	14	134,900	112,102	-	-
Contract assets	5	118,653	73,470	-	-
Other asset	31	233,233	-	-	-
Derivative financial assets	21	64,538	43,342	-	-
Deferred tax assets	24	119,011	116,080	-	-
		33,011,473	33,956,900	19,523,561	19,121,561
Current assets					
Inventories	19	246,653	164,358	-	-
Trade and other receivables	20	2,457,086	2,424,002	5	47,117
Contract assets	5	307,109	148,325	-	-
Other investments	18	24	22	-	-
Tax recoverable		7,482	97,241	-	-
Cash and short-term deposits	22	397,018	1,220,798	81	4,072
		3,415,372	4,054,746	86	51,189
Total assets		36,426,845	38,011,646	19,523,647	19,172,750

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Non-current liabilities					
Trade and other payables	26	11,850	-	-	-
Loans and borrowings	23	10,769,424	10,747,919	2,821,930	2,422,645
Deferred tax liabilities	24	1,367,439	1,713,582	-	-
Other liabilities	25	389,224	371,512	-	-
Contract liabilities	5	8,481	15,298	-	-
Derivative financial liabilities	21	-	2,024	-	-
		12,546,418	12,850,335	2,821,930	2,422,645
Current liabilities					
Trade and other payables	26	4,285,030	3,927,406	19,191	66,267
Contract liabilities	5	577,795	571,314	-	-
Derivative financial liabilities	21	362	640	-	-
Loans and borrowings	23	2,227,535	4,138,756	-	87,500
Income tax payable		330,939	124,221	35	31
		7,421,661	8,762,337	19,226	153,798
Total liabilities		19,968,079	21,612,672	2,841,156	2,576,443
Equity					
Share capital	27	16,595,687	16,595,687	16,595,687	16,595,687
Share-based payments reserve	28	938	-	938	-
Foreign currency translation reserve	28	18	103	-	-
Fair value reserve of financial asset at FVOCI	28	(42)	-	-	-
(Accumulated losses)/retained earnings	30	(248,884)	(299,560)	85,866	620
Equity attributable to owners of the Company		16,347,717	16,296,230	16,682,491	16,596,307
Non-controlling interests		111,049	102,744	-	-
Total equity		16,458,766	16,398,974	16,682,491	16,596,307
Total equity and liabilities		36,426,845	38,011,646	19,523,647	19,172,750

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2023

Group	Note	Share capital		Share-based payments reserve	Accumulated losses	Foreign currency translation reserve	Fair value reserve of financial asset at FVOCI	Total	Non-controlling interests	Total equity
		RM'000	RM'000							
At 1 January 2022		769,655	(136,844) ¹	-	-	-	-	632,811	-	632,811
Profit for the financial year (Restated)		-	848,034	-	-	-	-	848,034	172	848,206
Other comprehensive income for the financial year		-	-	-	-	103	-	103	-	103
Transaction with owners:										
Issuance of ordinary shares	27	15,826,032	-	-	-	-	-	15,826,032	-	15,826,032
Acquisition of subsidiaries	15	-	-	-	-	-	-	-	102,572	102,572
Dividends on ordinary shares	10	-	(1,010,750)	-	-	-	-	(1,010,750)	-	(1,010,750)
At 31 December 2022 (Restated)		16,595,687	(299,560) ¹	-	1,552,309	103	(42)	16,296,230	102,744	16,398,974
Profit for the financial year		-	-	-	-	-	-	1,552,309	14,630	1,566,939
Other comprehensive loss for the financial year		-	-	-	-	(85)	(42)	(127)	-	(127)
Transaction with owners:										
Share-based payments		-	-	938	-	-	-	938	-	938
Dividends on ordinary shares	10	-	(1,501,633)	-	-	-	-	(1,501,633)	-	(1,501,633)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(7,285)	(7,285)
Additional investment in a subsidiary		-	-	-	-	-	-	-	960	960
At 31 December 2023		16,595,687	(248,884) ¹	938	(42)	18	(42)	16,347,717	111,049	16,458,766

Note: ¹ Included an amount of RM1,004.0 million as a result from the Group's capital management initiatives carried out during the financial year ended 31 December 2012. The Company received dividends from one of its subsidiaries in the form of bonus issue of redeemable preference shares and capital repayment amounting to RM509.0 million and RM495.0 million respectively. The Company had declared part of these as special dividends to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

Statements of Changes in Equity

For the financial year ended 31 December 2023

Company	Note	Share capital RM'000	Distributable retained earnings RM'000 (Note 30)	Share-based payment reserve RM'000 (Note 28)	Total equity RM'000
At 1 January 2022		769,655	494	-	770,149
Total comprehensive income		-	1,010,876	-	1,010,876
Transaction with owners:					
Issuance of ordinary shares	27	15,826,032	-	-	15,826,032
Dividends on ordinary shares	10	-	(1,010,750)	-	(1,010,750)
At 31 December 2022		16,595,687	620	-	16,596,307
Total comprehensive income		-	1,586,879	-	1,586,879
Transaction with owners:					
Share-based payments		-	-	938	938
Dividends on ordinary shares	10	-	(1,501,633)	-	(1,501,633)
At 31 December 2023		16,595,687	85,866	938	16,682,491

Statements of Cash Flows

For the financial year ended 31 December 2023

Note	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Cash flows from operating activities				
Profit before tax and zakat	2,180,986	1,329,589	1,586,992	1,010,924
Adjustments for:				
Amortisation of intangible assets	12	234,125	97,600	-
Depreciation				
- property, plant and equipment	11	1,762,512	725,581	-
- right of use assets	13	1,233,496	574,979	-
(Reversal of)/allowance for expected credit loss on trade receivables, deposits and contract assets	34.2	(21,805)	79,523	-
Amortisation of contract cost	14	92,699	90,639	-
Inventories written (back)/down		(8,796)	3,995	-
Dividend income		-	-	(1,713,634)
Finance costs	6	627,874	282,563	123,836
(Gain)/loss on disposal of property, plant and equipment		(12,224)	26,306	-
Gain on disposal of intangible assets		(8,604)	-	-
Gain on termination of leases		(14,223)	(716)	-
(Gain)/loss on lease modification		(1,262)	1,794	-
Write-off of property, plant and equipment		14,647	240	-
Write-off of intangible assets		256,612	8,781	-
Interest income		(88,885)	(34,082)	(453)
Waiver of debt		-	-	(6,620)
Employee benefits				
- share-based payment		1,025	1,155	-
- defined benefit plan	25.1	67	67	-
Fair value (gain)/loss on foreign currency forward contracts		(19,402)	457	-
Fair value gain on investment in shares		(2)	-	-
Unrealised foreign exchange (gain)/loss		(1,009)	1,313	-
Share of results of an associate and a joint venture		(31,036)	-	-
Operating cash flows before changes in working capital		6,196,795	3,189,784	(3,259)
				(21,271)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Cash flows from operating activities (cont'd.)					
Changes in working capital:					
Inventories		(73,499)	33,035	-	-
Trade and other receivables		(788,907)	(152,409)	47,112	(47,112)
Contract asset		(222,553)	(97,761)	-	-
Contract costs		(115,497)	(98,532)	-	-
Trade and other payables		697,400	67,290	(44,403)	69,005
Contract liabilities		(336)	(19,104)	-	-
Cash flows from operations		5,693,403	2,922,303	(550)	622
Interest paid		(626,232)	(257,948)	(123,836)	(145)
Proceeds from government grants		682,625	230,463	-	-
Defined benefit paid	25.1	(94)	(48)	-	-
Income taxes and zakat paid		(666,644)	(335,499)	(109)	(22)
Net cash flows from/(used in) operating activities		5,083,058	2,559,271	(124,495)	455
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,624,297)	(724,109)	-	-
Purchase of intangible assets		(187,398)	(164,027)	-	-
Acquisition of a subsidiary, net of cash acquired		(402,000)	(1,546,746)	(402,000)	(2,468,900)
Investment in a subsidiary by non-controlling interest		960	-	-	-
Other payments arising from investments		-	-	-	(65,123)
Dividends received from subsidiaries	5	-	-	1,713,634	1,025,500
Interest received		31,935	10,227	453	220
Proceeds from disposal of property, plant and equipment		17,336	3,080	-	-
Proceeds from disposal of intangible assets		13,935	-	-	-
Net cash flows (used in)/from investing activities		(2,149,529)	(2,421,575)	1,312,087	(1,508,303)

Statements of Cash Flows

For the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Cash flows from financing activities					
Repayment of loans and borrowings		(3,166,245)	(1,175,000)	(91,950)	-
Drawdown of loans and borrowings		1,944,465	3,550,000	402,000	2,522,000
Payment of lease liabilities		(1,028,000)	(485,325)	-	-
Dividends paid	10	(1,501,633)	(1,010,750)	(1,501,633)	(1,010,750)
Dividends paid to non-controlling interests		(7,285)	-	-	-
Net cash flows (used in)/from financing activities		(3,758,698)	878,925	(1,191,583)	1,511,250
Net (decrease)/increase in cash and cash equivalents		(825,169)	1,016,621	(3,991)	3,402
Effect of exchange rate changes on cash and cash equivalents		1,389	(350)	-	-
Net increase in restricted cash and cash equivalents		(534)	(2,506)	-	-
Cash and cash equivalents at beginning of financial year		1,218,292	204,527	4,072	670
Cash and cash equivalents at end of financial year	22	393,978	1,218,292	81	4,072

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the Financial Statements

- 31 December 2023

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The principal place of business is located at Level 31, Menara CelcomDigi, No. 6, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor. The registered office of the Company is located at Level 30, Menara CelcomDigi, No. 6, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor.

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 15. There has been no significant change in the nature of the principal activities during the financial year.

Related companies refer to companies within the Axiata Group Berhad ("Axiata") and its subsidiaries ("Axiata Group") and Telenor ASA and its subsidiaries ("Telenor Group").

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless indicated otherwise in the accounting policies below.

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if, and only if, the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (cont'd.)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (cont'd.)

Business combinations (cont'd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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

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

2.3 Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See Summary of Significant Accounting Policies Note 2.7 on impairment of non-financial assets.

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

The amounts due from subsidiaries of which the Group does not expect repayment are considered as quasi-investment as part of the Group's investments in the subsidiaries.

2.4 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Investment in associates and joint ventures (cont'd.)

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of results of an associate and a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.5 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Property, plant and equipment, and depreciation (cont'd.)

Subsequent to recognition, property, plant and equipment, except for freehold land and capital work-in-progress, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item includes expenditure that is attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of the replaced part is then derecognised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Freehold land has an unlimited useful life and is therefore not depreciated. Capital work-in-progress representing assets under construction, is also not depreciated as these assets are not yet available for its intended use. Depreciation of other property, plant and equipment is computed on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life, at the following annual rates or periods:

Buildings	2.0%
Motor vehicles	20.0%
Computer systems	20.0% - 33.3%
Furniture and fittings	14.3% - 20.0%
Telecommunications network	3.3% - 33.3%

The residual values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit and loss in the financial year the asset is derecognised.

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss.

Notes to the Financial Statements

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.6 Intangible assets (cont'd.)

Intangible assets with indefinite useful lives or not yet available for use are not amortised, but are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss.

Computer software

Costs incurred to acquire computer software, that are not an integral part of the related hardware, are capitalised as intangible assets and amortised on a straight-line basis over the estimated useful life of 5 years.

Customer relationship

Customer relationship acquired in a business combination is measured at fair value at the date of acquisition. The customer relationship with finite life is amortised on a straight-line basis over its estimated useful life of 10 years and assessed for impairment whenever there is an indication that the customer relationship may be impaired.

Trademark

Trademark acquired in a business combination is measured at fair value at the date of acquisition. The trademark, which is considered to have indefinite useful life, is not amortised but tested for impairment, annually or more frequently, when indications of impairment are identified. The useful life of trademark is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on prospective basis.

Goodwill

The accounting policy on goodwill is disclosed in Note 2.2.

2.7 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts.

For intangible assets not yet available for use, the recoverable amount is estimated at the end of each reporting period, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit ("CGU") level.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use ("VIU"). For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, namely a CGU.

Notes to the Financial Statements

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.7 Impairment of non-financial assets (cont'd.)

In assessing VIU, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units, if any and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount, and the impairment loss is recognised as an expense in profit and loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed if, and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of trading merchandise comprises costs of purchases and other incidental costs incurred in bringing these merchandise to their present condition and location.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.9 Financial assets

2.9.1 Initial recognition and measurement

Financial assets are classified, at initial recognition as, subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing them. The Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs except for trade receivables that do not contain a significant financing component. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how the financial assets are managed in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.9 Financial assets (cont'd.)

2.9.1 Initial recognition and measurement (cont'd.)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.9.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group and the Company do not have any debt instruments at fair value through OCI with recycling of cumulative gains and losses.

(a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and short-term deposits.

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.9 Financial assets (cont'd.)

2.9.2 Subsequent measurement (cont'd.)

(b) Financial assets designated at fair value through OCI (equity instruments) (cont'd.)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes derivative instruments such as foreign currency forward contracts and interest rate swaps. Derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.9.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.9 Financial assets (cont'd.)

2.9.3 Derecognition (cont'd.)

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, the Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2.10 Impairment of financial assets and contract assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are overdue for more than 60 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits with licensed banks with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any, that form an integral part of the Group's cash management.

Interest income is recognised in profit or loss by applying the effective interest rate to the gross carrying amount of the financial assets.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.12 Provision for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability to the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(a) Site decommissioning and restoration costs

Provision for site decommissioning and restoration costs is in respect of management's best estimate on the costs necessary to be incurred to decommission the Group's telecommunications network infrastructure and restore the previously occupied sites.

The estimated amount is determined after taking into consideration the time value of money, and the initial estimated sum is capitalised as part of the cost of property, plant and equipment. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(b) Defined benefit plan

Provision for defined benefit plan for eligible employees is as disclosed in Note 2.17(c).

2.13 Financial liabilities

2.13.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include derivative financial instruments and other financial liabilities.

2.13.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as financial liabilities at fair value through profit or loss.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.13 Financial liabilities (cont'd.)

2.13.2 Subsequent measurement (cont'd.)

The measurement of financial liabilities depends on their classification, as described below: (cont'd.)

(a) Financial liabilities at fair value through profit or loss (cont'd.)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. This category includes derivative instruments such as foreign currency forward contracts and interest rate swaps.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade and other payables. For more information, refer to Note 23 and Note 26.

2.13.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.13.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.15 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

The attributable incremental transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use ("ROU") assets representing the right to use the underlying assets.

(a) ROU assets

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group elected to apply the practical expedient not to separate out non-lease components from lease components and instead account for the lease and non-lease component as a single component.

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land and buildings	1% - 4%
Telecommunication network sites	3% - 100%
Transmission facilities	20% - 33.3%
Spectrum bandwidths	6% - 20%
Stores, office buildings and kiosks	5% - 100%

The ROU assets are also subject to impairment. Refer to Note 2.7 for accounting policy on impairment of non-financial assets.

Notes to the Financial Statements

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.16 Leases (cont'd.)

Group as a lessee (cont'd.)

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate and are dependant on a future activity are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term.

The Group's lease liabilities are included in loans and borrowings. Please refer to Note 23.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of telecommunication network sites, equipment and billboard spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment and storage spaces that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short-term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences netted off against annual leave utilised to date, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.17 Employee benefits (cont'd.)

(b) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state-defined contribution pension scheme known as the Employee Provident Fund, and will have no legal or constructive obligation to make further contributions in the future, over-and-above what is existingly legally required. The contributions are recognised as an expense in profit and loss in the period which the related services are rendered by employees.

(c) Defined benefit plan

The Group operates an unfunded defined benefit plan for its eligible employees. The benefits are calculated based on the length of service and the agreed percentages of eligible employees' salaries over the period of their employment and are payable upon resignation after completion of the minimum employment period of ten years or upon retirement age of sixty years. The Group's obligations under the retirement benefit scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to profit and loss in subsequent periods.

Past service costs are recognised in profit and loss on the earlier of:

- The date of the plan amendment or curtailment; or
- The date that the Group recognises restructuring related costs.

Net interest and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in profit and loss.

The Group amended the defined benefit plan effective 1 January 2006 to restrict new entrants into the plan, and the benefits payable to be calculated based on the employees' length of service up to 31 December 2005.

(d) Share-based compensation

For equity-settled, share-based compensation plan, the fair value of employee services rendered in exchange for the grant of the shares and/or options is recognised as an expense with a corresponding increase in equity over the vesting period. The total amount to be expensed in the income statements over the vesting period is determined by reference to the fair value of shares and/or options granted at the grant date and the number of shares and/or options vested by vesting date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the estimates of the number of shares and/or options that are expected to become vested and/or exercisable. At each reporting date, the respective companies will revise its estimates of the number of shares and/or options that are expected to be vested and it recognises the impact of this revision in the income statements with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statements is made. For performance shares that are expected to be granted, due to services received before grant date, the total amount to be recognised over the vesting period is determined by reference to the fair value of the performance shares at the end of the reporting period, until the date of grant has been established.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.17 Employee benefits (cont'd.)

(d) Share-based compensation (cont'd.)

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised. For share-based compensation plan implemented by a subsidiary, the proceeds are credited in equity as transactions with owners.

Where the terms of a share-based compensation plan are modified, the expense that has yet to be recognised for the award is recognised over the remaining vesting period as if the terms had not been modified. Additional expense is recognised for any increase in the total fair value of the share and/or options due to the modification, as measured at the date of the modification.

2.18 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Services Tax ("SST")

SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

Notes to the Financial Statements

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the financial statements.

2.20 Revenue recognition

2.20.1 Revenue from contracts with customers

The Group is in the business of providing telecommunication and related services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(a) Telecommunication revenue

Telecommunication revenue from postpaid and prepaid services provided by the Group are recognised over time, as the benefits of telecommunication services are simultaneously received and consumed by the customer.

Revenue from prepaid services (i.e. preloaded talk time, prepaid top-up vouchers, etc.) are recognised when services are rendered. Consideration from the sale of prepaid sim cards and reload vouchers to customers where services have not been rendered at the reporting date is deferred as contract liability until actual usage or when the cards, vouchers or reloaded amounts are expired or forfeited.

Postpaid services are provided in postpaid packages which consists of various services (i.e. call minutes, internet data, Short Message Service ("SMS"), etc.). These postpaid packages have been assessed to meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer and as such the Group treats these packages as a single performance obligation.

Postpaid packages are either sold separately or bundled together with the sale of a mobile device to a customer. Mobile devices can also be obtained separately from other mobile device retailers and can be used together with the postpaid packages provided by the Group. Postpaid packages and mobile devices are capable of being distinct and separately identifiable, therefore, there are two performance obligations within a bundled transaction. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the postpaid packages and device.

Stand-alone selling price are based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates will be made maximising the use of observable inputs.

Notes to the Financial Statements

- 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.20 Revenue recognition (cont'd.)

2.20.1 Revenue from contracts with customers (cont'd.)

(b) Sale of device

Revenue from sale of device is recognised at the point in time when control of the asset is transferred to the customer, usually on delivery and acceptance of the device.

Payment for the transaction price of the mobile device is typically collected at the point the customer signs up for the bundled contract, except for bundled packages that have a payment structure allowing customers to pay for the mobile device over a period of time. For these arrangements the Group discounts the transaction price using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Certain bundled contracts provide the customer with a right to return the mobile devices during a specified time frame. The Group uses the expected value method to estimate the mobile devices that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For mobile devices that are expected to be returned, the Group adjusts revenue and recognises a refund liability instead. Correspondingly, costs of sales is also adjusted and a right of return asset is recognised as the right to recover the mobile device from the customer.

(c) Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services (i.e. mobile devices or telecommunication services) transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are subject to impairment assessment based on the ECL model.

(ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.9.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

For prepaid services, a contract liability is recognised when consideration is received from a customer, but services are yet to be performed.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.20 Revenue recognition (cont'd.)

2.20.1 Revenue from contracts with customers (cont'd.)

(d) Cost to obtain a contract

The Group pays sales commissions to external sales channels and employees as an incentive for each new customer registration to the Group's telecommunication services. The Group also incurs fibre modem and fibre installation cost for new fibre customers.

These costs have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised on a straight-line basis over the expected customer life cycle, which is consistent with the pattern of the related revenue. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred.

Amortisation of contract costs are included as part of operating expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of the contract costs recognised exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate, less the remaining costs that relate directly to providing those goods or services (that have not been recognised as an expense).

When there are indications of impairment, relating to the CGU to which the contract costs belong, the Group will include the resulting carrying amount of contract costs after performing the impairment test above, in the carrying amount of the CGU for the purpose of applying MFRS 136.

When impairment conditions no longer exist or have improved, the Group will recognise a reversal of some or all of the impairment losses previously recognised on the contract costs. The increased carrying amount of the contract costs should not exceed the amount that would have been determined (net of amortisation) had no impairment loss been recognised previously.

2.20.2 Dividend income

Dividend income is recognised when the Company's right to receive payment is established, and is presented as revenue in profit or loss, aligned with the principal activity of the Company as an investment holding entity.

2.20.3 Lease income

Lease income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.21 Government grants

As a universal service provider ("USP"), the Group is entitled to claim certain qualified expenses from the Malaysian Communications and Multimedia Commission ("MCMC") in relation to USP projects. These claims are treated as government grants and recognised at their fair values where there is reasonable assurance that the grants will be received and the Group complies with all the attached conditions.

A grant relating to the asset is recognised as income over the life of the depreciable asset by way of a reduced depreciation charge. Grant relating to income is recognised in profit and loss by crediting directly against the related expense.

2.22 Foreign currency transactions

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group are presented in RM, which is also the functional currency of all entities in the Group.

Transactions in foreign currencies are initially converted into RM at exchange rates prevailing at the date of transaction. At each reporting date, foreign currency monetary items are translated into RM at exchange rates prevailing at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition.

(b) Foreign currency transactions

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

2.23 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed in Note 35.6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Statements

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.23 Fair value measurement (cont'd.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.24 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.24 Current versus non-current classification (cont'd.)

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.25 Segment reporting

The Group provides telecommunication and related services to customers across the country and its services and products essentially have a similar risk profile. Business activities of the Group are not organised by product or geographical components and its operating result is reviewed as a whole by its management. Accordingly, there is no separate segment, as disclosed in Note 37.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of new and amended MFRSs and interpretation

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2023, the Group and the Company adopted the following amended MFRS mandatory for annual financial periods beginning on or after 1 January 2023.

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

The adoption of the above amendments did not have any significant impact on the financial statements of the Group and of the Company, except for:

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The Group is within the scope of the OECD's Pillar Two model rules. Based on management's assessment, the Group and the Company are not expected to have any exposure to top-up tax due to the Pillar Two model rules. In accordance with the transition provisions, the Group and the Company have applied the temporary exception in the amendments retrospectively and not accounting for deferred taxes arising from the top-up tax due to the Pillar Two model rules in the financial statements.

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3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.2 Standards issued but not yet effective

The standards and amendments that are issued but not yet effective up to the date of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101: Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 7 and MFRS 107: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above amendments will not have a material impact on the financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

Management makes key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following represents a summary of the critical accounting estimates and the associated key sources of estimation uncertainty.

4.1 Useful lives of intangible assets - trademark and customer relationship

The Group considers that the trademark arising from the acquisition of Celcom Berhad and its subsidiaries ("Celcom Group") has indefinite useful life because it is supported by ongoing marketing activities and expected to contribute to the Group's net cash flows indefinitely. The assessment of the classification of intangible assets as indefinite is reviewed annually.

The estimated useful life of customer relationship arising from the acquisition of Celcom Group is based on the historical experience of churn for the postpaid subscribers. The carrying amounts of intangible assets - trademark and customer relationship at the reporting date are disclosed in Note 12.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.2 Impairment assessment of goodwill and trademark

The Group performs an impairment test on its goodwill and trademark at least on an annual basis or when there is indicator of impairment. This requires an estimation of the VIU of the CGU to which goodwill and trademark are allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying amounts, the key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 12.

4.3 Useful lives of property, plant and equipment and intangible assets - computer software

Depreciation and amortisation are based on management's estimates of the future estimated useful lives and residual values of property, plant and equipment and intangible assets - computer software. Estimates may change due to technological developments, modernisation initiatives, expected level of usage, competition, market conditions and other factors, which could potentially impact the average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses. The carrying amounts of property, plant and equipment and intangible assets - computer software at the reporting date are disclosed in Note 11 and Note 12, respectively.

4.4 Provision for expected credit losses of trade receivables and contract assets

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

The provision matrix is initially based on the Group's historical observed default rates. The Group then adjusts the historical credit loss experience taking into consideration the forward-looking information. For example, if the Group's view of the forecasted economic conditions (i.e. inflation rate, unemployment rate, interest rate and economic outlook for Malaysia) are expected to significantly deteriorate over the next financial year which may lead to an increase in the unrecoverable rate of the receivables and contract assets. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group estimates the relationship between historical observed default rates, forecast economic conditions and ECL which may not be representative of customer's actual default in the future. The information about the provision matrix on the Group's trade receivables and contract assets is disclosed in Note 35.2.

If the historical observed default rates varies by 5.0% from management's estimates, the Group's allowance for expected credit loss on trade receivables and contract assets will cause either a 1.0% (2022: 1.6%) increase or 1.0% (2022: 1.0%) decrease respectively in the Group's profit for the financial year.

4.5 Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgement regarding future taxable profits of a particular entity in which the deferred tax asset has been recognised.

Estimating the future taxable profits involved significant assumptions, especially in respect of demand on existing and new services, competition and regulatory changes that may impact the pricing of services. These assumptions were derived based on past performance, future prospect and adjusted for non-recurring circumstances. The carrying amount of deferred tax assets is disclosed in Note 24.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.6 Income taxes

Significant estimation is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the final tax treatment is uncertain at the reporting date.

Where the final tax treatment of these matters are different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which determination of final tax treatment is made.

4.7 Provisions for site decommissioning and restoration costs

Provision for site decommissioning and restoration costs are provided based on the present value of the estimated future expenditure to be incurred for dismantling the inactive sites. Significant management assumption and estimation are required in determining the discount rate and the expenditure to be incurred for dismantling each network infrastructure sites. Where expectations differ from the original estimates, the differences will impact the carrying amount of provision for site decommissioning and restoration costs. The carrying amount of provision for site decommissioning and restoration costs at the reporting date is disclosed in Note 25.

4.8 Revenue recognition - determining stand-alone selling price ("SSP")

The Group has assessed that there are two performance obligations for bundled contracts where the Group needs to allocate the transaction price between the telecommunication service and mobile device based on their relative SSP.

SSP for telecommunication services and mobile devices are based on observable sales prices; however, where certain SSP are not directly observable, estimates will be made maximising the use of observable inputs.

The estimation of SSP is a significant estimate as it will directly determine the amount of revenue to be recognised up front (sale of device) and amount of revenue to be recognised over time (telecommunication revenue). For example, a lower SSP for mobile device will result in a lower amount of revenue recognised upfront and higher amount of revenue recognised over the contract period.

The revenue recognised in the current financial year in relation to sale of device and telecommunication revenue is detailed in Note 5.

4.9 Estimating the lease term - Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option, within the period for which the contract is enforceable.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. For example, for leases of certain telecommunication network sites, if the Group expects to use significant non-removable leasehold improvements beyond the date on which the lease can be terminated, the existence of those leasehold improvements may indicate that the Group might incur a more than insignificant penalty if it terminates the lease.

For leases of telecommunication network sites, other factors to consider in assessing the lease term include the technology development and potential changes in business models.

Notes to the Financial Statements

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.9 Estimating the lease term - Group as a lessee (cont'd.)

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

Based on the assessment of these factors, the lease term for the Group's leases relating to telecommunication network sites will normally be within a range of 1 to 30 years.

4.10 Estimating the incremental borrowing rate for leases

In measuring its lease liabilities, the Group has used its incremental borrowing rate ("IBR") to present value the future lease payments, as the interest rate implicit in the lease cannot be readily determined.

The IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

To determine the IBR for its leases, the Group makes adjustments to the existing rates received from financial institutions, taking into consideration the lease term and leased assets. The Group also considers changes in the financing condition since the last offered rates from the financing institutions.

The carrying amount of lease liabilities is disclosed in Note 13.

4.11 Fair valuation of derivative financial instruments

Derivative financial instruments are carried on the statements of financial position at fair value, with changes in fair value reflected in the statement of comprehensive income.

Fair values are estimated by reference in part to published price quotations and in part by using valuation techniques. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are based on market conditions existing at the end of each financial reporting period.

4.12 Legal claims and disputes across the Group

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

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

The legal claims and disputes of the Group as at reporting date are disclosed in Note 39.

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5. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers (Note 5.1)	12,573,810	6,676,437	-	-
Lease income (Note 5.3)	108,341	96,874	-	-
Dividend income from subsidiaries	-	-	1,713,634	1,025,500
	12,682,151	6,773,311	1,713,634	1,025,500

5.1 Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products or service lines (which also represents the Group's defined performance obligations).

Group	Note	2023	2022
		RM'000	RM'000
Major products/service lines			
Telecommunication revenue	(a)	10,859,190	5,770,327
Sales of devices	(b)	1,714,620	906,110
Total revenue from contracts with customers		12,573,810	6,676,437

The timing of revenue recognition for respective major products or service lines are as follows:

- (a) Services transferred over time
- (b) Products transferred at a point in time

5.2 Contract balances

Group	Note	2023	2022
		RM'000	RM'000
Non-current assets/(liabilities)			
Trade receivables	20	320,619	237,107
Contract assets		118,653	73,470
Contract liabilities		(8,481)	(15,298)
Current assets/(liabilities)			
Trade receivables	20	1,537,275	1,103,073
Contract assets		307,109	148,325
Contract liabilities		(577,795)	(571,314)

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5. REVENUE (CONT'D.)

5.2 Contract balances (cont'd.)

Contract assets primarily relate to rights to consideration for mobile devices transferred to subscribers but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. As at 31 December 2023, the Group has contract assets of RM425.8 million (2022: RM221.8 million) which is net of an allowance for expected credit losses of RM12.0 million (2022: RM22.3 million).

Contract liabilities mainly relate to advance consideration received from subscribers at inception of contracts, for which revenue is only recognised upon rendering of telecommunication service.

All contract liabilities at the beginning of the financial year have been recognised as revenue in the current financial year.

The acquisition of subsidiaries in the previous financial year ended 31 December 2022 resulted in an increase in trade receivables, contract assets and contract liabilities of RM1.8 billion, RM123.2 million and RM262.1 million, respectively.

5.3 Group as a lessor

The Group has entered into operating leases on certain network telecommunication sites. These leases have lease terms between one to seven years (2022: one to seven years). Lease income recognised by the Group during the financial year is RM108.3 million (2022: RM96.9 million).

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	2023	2022
	RM'000	RM'000
Within one financial year	105,087	106,315
After one financial year but not more than five financial years	237,852	230,779
More than five financial years	12,274	20,867
	355,213	357,961

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6. FINANCE COSTS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:					
- Loans and borrowings		341,951	108,509	123,836	145
- Others		5,431	11,310	-	-
Unwinding of discount:					
- Lease liabilities	13	272,926	132,684	-	-
- Site decommissioning and restoration costs	25.1	12,178	4,195	-	-
Net change in fair value of derivative financial instruments:					
- Interest rate swaps		(4,612)	25,865	-	-
		627,874	282,563	123,836	145

7. PROFIT BEFORE TAX AND ZAKAT

Profit before tax and zakat is derived after deducting/(crediting):

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
			Restated		
(Reversal of)/allowance for expected credit losses on trade receivables, other receivables, deposits and contract assets	35.2	(21,805)	79,523	-	-
Depreciation		2,996,008	1,300,560	-	-
- property, plant and equipment	11	1,762,512	725,581	-	-
- ROU asset	13	1,233,496	574,979	-	-
Amortisation of:					
- intangible assets	12	234,125	97,600	-	-
- contract cost	14	92,699	90,639	-	-
Auditors' remuneration:					
- statutory audit					
- auditors of the Company (Ernst & Young PLT)		760	1,451	250	836
- other auditors		900	107	-	-

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7. PROFIT BEFORE TAX AND ZAKAT (CONT'D.)

Profit before tax and zakat is derived after deducting/(crediting): (cont'd.)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
			Restated		
Auditors' remuneration: (cont'd.)					
- other services					
- auditors of the Company (Ernst & Young PLT)	7(a)	291	798	151	603
- Ernst & Young PLT affiliated firms		50	1,020	-	-
- other auditors		3,362	-	-	-
Staff expenses	7(b)	897,646	314,297	-	-
Non-executive directors' remuneration excluding benefits-in-kind	7(c)	2,355	1,047	2,261	1,018
Transmission facilities services		374,713	237,620	-	-
Inventories written (back)/down		(8,796)	3,995	-	-
Rental of land and buildings		240,562	79,029	-	-
Rental of equipment and others		56,874	30,260	-	-
Realised foreign exchange (gain)/loss		(6,176)	1,907	-	-
Unrealised foreign exchange (gain)/loss		(1,009)	1,313	-	-
Fair value (gain)/loss on foreign currency forward contracts		(19,402)	457	-	-
Fair value gain on investment in shares		(2)	-	-	-
(Gain)/loss on disposal of property, plant and equipment		(12,224)	26,306	-	-
Gain on disposal of intangible assets		(8,604)	-	-	-
Gain on termination of leases		(14,223)	(716)	-	-
(Gain)/loss on lease modification		(1,262)	1,794	-	-
Write-off of property, plant and equipment		14,647	240	-	-
Write-off of intangible asset		256,612	8,781	-	-
Bad debts recovered		(24,940)	(27,063)	-	-
Miscellaneous income		(26,939)	(1,374)	-	-
Project management fee		(15,733)	-	-	-
Waiver of debt		-	-	-	(6,620)
Interest income from deposits with licensed banks		(32,151)	(10,261)	(453)	(220)
Unwinding of significant financing component of revenue contracts with deferred payment scheme		(56,734)	(23,821)	-	-

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8. TAXATION AND ZAKAT (CONT'D.)

Major components of income tax expense (cont'd.)

The major components of income tax expense for the financial years ended 31 December 2023 and 2022 are: (cont'd.)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
	Restated			
Deferred taxation (Note 24):				
- Relating to origination and reversal of temporary differences	(310,716)	22,990	-	-
- (Over)/under provision in prior financial years	(38,358)	22,805	-	-
Total deferred tax	(349,074)	45,795	-	-
Total taxation	613,137	480,034	113	48
Zakat	910	1,349	-	-
Taxation and zakat	614,047	481,383	113	48

Reconciliations of income tax expense/rate applicable to profit before tax and zakat at the statutory income tax rate to income tax expense/rate at the effective income tax rate of the Group and of the Company are as follows:

Group	2023		2022	
	%	RM'000	%	RM'000
	Restated			
Profit before tax and zakat		2,180,986		1,329,589
Taxation at Malaysian statutory tax rate	24.0	523,437	24.0	319,101
Effect of different tax rate ⁽¹⁾	-	-	10.3	136,415
Effect of expenses not deductible for tax purposes	7.1	154,230	3.1	41,214
Effect of income not subject to tax	(2.6)	(55,755)	(0.2)	(3,308)
Under/(over) provision of income tax expense in prior financial years	1.4	29,583	(2.7)	(36,193)
(Over)/under provision of deferred tax expense in prior financial years	(1.8)	(38,358)	1.7	22,805
Effective tax rate/income tax expense recognised in profit or loss	28.1	613,137	36.2	480,034
Zakat expenses		910		1,349
Taxation and Zakat		614,047		481,383

⁽¹⁾ Effect of different tax rate arising from the one-off tax measure proposed by the Government of Malaysia in Budget 2022, whereby chargeable income above the RM100 million mark will be taxed at a rate of 33%, instead of 24% for the year of assessment 2022.

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8. TAXATION AND ZAKAT (CONT'D.)

Reconciliations of income tax expense/rate applicable to profit before tax and zakat at the statutory income tax rate to income tax expense/rate at the effective income tax rate of the Group and of the Company are as follows: (cont'd.)

Company	2023		2022	
	%	RM'000	%	RM'000
Profit before tax and zakat		1,586,992		1,010,924
Taxation at Malaysian statutory tax rate	24.0	380,878	24.0	242,622
Income not subject to tax	(24.0)	(380,765)	(24.0)	(242,574)
Effective tax rate/income tax expense recognised in profit or loss	0.0	113	0.0	48

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the financial year.

9. EARNINGS PER SHARE

Earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2023	2022
	Restated	
Profit attributable to owners of the Company (RM'000)	1,552,309	848,034
Weighted average number of ordinary shares in issue ('000)	11,731,508	8,121,872
Basic earnings per share (sen)	13.2	10.4

Diluted earnings per share is not presented as the Executive Share Grant Plan ("ESGP") of the Company is anti-dilutive.

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10. DIVIDENDS

	Group/Company	
	2023	2022
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2022: 3.1 sen; 2021: 3.9 sen)	363,677	303,225
First interim single-tier dividend (2023: 3.2 sen; 2022: 2.9 sen)	375,408	225,475
Second interim single-tier dividend (2023: 3.2 sen; 2022: 2.8 sen)	375,408	217,700
Third interim single-tier dividend (2023: 3.3 sen; 2022: 3.4 sen)	387,140	264,350
	1,501,633	1,010,750
Interim dividend declared subsequent to the reporting date (not recognised as a liability as at 31 December):		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2023: 3.5 sen; 2022: 3.1 sen)	410,603	363,677

The board of directors had on 20 February 2024, declared a fourth interim single-tier dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM410.6 million. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

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11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Freehold buildings	Motor vehicles	Computer systems	Furniture and fittings	Tele-communications network	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 1 January 2023 (Restated)	46,608	185,797	18,997	254,816	135,926	10,503,720	426,280	11,572,144
Additions	-	40,616	-	-	3,801	13,039	1,572,402	1,629,858
Disposals	-	-	(2,502)	(4,944)	(2,588)	(296,017)	-	(306,051)
Write offs	(580)	-	-	-	-	(115,740)	(14,434)	(130,754)
Transfers	-	-	3,773	20,191	7,448	1,253,975	(1,285,387)	-
At 31 December 2023	46,028	226,413	20,268	270,063	144,587	11,358,977	698,861	12,765,197
Accumulated depreciation and impairment losses								
At 1 January 2023 (Restated)	-	38,651	18,278	86,988	109,382	5,039,140	-	5,292,439
Depreciation expenses for the financial year (Note 7)	-	5,261	1,157	87,080	26,001	1,643,013	-	1,762,512
Disposals	-	-	(2,502)	(4,949)	(2,582)	(290,906)	-	(300,939)
Write offs	(367)	-	-	-	-	(115,740)	-	(116,107)
At 31 December 2023	(367)	43,912	16,933	169,119	132,801	6,275,507	-	6,637,905
Net carrying amount								
At 31 December 2023	46,395	182,501	3,335	100,944	11,786	5,083,470	698,861	6,127,292

Notes to the Financial Statements

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (cont'd.)	Freehold land RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communications network RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2022	29,067	143,903	24,469	254,896	200,668	7,163,811	163,997	7,980,811
Acquisition of subsidiaries (Note 15) (Restated)	17,541	41,894	25	129,752	12,374	3,042,861	143,807	3,388,254
Additions	-	-	-	26	-	125,512	657,445	782,983
Disposals	-	-	(5,497)	(134,034)	(82,275)	(334,780)	-	(556,586)
Write offs	-	-	-	(185)	(28)	(23,053)	(52)	(23,318)
Transfers	-	-	-	4,361	5,187	529,369	(538,917)	-
At 31 December 2022 (Restated)	46,608	185,797	18,997	254,816	135,926	10,503,720	426,280	11,572,144
Accumulated depreciation and impairment losses								
At 1 January 2022	-	35,671	23,249	196,717	174,219	4,687,280	-	5,117,136
Depreciation expenses for the financial year (Restated) (Note 7)	-	2,980	526	24,316	17,451	680,308	-	725,581
Disposals	-	-	(5,497)	(134,034)	(82,260)	(305,409)	-	(527,200)
Write offs	-	-	-	(11)	(28)	(23,039)	-	(23,078)
At 31 December 2022 (Restated)	-	38,651	18,278	86,988	109,382	5,039,140	-	5,292,439
Net carrying amount								
At 31 December 2022 (Restated)	46,608	147,146	719	167,828	26,544	5,464,580	426,280	6,279,705

(a) The Group acquired property, plant and equipment with an aggregate cost of RM1,629.9 million (2022: RM783.0 million) of which RM5.6 million (2022: RM58.9 million) relates to the provision for site decommissioning and restoration costs, as disclosed in Note 25.1.

(b) Government grants of RM216.6 million (2022: RM292.0 million) relating to additions of qualifying property, plant and equipment, were deducted before arriving at the cost of property, plant and equipment during the financial year ended 31 December 2023.

(c) The freehold building of one of the subsidiaries of RM3.5 million (2022: RM3.5 million) have been pledged to a licensed bank as security for banking facilities granted to the Company as disclosed in Note 23.

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12. INTANGIBLE ASSETS

Group	Computer software RM'000 (Note a)	Customer relationship RM'000 (Note b)	Trademark RM'000 (Note c)	Goodwill RM'000 (Note d)	Total RM'000
Cost					
At 1 January 2023 (Restated)	751,493	1,172,380	1,759,421	15,910,339	19,593,633
Additions	187,398	-	-	-	187,398
Disposals	(11,208)	-	-	-	(11,208)
Write offs	(256,612)	-	-	-	(256,612)
At 31 December 2023	671,071	1,172,380	1,759,421	15,910,339	19,513,211
Accumulated amortisation					
At 1 January 2023 (Restated)	324,452	9,711	-	-	334,163
Amortisation expenses for the the financial year (Note 7)	115,197	118,928	-	-	234,125
Disposals	(5,877)	-	-	-	(5,877)
At 31 December 2023	433,772	128,639	-	-	562,411
Net carrying amount					
At 31 December 2023	237,299	1,043,741	1,759,421	15,910,339	18,950,800
Cost					
At 1 January 2022	846,476	-	-	-	846,476
Acquisition of subsidiaries (Note 15) (Restated)	75,627	1,172,380	1,759,421	15,910,339	18,917,767
Additions	164,027	-	-	-	164,027
Write offs	(334,637)	-	-	-	(334,637)
At 31 December 2022 (Restated)	751,493	1,172,380	1,759,421	15,910,339	19,593,633
Accumulated amortisation					
At 1 January 2022	562,419	-	-	-	562,419
Amortisation expenses for the the financial year (Note 7) (Restated)	87,889	9,711	-	-	97,600
Write offs	(325,856)	-	-	-	(325,856)
At 31 December 2022 (Restated)	324,452	9,711	-	-	334,163
Net carrying amount (Restated)					
At 31 December 2022 (Restated)	427,041	1,162,669	1,759,421	15,910,339	19,259,470

Notes to the Financial Statements

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12. INTANGIBLE ASSETS (CONT'D.)

(a) Computer software

Included in the cost of computer software are computer software not yet available for use of RM50.2 million as at 31 December 2023 (2022: RM185.2 million).

(b) Customer relationship

Refers to the customer relationship acquired through business combination in the previous financial year ended 31 December 2022. Customer relationship has a finite useful life and is amortised using the straight-line method over its estimated useful life of 10 years, with remaining amortisation period of 8.9 years.

(c) Trademark

Refers to Celcom's trademark acquired through business combination in the previous financial year ended 31 December 2022, which has an indefinite useful life.

(d) Goodwill

The goodwill arose from the acquisition of equity interest in Celcom Berhad and its subsidiaries in the previous financial year ended 31 December 2022. Further information relating to the acquisition is disclosed in Note 15.

Impairment test for goodwill and trademark

For impairment testing purpose, goodwill and trademark acquired through business combination have been allocated to the entire telecommunication CGU. The recoverable amount of the entire telecommunication CGU is determined based on value-in-use calculation, which use free cash flow projections for the next five financial years based on financial forecast and projection approved by the Board of Directors.

The forecast and projection reflect management's expectations of revenue growth, operating costs and margins based on past experience and future outlook of the CGU. Cash flows beyond the fifth year are extrapolated in perpetuity using estimated terminal growth rate which takes into consideration the current and projected inflation and average growth rate for the telecommunication industry in Malaysia.

The discount rate applied to the cash flow forecast represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

The following assumptions have been applied in the VIU calculation:

Revenue growth rates	2.7% to 7.9% (2022:1.5% to 2.4%)
Terminal growth rate	2.0% (2022: 1.5%)
Post-tax discount rate	10.0% (2022: 9.8%)

Based on the assessment above, the goodwill and trademark are not impaired as the recoverable amount of the CGU exceeds the carrying amounts included in the financial statements.

Sensitivity to changes in key assumptions

The management believes that there are no reasonably possible change in any of the above key assumptions which would cause the carrying amounts of the goodwill and trademark to materially exceed the recoverable amounts.

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13. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Group as a lessee

	Leasehold land and buildings RM'000	Tele- communi- cations network sites RM'000	Trans- mission facilities RM'000	Spectrum band- widths RM'000	Stores, office buildings and kiosks RM'000	Total RM'000
Carrying amount						
At 1 January 2023 (Restated)	427,323	3,852,650	2,037	2,917,946	89,994	7,289,950
Additions	-	357,531	-	102,457	9,834	469,822
Depreciation expense for the financial year (Note 7)	(21,131)	(825,674)	(1,594)	(369,335)	(15,762)	(1,233,496)
Lease modification	-	(52,854)	-	-	28,364	(24,490)
Termination	-	(51,556)	-	-	(5,899)	(57,455)
At 31 December 2023	406,192	3,280,097	443	2,651,068	106,531	6,444,331
At 1 January 2022	18,914	1,506,618	4,792	1,290,850	7,546	2,828,720
Acquisition of subsidiaries (Note 15)	410,683	2,636,646	-	1,682,156	79,262	4,808,747
Additions	-	238,400	-	109,947	11,417	359,764
Depreciation expense for the financial year (Note 7)	(2,274)	(425,293)	(2,755)	(136,426)	(8,231)	(574,979)
Lease modification	-	-	-	(28,581)	-	(28,581)
Termination	-	(103,721)	-	-	-	(103,721)
At 31 December 2022 (Restated)	427,323	3,852,650	2,037	2,917,946	89,994	7,289,950

The Group's lease arrangements are mainly in relation to telecommunication network sites, transmission facilities and spectrum bandwidths which are used to support the Group's telecommunication operations. The lease arrangements generally do not allow for subleasing of the leased asset, unless there is a contractual right for the Group to sublet the lease asset to another party.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

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13. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONT'D.)

Group as a lessee (cont'd.)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the financial year:

	Note	Group	
		2023 RM'000	2022 RM'000 Restated
At 1 January		6,009,936	2,458,860
Additions		469,822	359,764
Acquisition of subsidiaries		-	3,807,861
Unwinding of discount	6	272,926	132,684
Lease modification		(25,752)	(26,787)
Payments		(1,300,926)	(618,009)
Termination		(71,678)	(104,437)
At 31 December		5,354,328	6,009,936
Analysed as:			
Current	23	1,146,046	1,011,775
Non-current	23	4,208,282	4,998,161
		5,354,328	6,009,936

The maturity analysis of lease liabilities are disclosed in Note 35.4.

The following are amounts recognised in profit or loss:

	Group	
	2023 RM'000	2022 RM'000 Restated
Depreciation expense of right of use assets	1,233,496	574,979
Interest expense on lease liabilities (Note 6)	272,926	132,684
Expenses included in sales and marketing expenses:		
- short-term leases	10,927	4,557
Rental expenses presented separately on statement of comprehensive income:		
- short-term leases	286,509	104,491
- leases of low value assets	-	241
	1,803,858	816,952

The Group has total cash outflow for leases amounting to RM1,498.7 million (2022: RM666.4 million).

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14. CONTRACT COSTS

	Group	
	2023 RM'000	2022 RM'000
Capitalised costs, net of amortisation	134,900	112,102
Amortisation recognised in operating expenses (Note 7)	92,699	90,639

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	19,523,561	19,121,561

Details of the subsidiaries are as follows:

Name of company	Percentage of ownership interest		Country of incorporation	Principal activities
	2023 (%)	2022 (%)		
Celcom Berhad	100	100	Malaysia	Provision of mobile telecommunications services and network transmission-related services
Digi Telecommunications Sdn. Bhd. ("DTSB")	100	100	Malaysia	Establishment, maintenance and provision of telecommunications and related services
InfraNation Sdn. Bhd.	100	100	Malaysia	Provision of telecommunication infrastructure services
Subsidiaries held through Celcom Berhad				
Celcom Mobile Sdn. Bhd.*	100	100	Malaysia	Mobile communications, network and application services and content
Celcom Networks Sdn. Bhd.*	100	100	Malaysia	Network communications, capacity and services
Celcom Properties Sdn. Bhd.*	100	100	Malaysia	Property investment
Celcom Escape Sdn. Bhd.*	100	100	Malaysia	Dormant
Celcom Retail Holding Sdn. Bhd.*	100	100	Malaysia	Strategic and business development, management, administrative support services and investment holding
Celcom Intelligence Sdn. Bhd.*	100	100	Malaysia	Dormant
Celcom Timur (Sabah) Sdn. Bhd.*	80	80	Malaysia	Fibre optic transmission network

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows: (cont'd.)

Name of company	Percentage of ownership interest		Country of incorporation	Principal activities
	2023 (%)	2022 (%)		
Subsidiaries held through Celcom Berhad (cont'd.)				
Celcom eCommerce Sdn. Bhd.*	100	100	Malaysia	Dormant
Celcom Resources Berhad*	100	100	Malaysia	Investment holding
Infront Consulting Group (M) Sdn. Bhd.*	60	60	Malaysia	Business management and integration system
Bridgenet Solutions Sdn. Bhd.*	51	51	Malaysia	Cybersecurity, networking, information and communication solutions
Subsidiary held through DTSB				
Y3llowLabs Sdn. Bhd.	100	100	Malaysia	Provision of e-commerce, digital services and solutions
Subsidiary held through Celcom Resources Berhad				
Celcom Trading Sdn. Bhd.*	100	100	Malaysia	Dealings in marketable securities
Subsidiary held through Celcom Retail holding Sdn. Bhd.				
Celcom Retail Sdn. Bhd.*	100	100	Malaysia	Trading and distribution of communication devices and related products and managing retail stores
Subsidiary held through Infront Consulting Group (M) Sdn. Bhd.				
Infront Consulting Group(S) Pte Ltd*^	69	69	Singapore	Software consultancy services

* Audited by firm of auditors other than Ernst & Young PLT

^ The subsidiary had been placed under compulsory winding-up after the reporting date

The non-controlling interests of the Group for the financial year are regarded as not material in the view of the directors and therefore the related disclosures are not included.

For the current financial year ended 31 December 2023

Additional investment in Infront Consulting Group (M) Sdn. Bhd. ("Infront")

On 29 November 2023, Celcom Berhad, a wholly-owned subsidiary of the Company, together with the minority shareholder of Infront, had in total injected additional capital amounting to RM2.4 million in Infront. The total shareholding of Celcom Berhad in Infront remained unchanged at 60%, after the additional investment by Celcom Berhad of RM1.4 million.

The additional investment did not have any significant impacts to the Group.

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

For the previous financial year ended 31 December 2022

Acquisition of Celcom Berhad

On 30 November 2022, the Company acquired 1,237,534,681 ordinary shares in Celcom Berhad, representing 100% of the equity interest in Celcom Berhad, for a total consideration of RM18.3 billion comprising share consideration of RM15.8 billion and cash consideration of RM2.5 billion which is subject to finalisation under the terms of the Share Purchase Agreement dated 21 June 2021.

During the current financial year, the Company has finalised the purchase consideration and resulted in additional cash consideration of RM402.0 million paid for the acquisition of Celcom Berhad. Consequently, the total purchase consideration was RM18.7 billion.

Celcom Group is one of the key players in the telecommunication industry in Malaysia. The acquisition of Celcom Group is expected to combine the scale, experience, competencies and financial strength of two well-established telecommunication operators in Malaysia, which will enable the enlarged Group to better manage rapidly escalating data usage coupled with continued pressure on revenue and profitability.

The Group has elected to measure the non-controlling interests in the acquiree at fair value at the date of acquisition.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Celcom Berhad as at the date of acquisition were:

	Fair value recognised on acquisition RM'000 Restated
Assets	
Property, plant and equipment	3,388,254
Intangible assets	3,007,428
Right of use assets	4,808,747
Investment in an associate	139,943
Deferred tax assets	110,688
Trade and other receivables	1,794,605
Contract costs	32,522
Contract assets	123,158
Derivative financial instruments	43,342
Inventories	84,820
Other investment	22
Tax recoverable	119,783
Cash and short-term deposits	922,154
Total assets	14,575,466

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

For the previous financial year ended 31 December 2022 (cont'd.)

Assets acquired and liabilities assumed (cont'd.)

The fair values of the identifiable assets and liabilities of Celcom Berhad as at the date of acquisition were: (cont'd.)

	Fair value recognised on acquisition RM'000 Restated
Liabilities	
Loans and borrowings	(7,847,257)
Deferred tax liabilities	(1,359,368)
Other liabilities	(172,371)
Trade and other payables	(2,017,212)
Contract liabilities	(262,149)
Income tax payable	(27,944)
Total liabilities	(11,686,301)
Total identifiable net assets at fair value	
	2,889,165
Non-controlling interest measured at fair value	(102,572)
Goodwill arising on acquisition (Note 12)	15,910,339
Purchase consideration transferred	18,696,932
	RM'000
Purchase consideration	
Shares issued, at fair value	15,826,032
Cash consideration	2,870,900
Total purchase consideration	18,696,932

The effect of the acquisition on cash flows is as follows:

Cash consideration	(2,870,900)
Cash and cash equivalents of subsidiaries acquired	922,154
Net cash outflow on the acquisition	(1,948,746)

The net assets recognised in the 31 December 2022 financial statements were based on a provisional assessment of their fair value while the Group sought an independent valuation for the property, plant and machinery owned by Celcom Group. The valuation had not been completed by the date the 2022 financial statements were approved for issue by the Board of Directors.

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

For the previous financial year ended 31 December 2022 (cont'd.)

Assets acquired and liabilities assumed (cont'd.)

In November 2023, the purchase price allocation ("PPA") exercise was completed and the acquisition date fair value of the total identifiable net assets was RM2.9 billion, a decrease of RM136.0 million over the provisional value. The 2022 comparative information was restated to reflect the adjustment to the provisional amounts. For more information, refer to Note 38 for the effects of the prior year adjustment arising from the finalisation of PPA.

The goodwill of RM15.9 billion relates to expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

16. INVESTMENT IN A JOINT VENTURE

	Group	
	2023	2022
	RM'000	RM'000
In Malaysia:		
Unquoted shares, at cost	5,250	5,250
Share of post-acquisition reserves	8,750	(5,250)
	14,000	-

Details of the joint venture incorporated in Malaysia are as follows:

Name of company	Percentage of ownership interest held by the Group		Principal activities
	2023	2022	
	(%)	(%)	
Joint venture held through Celcom Mobile Sdn. Bhd.			
Tune Talk Sdn. Bhd.	35	35	Mobile communications services

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16. INVESTMENT IN A JOINT VENTURE (CONT'D.)

The Group's share of profit in investment in Tune Talk Sdn. Bhd. recognised:

	Group	
	2023	2022
	RM'000	RM'000
<u>Assets and liabilities</u>		
Non-current assets	20,000	20,436
Current assets	163,000	90,806
Current liabilities	(143,000)	(108,825)
Non-current liabilities	-	(191)
Net assets	40,000	2,226
Group's share of net assets	14,000	-

In the previous financial year ended 31 December 2022, the Group has not recognised the share of results of Tune Talk Sdn. Bhd., as it was regarded as not material in the view of the directors.

17. INVESTMENT IN AN ASSOCIATE

	Group	
	2023	2022
	RM'000	RM'000
In Malaysia:		
Unquoted shares, at cost	139,943	139,943
Share of post acquisition reserves	17,036	-
	156,979	139,943

Details of the associate incorporated in Malaysia are as follows:

Name of company	Percentage of ownership interest		Principal activities
	2023	2022	
	(%)	(%)	
Associate held through Celcom Berhad			
Sacofa Sdn. Bhd.	15.12	15.12	Telecommunications infrastructure and services company including all its related businesses

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17. INVESTMENT IN AN ASSOCIATE (CONT'D.)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, for the financial year ended 31 December is as follows:

	Group	
	2023	2022
	RM'000	RM'000
<u>Assets and liabilities</u>		
Non-current assets	655,391	683,511
Current assets	678,746	527,519
Current liabilities	(166,444)	(156,355)
Non-current liabilities	(129,475)	(129,129)
Net assets	1,038,218	925,546
Group's share of net assets	156,979	139,943
Revenue	303,469	24,371
Profit before tax from continuing operation	140,808	13,040
Profit after tax from continuing operation	101,259	11,416
Group's share of profit for the financial year	15,310	1,726

The Group did not recognise the share of results of Sacofa Sdn. Bhd. for the previous financial year, as it was regarded as not material in the view of the directors.

18. OTHER INVESTMENTS

	Group	
	2023	2022
	RM'000	RM'000
Non-current		
Financial asset at fair value through OCI		
Unquoted shares	36	78

The investment was previously made in relation to a programme initiated by the Group to fund new digital start-ups in Malaysia.

	Group	
	2023	2022
	RM'000	RM'000
Current		
Financial asset at fair value through profit or loss		
Quoted shares, at cost	24	22

In the previous financial year, the Group completed the subscription of quoted shares. Fair values of these instruments are determined by reference to published price quotations in an active market.

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19. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
Merchandise:		
At cost	198,857	76,473
At net realisable value	47,796	87,885
	246,653	164,358

During the financial year, the amount of inventories recognised as an expense in cost of materials of the Group was RM1,837.9 million (2022: RM992.1 million).

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Trade receivables (Note 20.1)	320,619	262,592	-	-
Deposits and prepayments (Note 20.2)	375,092	484,135	-	-
	695,711	746,727	-	-
Allowance for expected credit loss on trade receivables (Note 35.2)	-	(25,485)	-	-
Allowance for expected credit loss on deposits (Note 35.2)	(48,011)	(78,482)	-	-
	647,700	642,760	-	-
Current				
Trade receivables (Note 20.1)	1,748,210	1,436,139	-	-
Other receivables	873,982	1,317,132	-	-
Deposits and prepayments (Note 20.2)	586,977	515,664	5	5
Amount owing by subsidiaries (Note 20.3)	-	-	-	47,112
	3,209,169	3,268,935	5	47,117
Allowance for expected credit loss on trade receivables (Note 35.2)	(210,935)	(333,066)	-	-
Allowance for expected credit loss on other receivables (Note 35.2)	(405,069)	(415,699)	-	-
Allowance for expected credit loss on deposits (Note 35.2)	(136,079)	(96,168)	-	-
	2,457,086	2,424,002	5	47,117
Total trade and other receivables	3,104,786	3,066,762	5	47,117

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20. TRADE AND OTHER RECEIVABLES (CONT'D.)

20.1 Trade receivables

The Group's trade receivables include receivables on deferred payment schemes amounting to RM862.2 million (2022: RM402.6 million), which allows eligible customers on bundled packages to make payment for mobile devices over a 24 month period.

Apart from the deferred payment scheme receivables, the Group's trade receivables are non-interest bearing, and are subject to normal trade credit terms ranging from 30 to 45 days (2022: 30 to 45 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

20.2 Deposits and prepayments

Included in deposits and prepayments are non-current and current prepayments which are advances to a network facility provider ("NFP") of RM329.2 million (2022: RM424.6 million) for provision of connectivity services for a period of 10 years and non-current and current deposits given to local city councils of RM162.3 million (2022: RM140.8 million) for public infrastructure works which are refundable upon completion.

20.3 Amount owing by subsidiaries

Amount owing by subsidiaries is unsecured, interest bearing and repayable on demand.

20.4 Foreign currency exposures

As at 31 December 2023, the Group's trade receivables balances included exposure to foreign currency denominated in United States Dollar ("USD") and Special Drawing Rights ("SDR") amounting to RM25.5 million (2022: RM40.4 million) and RM45.8 million (2022: RM32.0 million) respectively.

21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Note	Group	
		2023 RM'000	2022 RM'000
Non-hedging derivative financial assets/(liabilities)			
Non-current			
- Convertible warrants in an associate	21.1	62,466	43,342
- Interest rate swaps	21.2	2,072	(2,024)
Current			
- Foreign currency forward contracts	21.3	(362)	(640)

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21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D.)

21.1 Convertible warrants in an associate

The warrants issued by Sacofa Sdn Bhd ("Sacofa") are constituted under the deed poll dated 28 January 2009. Under the deed poll, a total 64,171,634 warrants had been issued to the shareholders on the entitlement basis of one (1) free warrant for every one (1) existing Sacofa ordinary share. The Group were issued 12,834,327 warrants, in equivalent to the number of Sacofa's ordinary share held by the Group.

Counterparty	Fair value	Period	Strike Price
Sacofa	12,834,327	28 Jan 2009 - 25 Jan 2025	RM1.50/share + any adjustments

In prior financial years, the exercise period of the warrants was extended for another three (3) years from 25 January 2022 to 25 January 2025.

21.2 Interest rate swaps

	Notional value RM'000	Fair value RM'000	Assets/ (liabilities) RM'000
Interest rate swaps:			
- 2023	775,000	777,072	2,072
- 2022	775,000	772,976	(2,024)

Interest rate swaps are used to manage appropriate fair value change exposure within the Group. The Group entered into interest rate swaps to hedge the fair value risk in relation to the fixed interest rates of the Sukuk, as disclosed in Note 23 with notional principal amounts of RM775.0 million (2022: RM775.0 million).

The interest rate swaps entitle the Group to receive interest semi-annually at fixed rates ranging from 4% to 5% per annum, and in return, pays interest quarterly at Malaysia Overnight Rate ("MYOR") plus a spread with a weighted average rate of 3% (2022: 3%). The swaps mature at varying dates based on the maturity of different tranches of the Sukuk.

21.3 Foreign currency forward contracts

	Contract value in foreign currency USD'000	Notional value RM'000	Fair value RM'000	Liabilities RM'000
Foreign currency forward contracts:				
- 2023	7,000	32,583	32,221	(362)
- 2022	7,400	33,289	32,649	(640)

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21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D.)

21.3 Foreign currency forward contracts (cont'd.)

The Group uses foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. Foreign currency forward contracts are used to hedge certain payables denominated in USD for which firm commitments existed at the reporting date, extending to January and March 2024.

The foreign currency forward contracts and interest rate swap are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure and fair value changes exposure. Any gains or losses arising from changes in the fair value of derivatives are recognised directly in profit or loss.

The method and assumptions applied in determining the fair values of the derivatives above are disclosed in Note 35.6(b).

22. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	250,398	1,021,377	81	4,072
Deposits with licensed banks	146,620	199,421	-	-
Total cash and short-term deposits	397,018	1,220,798	81	4,072
Represented by:				
Cash and cash equivalents	393,978	1,218,292	81	4,072
Restricted cash and cash equivalents	3,040	2,506	-	-
Total cash and short-term deposits	397,018	1,220,798	81	4,072

Cash and cash equivalents include cash on hand and at banks and deposits with financial institutions. For the purpose of the statements of cash flows, cash and cash equivalents are net of outstanding bank overdrafts, if any.

The Group's cash and cash equivalents included amounts of foreign currency denominated in USD totalling RM13.6 million (2022: RM16.0 million) at the reporting date.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates of deposits at the reporting date are as follows:

	Group	
	2023	2022
	%	%
Deposits with licensed banks	4	3

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22. CASH AND SHORT-TERM DEPOSITS (CONT'D.)

The deposits with licensed banks of the Group will mature within two month (2022: one month) from the end of the reporting date.

Included in the deposits with licensed banks of the Group at the reporting date is an amount of RM3.0 million (2022: RM2.5 million) which has been pledged as security for banking facilities granted to one of the subsidiaries as disclosed in Note 23.

23. LOANS AND BORROWINGS

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Non-current					
Secured:					
Floating-rate term loans	23.1	1,677	1,861	-	-
Fixed-rate term financing	23.1	233	444	-	-
		1,910	2,305	-	-
Unsecured:					
Floating-rate term loans		432,530	612,500	-	-
Floating-rate term financing-i		2,529,912	1,887,077	-	-
Loan from a subsidiary	23.3	-	-	2,821,930	2,422,645
Sukuk	23.4	3,596,790	3,247,876	-	-
Lease liabilities	13	4,208,282	4,998,161	-	-
		10,767,514	10,745,614	2,821,930	2,422,645
		10,769,424	10,747,919	2,821,930	2,422,645
Current					
Secured:					
Floating-rate term loans	23.1	174	157	-	-
Fixed-rate term financing	23.1	211	203	-	-
Bankers' acceptances	23.2	4,854	2,514	-	-
		5,239	2,874	-	-

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23. LOANS AND BORROWINGS (CONT'D.)

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Unsecured:					
Floating-rate term loans		175,000	199,107	-	-
Floating-rate term financing-i		250,000	75,000	-	-
Fixed-rate term financing-i		-	2,400,000	-	-
Loan from a subsidiary	23.3	-	-	-	87,500
Sukuk	23.4	650,000	-	-	-
Floating-rate revolving credit-i		1,250	450,000	-	-
Lease liabilities	13	1,146,046	1,011,775	-	-
		2,222,296	4,135,882	-	87,500
		2,227,535	4,138,756	-	87,500
Total loans and borrowings		12,996,959	14,886,675	2,821,930	2,510,145

The weighted average effective interest/profit rates at the reporting date for borrowings and debt securities are as follows:

	Group	
	2023 %	2022 %
Floating-rate term loans and term financing-i	4	4
Sukuk	4	5
Fixed-rate term financing and term financing-i	4	3
Floating-rate revolving credit-i	4	4
Banker's acceptance	5	5
Lease liabilities	3 - 6	4 - 5

The above borrowings and debt securities are denominated in RM.

23.1 Floating-rate term loan and fixed-rate term financing (secured)

These facilities of the Group are secured by:

- (i) a first party legal charge over a freehold building as disclosed in Note 11(c); and
- (ii) a joint and several guarantee of certain directors of a subsidiary.

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23. LOANS AND BORROWINGS (CONT'D.)

23.2 Bankers' acceptances (secured)

The bankers' acceptances of the Group are secured by:

- (i) a Facility Agreement as Principal Instrument;
- (ii) deposits with licensed banks as disclosed in Note 22;
- (iii) a 70% guarantee coverage by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
- (iv) a joint and several guarantee of certain directors of a subsidiary.

23.3 Loan from a subsidiary

Loan from a subsidiary bears interest at rates of 4% to 5% per annum, unsecured and is repayable by way of instalments based on a intercompany loan agreement signed on 29 November 2022.

The final instalment is repayable on 30 September 2029.

23.4 Sukuk

The Group through its wholly-owned subsidiary, DTSB, has established an Islamic medium term note programme of up to RM5.0 billion in nominal value ("IMTN Programme"); and an Islamic commercial papers programme of up to RM1.0 billion in nominal value ("ICP Programme"), which have a combined limit of up to RM5.0 billion in nominal value (collectively referred to as "DTSB Sukuk") based on the Islamic principle of Murabahah (via a Tawarruq arrangement).

Tenure of the IMTN Programme was converted to perpetual during the financial while ICP Programme will expire in 2024.

As at 31 December 2023, the series of DTSB Sukuk in issue consists of:

Tranche	Tenure	Rate %	Maturity date	Nominal value RM'000
002	7 years	5	12 April 2024	300,000
003	10 years	5	14 April 2027	300,000
004	7 years	4	18 September 2026	450,000
005	10 years	4	20 September 2029	450,000
006	3 years	5	2 December 2025	250,000
007	5 years	5	2 December 2027	350,000
008	7 years	4	30 May 2030	1,000,000
Total				3,100,000

The proceeds from DTSB Sukuk have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note 21.

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23. LOANS AND BORROWINGS (CONT'D.)

23.4 Sukuk (cont'd.)

Another wholly-owned subsidiary of the Group, Celcom Networks Sdn. Bhd. has issued in prior years a Sukuk of RM5.0 billion in nominal value (referred to as "Celcom Sukuk"). The tenure of Celcom Sukuk was converted to be perpetual in the previous financial year. Celcom Sukuk was also issued under Islamic financing principles of Murabahah.

As at 31 December 2023, the series of Celcom Sukuk in issue consists of:

Series	Tenure	Rate %	Maturity date	Nominal value RM'000
8	10 years	5	28 October 2026	350,000
10	7 years	5	29 August 2024	350,000
11	10 years	5	27 August 2027	450,000
Total				1,150,000

The maturities of the Group's loans and borrowings at the reporting date are as follows:

	Group	
	2023 RM'000	2022 RM'000
		Restated
Less than one financial year	2,227,535	4,138,756
Between one and two financial years	1,418,897	1,888,690
Between two and five financial years	5,664,681	5,937,895
More than five financial years	3,685,846	2,921,334
	12,996,959	14,886,675

Reconciliation of liabilities arising from financing activities

Group	Interest bearing loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2023 (Restated)	8,876,739	6,009,936	14,886,675
Drawdown	1,944,465	-	1,944,465
Payment	(3,166,245)	(1,028,000)	(4,194,245)
Non-cash changes:			
Other changes	(12,328)	372,392	360,064
At 31 December 2023	7,642,631	5,354,328	12,996,959

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23. LOANS AND BORROWINGS (CONT'D.)

23.4 Sukuk (cont'd.)

Reconciliation of liabilities arising from financing activities (cont'd.)

	Interest bearing loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2022	2,500,415	2,458,860	4,959,275
Acquisition of subsidiaries (Restated)	4,039,396	3,807,861	7,847,257
Drawdown	3,550,000	-	3,550,000
Payment	(1,175,000)	(485,325)	(1,660,325)
Non-cash changes:			
Other changes	(38,072)	228,540	190,468
At 31 December 2022 (Restated)	8,876,739	6,009,936	14,886,675

Company	Interest bearing loans and borrowings RM'000
At 1 January 2023	2,510,145
Drawdown	402,000
Payment	(91,950)
Non-cash changes:	
Other changes	1,735
At 31 December 2023	2,821,930

At 1 January 2022	-
Drawdown	2,522,000
Non-cash changes:	
Other changes	(11,855)
At 31 December 2023	2,510,145

Included in the other changes are transaction costs deducted against carrying amount of loans and borrowings amortised under effective interest rate method, and accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

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24. DEFERRED TAX LIABILITIES/(ASSETS)

	Group 2023 RM'000	2022 RM'000 Restated
At 1 January	1,597,502	303,027
Acquisition of subsidiaries	-	1,248,680
Recognised in profit and loss (Note 8)	(349,074)	45,795
At 31 December	1,248,428	1,597,502

Presented after appropriate offsetting as follows:

	Group 2023 RM'000	2022 RM'000 Restated
Deferred tax assets	(119,011)	(116,080)
Deferred tax liabilities	1,367,439	1,713,582
	1,248,428	1,597,502

The components and movements of recognised deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

Deferred tax assets:

	Contract liabilities RM'000	Lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2023	(138,157)	(568,068)	(178,566)	(884,791)
Recognised in profit and loss	5,405	88,920	(34,520)	59,805
At 31 December 2023	(132,752)	(479,148)	(213,086)	(824,986)
At 1 January 2022	(131,344)	(624,147)	(170,959)	(926,450)
Acquisition of subsidiaries	(94,122)	(3,400)	(13,166)	(110,688)
Recognised in profit and loss	87,309	59,479	5,559	152,347
At 31 December 2022	(138,157)	(568,068)	(178,566)	(884,791)

Others relate to deferred tax assets mainly arising from deductible temporary differences on provisions.

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24. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)

The components and movements of recognised deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows: (cont'd.)

Deferred tax liabilities:

	Contract costs RM'000	Contract assets RM'000	Property, plant and equipment and intangible assets RM'000	Right of use assets RM'000	Total RM'000
At 1 January 2023 (Restated)	18,625	56,728	1,463,600	943,340	2,482,293
Recognised in profit and loss	3,640	40,026	(334,703)	(117,842)	(408,879)
At 31 December 2023	22,265	96,754	1,128,897	825,498	2,073,414
At 1 January 2022	23,447	40,761	577,228	588,041	1,229,477
Acquisition of subsidiaries	-	33,056	895,897	430,415	1,359,368
Recognised in profit and loss	(4,822)	(17,089)	(9,525)	(75,116)	(106,552)
At 31 December 2022 (Restated)	18,625	56,728	1,463,600	943,340	2,482,293

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023	2022
	RM	RM
Unused tax losses	146,928	146,928
Unabsorbed capital allowances	58,701	58,701
	205,629	205,629

Deferred tax assets have not been recognised in respect of the items above as it is not probable that future taxable profits will be available against which the items above can be utilised.

The Malaysia Finance Act 2018 gazetted on 27 December 2018 imposed a time limitation to restrict the carry forward of the unused tax losses to a maximum period of 7 consecutive Year of Assessment ("YA"), effective YA 2019. Based on the latest Malaysia Finance Act 2021, gazetted on 31 December 2021, the time limit for the carry forward of the unused tax losses has been extended from 7 years to 10 years. As a result of this change, the unused tax losses accumulated up to the YA 2018 are allowed to be carried forward for 10 consecutive years of assessment (i.e. from YA 2019 to 2028). Any balance of the unused tax losses thereafter shall be disregarded.

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24. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)

Pursuant to the relevant tax regulation, the unused tax losses and unabsorbed capital allowances at the end of reporting period will expire as follows:

	Group	
	2023	2022
	RM	RM
More than 12 months	146,928	146,928

25. OTHER LIABILITIES

	Group	
	2023	2022
	RM'000	RM'000
Non-current		
Provisions (Note 25.1)	389,224	371,512

25.1 Provisions

	Note	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000 (Note 29)	Total RM'000
Group				
Non-current				
At 1 January 2023		371,424	88	371,512
Capitalised as property, plant and equipment	11(a)	5,561	-	5,561
Unwinding of discount	6	12,178	-	12,178
Additional provision	7(b)	-	67	67
Paid during the financial year		-	(94)	(94)
At 31 December 2023		389,163	61	389,224
Non-current				
At 1 January 2022		135,984	69	136,053
Acquisition of a subsidiary	15	172,371	-	172,371
Capitalised as property, plant and equipment	11(a)	58,874	-	58,874
Unwinding of discount	6	4,195	-	4,195
Additional provision	7(b)	-	67	67
Paid during the financial year		-	(48)	(48)
At 31 December 2022		371,424	88	371,512

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26. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		Restated		
Non-current				
Other payables	11,850	-	-	-
Current				
Trade payables	588,403	502,244	-	-
Other payables	1,277,118	897,062	-	-
Accruals	2,375,756	2,490,307	1,991	66,267
Customer deposits	43,753	37,793	-	-
Amount owing to subsidiaries	-	-	17,200	-
	4,285,030	3,927,406	19,191	66,267
Total trade and other payables	4,296,880	3,927,406	19,191	66,267

The Group's trade and other payables are non-interest bearing, and are subject to normal credit terms ranging from 30 to 60 days (2022: 30 to 60 days).

At 31 December 2023, the Group's trade and other payables balances included exposure to foreign currency denominated in USD, Singapore Dollar ("SGD"), SDR and Norwegian Krone ("NOK") amounting to RM51.6 million (2022: RM58.0 million), RM10.4 million (2022: Nil), RM34.6 million (2022: RM2.6 million) and RM1.6 million (2022: RM20.0 million) respectively.

Amount owing to subsidiaries is unsecured, interest bearing and repayable on demand.

27. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2023	2022	2023	2022
	Units ('000)	Units ('000)	RM'000	RM'000
Issued and fully paid				
As at 1 January	11,731,508	7,775,000	16,595,687	769,655
Issuance of ordinary shares	-	3,956,508	-	15,826,032
At 31 December	11,731,508	11,731,508	16,595,687	16,595,687

In the previous financial year ended 31 December 2022, the Company increased its issued and paid-up ordinary share capital from RM769,655,000 to RM16,595,687,000 by way of the issuance of 3,956,507,988 ordinary shares at an issue price of RM4.00 per ordinary share as partial discharge of purchase consideration for the acquisition of subsidiaries. The new ordinary shares issued in the previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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27. SHARE CAPITAL (CONT'D.)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

28. RESERVES

	Note	Group	
		2023	2022
		RM'000	RM'000
Share-based payment reserve	28.1	938	-
Foreign currency translation reserve	28.2	18	103
Fair value reserve of financial asset at FVOCI	28.3	(42)	-

28.1 Share-based payment reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to key management personnel, as part of their remuneration.

On 17 August 2023, the Group announced the establishment of an ESGP of up to 0.5% of the total number of issued ordinary shares in CelcomDigi Berhad (excluding treasury shares, if any) at any point in time during the duration of the share grant plan of 10 years, commencing from 17 August 2023, for the eligible selected employees who hold senior management position in the Group (excluding subsidiaries which are dormant) ("Eligible Senior Executives").

For the ESGP granted by the Group to the Eligible Senior Executives on 1 September 2023, the number of ordinary shares of the Company that will vest on 1 July 2026 ("Vesting Date") will be determined in accordance with and subject to the satisfaction of the performance targets of the Group over the three years period from the year of grant (i.e. 31 December 2023, 31 December 2024 and 31 December 2025).

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, ESGP during the financial year:

	Number	WAEP
	'000	RM
Outstanding at 1 January 2023	-	-
Granted during the financial year	1,780	4.40
Outstanding at 31 December 2023	1,780	4.40

Exercisable at 31 December 2023

The weighted average fair value of ESGP granted during the financial year was RM 4.40.

The weighted average remaining contractual life for the ESGP outstanding as at 31 December 2023 was 2.5 years.

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28. RESERVES (CONT'D.)

28.2 Foreign currency translation reserve

The foreign currency translation reserve represents the foreign translation differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from the Group's presentation currency.

28.3 Fair value reserve of financial asset at FVOCI

This represents non-distributable reserve arising from cumulative fair value changes, net of tax, of financial assets at FVOCI until they are disposed of.

29. DEFINED BENEFIT PLAN

The Group operates an unfunded defined benefit plan for its eligible employees. The estimated obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary.

The amount recognised in the consolidated statement of financial position is determined as follows:

	Note	Group	
		2023	2022
		RM'000	RM'000
Present value of unfunded obligations	25.1	61	88

The amount recognised in profit and loss, included under staff expenses, is as follows:

	Note	Group	
		2023	2022
		RM'000	RM'000
Interest on obligations, representing increase in provision for defined benefit plan	7(b)	67	67

The principal actuarial assumption used in determining the retirement benefit obligation for the defined benefit plan, is as follows:

	Group	
	2023	2022
	%	%
Rate per annum:		
- Discount rate	5	5

Assumption regarding future mortality are based on published statistics and mortality table.

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30. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2023 and 2022 respectively, under the single-tier system.

31. OTHER ASSET

On 1 December 2023, CelcomDigi Berhad's wholly owned subsidiary, Infranation Sdn. Bhd., ("Infranation") had entered into a conditional share subscription agreement with Digital Nasional Berhad ("DNB") (the "Proposed Transaction"). The Proposed Transaction involves:

- (i) Infranation subscribing 100,000 new ordinary shares in DNB at an issue price of RM1.00 for each DNB share; and
- (ii) cash payment of RM233.2 million by DTSB to DNB as a prepayment for the 5G products and services to be delivered by DNB to DTSB which shall be regarded and treated as a shareholder advance by Infranation to DNB upon the completion of the Proposed Transaction.

As at 31 December 2023, DTSB has made the cash payment of RM233.2 million to DNB, which was recognised as non-current other asset.

32. COMMITMENTS

Capital commitments

	Group	
	2023	2022
	RM'000	RM'000
Capital expenditure in respect of property, plant and equipment and intangible assets:		
Approved and contracted for	1,172,220	885,923

33. PERFORMANCE GUARANTEES

	Group	
	2023	2022
	RM'000	RM'000
Unsecured		
Guarantees given to city councils for public infrastructure works	81,703	88,530
Guarantee given to MCMC on project tender, utility providers land owners for security deposits and others	333,164	331,642
	414,867	420,172

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34. SIGNIFICANT RELATED PARTY DISCLOSURES

34.1 Sales and purchases of services

Related party relationships are as follows:

- (i) The related parties are as disclosed in Note 1; and
- (ii) The Company's subsidiaries are as disclosed in Note 15.

Significant transactions and balances with related parties of the Group during the financial year are as follows:

Group	Transactions	
	2023 RM'000	2022 RM'000
Transactions with Axiata Group		
Sale of goods and services:		
- Commission fees income on content related services	24,663	2,244
- International SMS Services	7,395	847
- Information Technology ("IT") related services fee	977	-
- Managed services including marketing collection related services	403	121
- Mobile virtual network operator ("MVNO") income	205,392	18,084
- Provision of telecommunication services	8,285	34
- Site infrastructure lease income	5,455	453
- Sales of international roaming services	210	13
- Sales of interconnection services on international traffic	521	55
	253,301	21,851
Purchase of goods and services:		
- Commission fees expense on content related services	2,529	209
- Fees payable for licenses and trademarks	9,000	-
- Information Technology ("IT") related services fee	7,465	1,883
- Infrastructure leasing and related services	691,986	57,558
- Lease expense of bandwidth leasing	92,566	40
- Managed services including marketing collection related services	11,746	42
- Provision of telecommunication services	704	-
- Purchases of international roaming services	464	30
- Purchases of interconnection services on international traffic	15,217	1,584
	831,677	61,346

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34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

34.1 Sales and purchases of services (cont'd.)

Significant transactions and balances with related parties of the Group during the financial year are as follows: (cont'd.)

Group	Transactions	
	2023 RM'000	2022 RM'000
Transactions with Telenor Group		
Sale of goods and services:		
- Consultancy fees rendered	-	10
- Consultancy services rendered	-	97
- Managed services rendered	-	97
- Lease income from bandwidth leasing	6,726	3,713
- Sales of interconnection services on international traffic	17,745	14,515
- Sales of international roaming services	1,002	382
	25,473	18,814
Purchase of goods and services:		
- Business security strategy execution received	6,595	6,601
- Clearing house services received for international roaming arrangements	2,196	441
- Consultancy services received	81	34,542
- Fees payable for licenses and trademarks	8,998	9,428
- Lease expenses of bandwidth leasing	4,313	974
- Managed services including marketing collection related services	-	865
- Managed services received	58,402	27,257
- Purchases of global connectivity	1,341	3,143
- Purchases of interconnection services on international traffic	12,228	8,857
- Purchases of international roaming services	2,351	1,382
- Purchases of IP transit	215	24
- Personnel services received	1,606	2,561
- Services received on application operations and basic operation for data centre	695	4,449
- Services received on digital marketing and distribution platform	7,599	9,124
	106,620	109,648

Notes to the Financial Statements

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34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

34.1 Sales and purchases of services (cont'd.)

Significant transactions and balances with related parties of the Group during the financial year are as follows: (cont'd.)

	Transactions	
	2023	2022
	RM'000	RM'000
Receivables from:		
- Axiata Group	35,899	13,243
- Telenor Group	1,712	778
	37,611	14,021
Payables to:		
- Axiata Group	46,275	49,333
- Telenor Group	13,553	1,052
	59,828	50,385

Amounts due from/(to) related companies which are trade in nature are unsecured, non-interest bearing and are subject to the normal credit terms for trade receivables and trade payables, respectively.

The directors are of the opinion that the above transactions are entered into in the normal course of business and at standard commercial terms mutually agreed between both parties.

34.2 Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly and indirectly, including directors of the Group and of the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	22,856	15,491	2,261	1,018
Post-employment benefits	3,011	1,849	-	-
Other employment benefits	-	3,326	-	-
	25,867	20,666	2,261	1,018

Included in remuneration of key management personnel above are non-executive directors' remuneration as disclosed in Note 7(c).

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35. FINANCIAL INSTRUMENTS

35.1 Financial risk management objectives and policies

In the normal course of conducting its business activities, the Group is exposed to a variety of financial risks, which include credit, foreign currency, liquidity and interest rate risks. The Group's overall risk management programme seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

35.2 Credit risk

Credit risk is the risk of loss that may arise if a counterparty default on its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk arises in the normal course of operations (primarily from trade and other receivables, and contract assets) and from its financing activities, including deposits with approved financial institutions. The maximum credit risk exposure is limited to the carrying amount of each financial asset and contract assets less allowance for impairment.

Trade receivables, other receivables, deposits and contract assets

The credit risk is managed through formalised policies on credit assessment and approvals, credit limits and monitoring procedures. Credit quality of each new customer is assessed based on an internally developed credit scoring model using information such as external ratings and credit agency information. Individual risk limits are set in accordance to the risk profile established for each customer, and are reviewed periodically.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group evaluates the concentration of risk with respect to trade receivables, other receivables, deposits and contract assets as low, as its customers base is large and diverse.

Trade receivables, other receivables, deposits and contract assets are written off when there is no reasonable expectation of recovery, and are not subject to enforcement activity. They are not secured by any collateral or credit enhancements.

Set out below is the information about the credit risk exposure on the Group's trade receivables, other receivables, deposits and contract assets using a provision matrix:

	Gross carrying amount	Expected credit losses	Net carrying amount
	RM'000	RM'000	RM'000
As at 31 December 2023			
Trade receivables			
- Not past due	1,726,027	(39,946)	1,686,081
- 1 to 30 days past due	113,905	(2,630)	111,275
- 31 to 60 days past due	33,258	(2,779)	30,479
- 61 to 90 days past due	18,932	(6,059)	12,873
- More than 91 days past due	176,707	(159,521)	17,186
Total trade receivables	2,068,829	(210,935)	1,857,894

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.2 Credit risk (cont'd.)

Trade receivables, other receivables, deposits and contract assets (cont'd.)

Set out below is the information about the credit risk exposure on the Group's trade receivables, other receivables, deposits and contract assets using a provision matrix: (cont'd.)

	Gross carrying amount	Expected credit losses	Net carrying amount
As at 31 December 2023	RM'000	RM'000	RM'000
Other receivables	873,982	(405,069)	468,913
Deposits	417,664	(184,090)	233,574
Contract assets	437,798	(12,036)	425,762
Total trade receivables, other receivables, deposits and contract assets	3,798,273	(812,130)	2,986,143

	Gross carrying amount	Expected credit losses	Net carrying amount
As at 31 December 2022	RM'000	RM'000	RM'000
Trade receivables			
- Not past due	1,280,779	(78,922)	1,201,857
- 1 to 30 days past due	101,870	(13,679)	88,191
- 31 to 60 days past due	39,380	(24,063)	15,317
- 61 to 90 days past due	21,515	(9,903)	11,612
- More than 91 days past due	255,187	(231,984)	23,203
Total trade receivables	1,698,731	(358,551)	1,340,180
Other receivables	1,317,132	(415,699)	901,433
Deposits	397,758	(174,650)	223,108
Contract assets	244,125	(22,330)	221,795
Total trade receivables, other receivables, deposits and contract assets	3,657,746	(971,230)	2,686,516

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.2 Credit risk (cont'd.)

Trade receivables, other receivables, deposits and contract assets (cont'd.)

Set out below is the movement in allowance for expected credit losses for trade receivables, other receivables, deposits and contract assets:

	Note	Trade receivables and other receivables	Contract assets	Deposits	Total
		RM'000	RM'000	RM'000	RM'000
At 1 January 2023		774,250	22,330	174,650	971,230
(Reversal of)/allowance for expected credit losses the financial year	7	(49,831)	18,586	9,440	(21,805)
Write offs and adjustments		(108,415)	(28,880)	-	(137,295)
At 31 December 2023		616,004	12,036	184,090	812,130
At 1 January 2022		29,040	4,528	-	33,568
Acquisition of subsidiaries		744,715	17,640	134,046	896,401
Allowance for expected credit losses for the financial year	7	38,757	162	40,604	79,523
Write offs		(38,262)	-	-	(38,262)
At 31 December 2022		774,250	22,330	174,650	971,230

Cash and short-term deposits

The Group's credit risk also arises from cash and short-term deposits. The credit risk is managed through monitoring procedures.

35.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. The currencies giving rise to this risk are primarily the USD, SDR and NOK. Although approximately 2% (2022: 2%) of the Group's total expenses are denominated in the above-mentioned foreign currencies, the settlements of these payables are on a net basis through clearing house services, together with revenues earned from the same operators and partners. The Group also holds cash and cash equivalents denominated in USD for working capital purposes. The Group's foreign-denominated cash and cash equivalents at the reporting date is disclosed in Note 22.

Exposure to foreign currency risk is monitored on an on-going basis and when considered necessary, the Group will consider using effective financial instruments to hedge its foreign currency risk in accordance with its foreign currency hedging policy. In line with the Group's foreign currency hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. These derivatives and their underlying exposures will be monitored on an on-going basis. However, these contracts are not designated as cash flow or fair value hedge.

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.3 Foreign currency risk (cont'd.)

The Group's foreign currency forward contracts are executed only with creditworthy financial institutions in Malaysia which are governed by appropriate policies and procedures.

Details of the Group's outstanding foreign currency forward contracts for the purpose of hedging certain payables denominated in USD for which firm commitments existed at the reporting date, extends to January and March 2024, are disclosed in Note 21. The effects of changes in the fair values of these derivative financial instruments have already been included in the financial statements during the financial year.

Management believes that there is no reasonably possible fluctuation in the foreign exchange rate which would cause any material effect to the Group's profit for the financial year.

35.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management, for working capital purposes and to mitigate the effects of fluctuations in cash flows. The Group invests only in highly liquid cash management funds, if any.

The Group's and the Company's trade and other payables and non-hedging derivative liabilities at the reporting date, are short-term in nature, and are payable either on-demand or within one financial year. Details of maturities for the Group's loans and borrowings are as disclosed in Note 23.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
2023					
Financial liabilities					
Trade and other payables	4,296,880	-	-	-	4,296,880
Loans and borrowings	1,397,192	947,837	4,362,940	2,106,564	8,814,533
Lease liabilities	1,205,575	823,915	1,866,994	1,735,963	5,632,447
Derivative financial liabilities:					
- Foreign currency forward contracts	362	-	-	-	362
Total undiscounted financial liabilities	6,900,009	1,771,752	6,229,934	3,842,527	18,744,222

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.4 Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

Group	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
2022 (Restated)					
Financial liabilities					
Trade and other payables	3,927,406	-	-	-	3,927,406
Loans and borrowings	3,429,502	1,260,720	4,198,595	1,063,417	9,952,234
Lease liabilities	1,281,449	1,151,666	2,599,434	2,273,567	7,306,116
Derivative financial liabilities:					
- Foreign currency forward contracts	640	-	-	-	640
Total undiscounted financial liabilities	8,638,997	2,412,386	6,798,029	3,336,984	21,186,396
Company					
2023					
Financial liabilities					
Other payables	1,991	-	-	-	1,991
Amount owing to subsidiaries	17,200	-	-	-	17,200
Loans and borrowings	122,993	119,301	623,051	3,107,838	3,973,183
Total undiscounted financial liabilities	142,184	119,301	623,051	3,107,838	3,992,374
2022					
Financial liabilities					
Other payables	66,267	-	-	-	66,267
Loans and borrowings	191,941	358,134	1,380,131	1,200,940	3,131,146
Total undiscounted financial liabilities	258,208	358,134	1,380,131	1,200,940	3,197,413

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk primarily from floating rate financial liabilities.

The Group manages its interest rate risk by having a mixed portfolio of fixed and floating rate financial liabilities that is consistent with the interest rates profiles acceptable to the Group. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, a fixed interest rate for floating rates.

The notional principal amounts of the outstanding interest rate swaps and its fair value are disclosed in Note 21.1.

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. A difference of 20 (2022: 20) basis points in interest rates applicable for the Group's entire loans and borrowings (excluding lease liabilities) would result in approximately 0.73% (2022: 0.49%) variance in the Group's profit for the financial year.

35.6 Fair values

The management assessed that the fair values of cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and the insignificant impact of discounting.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of floating-rate term loan and term financing-i are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of non-current portion of borrowings and debt securities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing, debt instruments or leasing arrangements at the reporting date.

(b) Derivative financial instruments

The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The fair value of the convertible warrants in an associate is determined using the Black Scholes Model and is sensitive to data inputs including stock price, dividend yield and volatility.

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.6 Fair values (cont'd.)

(c) Other investment

Investment in equity instrument represents ordinary shares not quoted on any market and does not have any comparable industry peers that is listed. The investment in unquoted equity instrument is not held for trading.

The initial acquisition cost of the unquoted equity investment is an approximate estimate of its fair value as the investee's entity is in the start-up stage.

35.7 Classification

The carrying amounts of financial instruments under each category, are as follows:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
			Restated		
Financial assets					
Financial assets at fair value through OCI:					
- Other investments	18	36	78	-	-
Financial assets at amortised cost:					
- Trade receivables	20	1,857,894	1,340,180	-	-
- Other receivables	20	468,913	901,433	-	-
- Deposits and prepayments	20	777,979	825,149	5	5
- Cash and short-term deposits	22	397,018	1,220,798	81	4,072
		3,501,804	4,287,560	86	4,077
Less: Prepayments		(544,405)	(602,041)	-	-
		2,957,399	3,685,519	86	4,077
Financial assets at fair value through profit or loss:					
Derivative financial assets					
- Derivative financial assets		62,466	43,342	-	-
- Trading securities		24	22	-	-
- Interest rate swaps	21	2,072	-	-	-
		64,562	43,364	-	-

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.7 Classification (cont'd.)

The carrying amounts of financial instruments under each category, are as follows: (cont'd.)

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Financial liabilities					
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities					
- Interest rate swaps	21	-	2,024	-	-
- Foreign currency forward contracts	21	362	640	-	-
		362	2,664	-	-
Other financial liabilities:					
- Banker's acceptance	23	4,854	2,514	-	-
- Floating-rate term loans	23	609,381	813,625	-	-
- Sukuk	23	4,246,790	3,247,876	-	-
- Floating-rate term financing-i	23	2,779,912	1,962,077	-	-
- Fixed-rate term financing	23	444	647	-	-
- Fixed-rate term financing-i	23	-	2,400,000	-	-
- Floating-rate revolving credit-i	23	1,250	450,000	-	-
- Loan from a subsidiary	23	-	-	2,821,930	2,510,145
- Lease liabilities	23	5,354,328	6,009,936	-	-
- Trade payables	26	588,403	502,244	-	-
- Other payables	26	1,288,968	495,062	-	-
- Accruals	26	2,375,756	2,486,862	1,991	66,267
- Customer deposits	26	43,753	37,793	-	-
- Amount owing to subsidiaries	26	-	-	17,200	-
		17,293,839	18,408,636	2,841,121	2,576,412

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.8 Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2023:

	Note	Date of valuation	Total RM'000	Fair value measurement using		
				Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Financial assets/ (liabilities) measured at fair value:						
Unquoted equity investments:						
- Other investment	18	31 December 2023	36	-	-	36
Derivative financial assets:						
- Convertible warrants in an associate	21	31 December 2023	62,466	-	62,466	-
- Interest rate swaps	21	31 December 2023	2,072	-	2,072	-
- Trading securities	18	31 December 2023	24	24	-	-
Derivative financial liabilities:						
- Foreign currency forward contracts	21	31 December 2023	(362)	-	(362)	-

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35. FINANCIAL INSTRUMENTS (CONT'D.)

35.8 Fair value measurement (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities. (cont'd.)

Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2022:

	Note	Date of valuation	Fair value measurement using			
			Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobserv- able inputs (Level 3) RM'000
Financial assets/ (liabilities) measured at fair value:						
Unquoted equity investments:						
- Other investment	18	31 December 2022	78	-	-	78
Derivative financial assets:						
- Convertible warrants in an associate	21	31 December 2022	43,342	-	43,342	-
- Trading securities	18	31 December 2022	22	22	-	-
Derivative financial liabilities:						
- Interest rate swaps	21	31 December 2022	(2,024)	-	(2,024)	-
- Foreign currency forward contracts	21	31 December 2022	(640)	-	(640)	-

There have been no transfers between Level 2 and Level 3 in the current financial year and prior financial year.

The fair value of unquoted equity investment is categorised as Level 3 as cost was estimated to be an appropriate measure of fair value. There was no indicators that cost might not be representative of fair value.

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36. CAPITAL MANAGEMENT

The essence of the Group's capital management strategy is to support its long-term strategic ambitions including:

- (i) its commitment to long-term sustainable dividend policy;
- (ii) its financial obligations while maintaining its financial flexibility; and
- (iii) its ability to support its business requirements and enable future growth.

Going-forward, the Group will continue to actively manage its capital structure to enhance shareholders' value and make adjustments to address changes in the economic environment and its business risk characteristics. The Group had during the financial year ended 31 December 2009, revised its minimum dividend pay-out policy to at least 80% of the Company's profit for the financial year, and dividend payment frequency. The dividend policy will be maintained subject to on-going assessment, and based on the availability of distributable reserves as well as the Group's future cash flow requirements and market conditions. These revisions and any other revision to its allocation of capital resources are subject to the approval of the board of directors. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2023.

37. SEGMENTAL INFORMATION

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

38. PRIOR YEAR ADJUSTMENT

In the previous financial year ended 31 December 2022, the Group had acquired 100% equity interest in Celcom Berhad. In accordance with MFRS 3: Business Combinations ("MFRS 3"), a PPA exercise was undertaken to determine the fair values of the identifiable assets and liabilities at the date of acquisition, and the PPA exercise has been finalised during the financial year.

In addition, the additional purchase consideration paid by the Group of RM402.0 million during the financial year, was as a result of the additional information about the facts and circumstances that existed at the date of acquisition date, therefore, it is treated as measurement period adjustment in accordance with MFRS 3.

As a result of the above, certain comparative amounts as at 31 December 2022 have been adjusted as disclosed below:

Group

At 31 December 2022

	As previously reported RM'000	Adjustment RM'000	As restated RM'000
Statement of financial position			
Property, plant and equipment	6,408,848	(129,143)	6,279,705
Intangible assets	18,694,727	564,743	19,259,470
Right of use assets	7,253,141	36,809	7,289,950
Deferred tax liabilities	1,730,623	(17,041)	1,713,582
Trade and other payables	3,521,961	405,445	3,927,406
Loans and borrowings - current	4,139,288	(532)	4,138,756
Accumulated losses	384,097	(84,537)	299,560

Notes to the Financial Statements

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38. PRIOR YEAR ADJUSTMENT (CONT'D.)

As a result of the above, certain comparative amounts as at 31 December 2022 have been adjusted as disclosed below: (cont'd.)

Group

At 31 December 2022

	As previously reported	Adjustment	As restated
	RM'000	RM'000	RM'000
Statement of comprehensive income			
Depreciation expenses	1,412,058	(111,498)	1,300,560
Amortisation expenses	97,334	266	97,600
Profit before tax and zakat	1,218,357	111,232	1,329,589
Taxation and zakat	454,688	26,695	481,383
Profit for the financial year	763,669	84,537	848,206

The finalisation of the PPA exercise did not have an impact to the Group's statement of cash flows and the Company's financial statements for the financial year ended 31 December 2022.

39. MATERIAL LITIGATION

(i) Main Suit 1: Kuala Lumpur High Court Suit No. D1-22-1960-2008

Celcom Berhad ("Celcom") and Celcom Resources Berhad ("Celcom Resources") vs Tan Sri Dato' Tajudin bin Ramli & 7 Others - Claim for damages for conspiracy – not quantifiable

On 24 October 2008, Celcom and Celcom Resources (also known as "the Plaintiffs") commenced proceedings in the High Court of Malaya in Kuala Lumpur against its former directors, namely (i) Tan Sri Dato' Tajudin Ramli ("TSDTR"), (ii) Dato' Bistamam bin Ramli ("BR"), (iii) Dato' Lim Kheng Yew ("DLKY"), (iv) Axel Hass ("AH"), and (v) Oliver Tim Axmann ("OTA") (the Main Suit 1 Defendants named in items (iv) and (v) are collectively referred to as the "the German Directors"), as well as (vi) DeTeAsia Holding GmbH ("DeTeAsia") and (vii) Beringin Murni Sdn. Bhd. (collectively with the German Directors referred to as "the Defendants").

The Plaintiffs are seeking damages for conspiracy. The Plaintiffs claim that the Defendants wrongfully and unlawfully conspired amongst each other to cause financial injury to the Plaintiffs by causing and/or committing the Plaintiffs to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("2002 Supplemental Agreement") and the Amended and Restated Supplemental Agreement dated 4 April 2002 with DeTeAsia ("the ARSA") which entitled DeTeAsia to renounce its right shares in Celcom Resources. Consequently, DeTeAsia exercised its renunciation of certain rights issue shares in favour of TSDTR and BR at a significantly higher price than the prevailing value of the shares at that time.

On 23 June 2016, TSDTR and BR, filed a statement of defence ("Defence for Main Suit 1") and counterclaim against the Plaintiffs seeking among others:

- (a) payment of the sum of RM6,246.5 million or alternatively the sum of RM7,214.9 million together with interest, being the same amount claimed by TSDTR in a separate counterclaim filed in the Kuala Lumpur High Court Suit No. D2-22-673-2006 (known as the Danaharta Suit) which was subsequently withdrawn pursuant to a purported global settlement agreement which did not include the Main Suit 1 ("TSDTR and BR's Counterclaim against Main Suit 1");

Notes to the Financial Statements

- 31 December 2023

39. MATERIAL LITIGATION (CONT'D.)

(i) Main Suit 1: Kuala Lumpur High Court Suit No. D1-22-1960-2008 (cont'd.)

Celcom Berhad ("Celcom") and Celcom Resources Berhad ("Celcom Resources") vs Tan Sri Dato' Tajudin bin Ramli & 7 Others - Claim for damages for conspiracy – not quantifiable (cont'd.)

- (b) pay all sums received by Telekom Malaysia Berhad ("TM") and Telekom Enterprise Sdn Bhd ("Telekom Group") from dividends and other payments from the Plaintiffs to be assessed;
- (c) withdraw all pending suits without liberty to refile and no order as to costs;
- (d) restraint from executing judgment procured from the pending suits;
- (e) indemnify TSDTR and BR against all liability, payments, loss and damages incurred or suffered as a consequence or in relation to the pending suits;
- (f) punitive, aggravated and exemplary damages to be assessed for malicious prosecution;
- (g) interest and costs.

On 30 June 2016, the German Directors and DeTeAsia filed their respective defences.

TM filed an application to intervene in the Main Suit 1 in light of the allegations made against TM in TSDTR and BR's counterclaim against Main Suit 1.

Following the decision of the Court of Appeal on 4 May 2017 in allowing Telekom Malaysia Berhad's appeal to be added as a defendant to TSDTR and BR's counterclaim, TSDTR and BR filed an application to amend their defence and counterclaims on 19 May 2017 which was dismissed by the High Court on 29 June 2017.

On 24 July 2017, TSDTR and BR filed an appeal to the Court of Appeal and that the same was dismissed by the Court of Appeal on 8 December 2017 with cost of RM1,000 to the Plaintiffs and RM5,000 to Telekom.

TSDTR and BR filed the Notice of Motion for leave to appeal to the Federal Court against the dismissal of the Court of Appeal's decision dated 2 January 2018 and the same has been dismissed by the Federal Court.

The trial in the High Court had proceeded commencing from 22 January 2018 up until 8 October 2021.

On 15 November 2021, the Plaintiffs and DeTeAsia have reached an amicable settlement without any admission as to liability in respect of this Main Suit 1. The Plaintiffs have discontinued this Main Suit 1 with no order as to costs and without liberty to file afresh against AH, OTA and DeTeAsia.

(ii) Main Suit 2: Kuala Lumpur High Court Suit No. D5-22-610-2006

Celcom and Celcom Resources vs TSDTR & 8 Others – (i) Claim for indemnification of sums paid as a result of International Chamber of Commerce in Paris ("ICC") decision – RM791.6 million (ii) Damages for breach of fiduciary duties – Not quantifiable (iii) Claim for unauthorised profits made by TSDTR – RM446.0 million

On 28 April 2006, Celcom and Celcom Resources (also known as "the Plaintiffs") instituted a claim against nine (9) of its former directors (namely (i) TSDTR, (ii) BR, (iii) DLKY, (iv) Dieter Sieber ("DS"), (v) Frank-Reinhard Bartsch ("FRB"), (vi) Joachim Gronau, (vii) Joerg Andreas Boy ("JAB"), (viii) AH, and (ix) OTA, (Defendants named in items (iv) and (ix) collectively referred to as the "the German Directors") (collectively referred to as the "the Defendants").

Notes to the Financial Statements

- 31 December 2023

39. MATERIAL LITIGATION (CONT'D.)

(ii) Main Suit 2: Kuala Lumpur High Court Suit No. D5-22-610-2006 (cont'd.)

Celcom and Celcom Resources vs TSDTR & 8 Others – (i) Claim for indemnification of sums paid as a result of International Chamber of Commerce in Paris (“ICC”) decision – RM791.6 million (ii) Damages for breach of fiduciary duties – Not quantifiable (iii) Claim for unauthorised profits made by TSDTR – RM446.0 million (cont'd.)

The Plaintiffs are seeking an indemnification against the Defendants, for the sums paid by Celcom to DeTeAsia in satisfaction of the award granted in 2 August 2005 (“Award”) by the Tribunal of the ICC alleging that the Defendants had breached their fiduciary duties by causing the Plaintiffs to enter into a Subscription Agreement dated 25 June 1996 with Deutsche Telekom AG (“the Subscription Agreement”) and the ARSA dated 4 April 2002 between DeTeAsia and the Plaintiffs. The defendants were inter alia, directors of the Plaintiffs at time of entry into the Subscription Agreement and the ARSA.

In addition, the Plaintiffs have also made a claim against TSDTR only, for the return of the alleged unauthorised profits made by him, all monies received by the directors arising out of such breaches, losses and damages in connection with the abovementioned agreements.

In summary, the Plaintiffs are seeking the following:

- (a) A declaration that the Defendants have acted in breach of their fiduciary duties and are liable to indemnify Celcom in relation to the sums paid out to DeTeAsia pursuant to the Award where the ICC found Celcom to be liable for the following:
 - (i) The sum of USD177.2 million (RM715.4 million) being the principal sum plus USD16.3 million (RM65.6 million) representing interest at the rate of 8% for the period from 16 October 2002 to 27 June 2003;
 - (ii) The cost of arbitration amounting to USD0.8 million (RM3.3 million); and
 - (iii) The sum of USD1.8 million (RM7.3 million) representing the legal costs.
- (b) Damages for various breaches of fiduciary duties committed by them in relation to the entry into the Subscription Agreement and the ARSA; and
- (c) The unauthorised profits claimed to have been made by TSDTR, amounting to RM446.0 million.

On 23 June 2016, TSDTR and BR served their defence and counterclaim. In the defence and counterclaim, TSDTR and BR are seeking, among others, the following relief from the Plaintiffs:

- (a) pay the sum of RM6,246.5 million or alternatively the sum of RM7,214.9 million together with interest, being the amount claim by TSDTR in his counterclaim in Kuala Lumpur High Court Suit No: D2-22-673-2006 which was withdrawn pursuant to a global settlement;
- (b) pay all sums received by Telekom Malaysia Berhad and Telekom Enterprise Sdn Bhd (“Telekom Group”) from dividends and other payments from the Plaintiffs to be assessed;

Notes to the Financial Statements

- 31 December 2023

39. MATERIAL LITIGATION (CONT'D.)

(ii) Main Suit 2: Kuala Lumpur High Court Suit No. D5-22-610-2006 (cont'd.)

Celcom & Another vs TSDTR & 8 Others – (i) Claim for indemnification of sums paid as a result of ICC decision – RM791.6 million (ii) Damages for breach of fiduciary duties – Not quantifiable (iii) Claim for unauthorised profits made by TSDTR – RM446.0 million (cont'd.)

- (c) withdraw all pending suits without liberty to refile and no order as to costs;
- (d) restraint from executing judgment procured from the pending suits;
- (e) indemnify TSDTR and DBR against all liability, payments, loss and damages incurred;
- (f) or suffered as a consequence or in relation to the pending suits;
- (g) punitive, aggravated and exemplary damages to be assessed for malicious prosecution; and
- (h) interest and costs.

On 30 June 2016, DS, FRB, JAB, AH and OTA served their Defence.

Following the decision of the Court of Appeal on 4 May 2017 in allowing Telekom Malaysia Berhad's appeal to be added as a defendant to TSDTR and BR's counterclaim, TSDTR and BR filed an application to amend their Defence and Counterclaims on 19 May 2017 which was dismissed by the High Court on 29 June 2017.

On 24 July 2017, TSDTR and BR filed an appeal to the Court of Appeal and that the same was dismissed by the Court of Appeal on 8 December 2017 with cost of RM1,000 to the Plaintiffs and RM5,000 to Telekom.

TSDTR and DBR filed a notice of motion for leave to appeal to the Federal Court against the dismissal of the Court of Appeal's decision dated 2 January 2018 and the same has been dismissed by the Federal Court.

The trial in the High Court had proceeded commencing from 22 January 2018 up until 8 October 2021.

On 19 November 2021, the Plaintiffs and DeTeAsia have reached an amicable settlement without any admission as to liability in respect of this suit. The Plaintiffs have discontinued this suit with no order as to costs and without liberty to file afresh against DS, FRB, JAB, AH and OTA.

The hearing for oral submission for Main Suit 1 and Main Suit 2 was held on 13 December 2022. The judge handed his decision on 10 February 2023. The High Court has decided Main Suit 1 and Main Suit 2 in favour of the Plaintiffs and dismissed TSDTR and DBR's counterclaims in both suits with costs.

Following the decision of the High Court allowing the Plaintiffs' claims against TSDTR and DBR, and dismissing the latter's counterclaims in both suits with costs, the High Court on 29 July 2023 entered Judgment against TSDTR and DBR in the Suits as follows:

As against TSDTR:

- (a) The sum of RM214,662,248.15 together with prejudgment interest at the rate of 5% per annum from 26 September 1996 to the date of full realisation.
- (b) The sum of RM231,375,892.94 together with prejudgment interest at the rate of 5% per annum from 23 May 2002 to the date of full realisation.

Notes to the Financial Statements

- 31 December 2023

39. MATERIAL LITIGATION (CONT'D.)

As against TSDTR and DBR:

- (a) The sum of USD232,000,000.00 together with prejudgment interest at the rate of 5% per annum from 27 January 2006 to the date of full realisation.
- (b) Costs of RM2,621,500.00.

Axiata Group Berhad ("Axiata") and CelcomDigi Berhad have agreed in the SPA that if the Plaintiffs are unsuccessful in defending the two (2) counterclaims in Main Suit 1 and Main Suit 2, Axiata shall indemnify the Group and pay when demanded, any losses incurred (but excluding certain non-direct losses) or any money or other consideration which may have to be provided by any member of the Group resulting out of or arising from the Main Suit 1 and Main Suit 2 ("TSDTR Indemnity"). The TSDTR Indemnity is uncapped in terms of quantum and time.

In the event that the Group receives any proceeds from both suits, the Group shall as soon as reasonably practicable, pay an amount equal to such proceeds to Axiata.

On 29th November 2023, Celcom, Celcom Resources, TSDTR and DBR reached an amicable settlement in respect of the Judgments entered in Main Suit 1 and Main Suit 2.

Consequently, this case has been concluded as resolved as of 31 December 2023, and no financial impacts were required to be recognised.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 15 March 2024.

Independent Assurance Report



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

TO BOARD OF DIRECTORS, STAKEHOLDERS, AND INTERESTED PARTIES,

SIRIM QAS International Sdn. Bhd. was engaged by CelcomDigi Berhad (hereafter referred to as CelcomDigi) to perform an independent verification and provide assurance of selected sustainable performance information (subject matter) for CelcomDigi sustainability reporting 2023. The main objective of the verification process is to provide assurance to CelcomDigi and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to selected sustainable performance information (subject matter) within the assurance scope which is included in CelcomDigi Integrated Annual Report 2023.

The management of CelcomDigi was responsible for the preparation of the Integrated Annual Report. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the CelcomDigi's Integrated Annual Report 2023.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process involves verification of these selected subject matter. Details are provided in Appendix 1 of this statement.

Sustainable Performance Indicator (subject matter)	Value
Customer Satisfaction Scores (CSAT) (%)	69.7%
Lost time injury frequency (LTIF) score (limited to permanent and contract employees) (No.)	0.14 (for every 1 million worked hours)
Total Scope 1 GHG emissions (tCO ₂ e)	53,670.04 tCO ₂ e
Total Scope 2 GHG emissions (tCO ₂ e)	467,840.18 tCO ₂ e
Total Energy consumption within the group (GWh)	913.49 GWh
Number of new suppliers signing CelcomDigi's Agreement of Business Conduct, ABC (No.)	242
Employees online learning hours (hrs)	Total : 65,404 hours Average : 14.1 hours per employee
Employee receiving training on anti-corruption (%)	100%
Community Impact Programme (Number of Future Skills for All (FS4) enrolment)	44,856

The verification was carried out by SIRIM QAS International in February and April 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Integrated Annual Report includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report to substantiate the veracity of the claims.

Independent Assurance Report

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in CelcomDigi Integrated Annual Report 2023.
- The corporate office of CelcomDigi, at Menara CelcomDigi, Petaling Jaya, was visited as part of this assurance engagement. The verification process did not include physical inspections of any of CelcomDigi's buildings, and call centers. And,
- The verification team did not verify any contractor or third-party data.

CONCLUSION

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of CelcomDigi relating to the accuracy of some of the information contained in the report. In response to the raised findings, the final value of the selected subject matters was subsequently reviewed and revised by CelcomDigi. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that CelcomDigi has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy for the selected subject matters is fairly stated;
- The level of disclosure of the selected subject matters presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report.

List of Assessors.

- Ms. Aernida Abdul Kadir : Team Leader
- Ms. Suzalina Kamaralarifin : Team Member
- Ms. Farhanah Ahmad Shah : Team Member

Statement Prepared by:

AERNIDA BINTI ABDUL KADIR
Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date: 2 April 2024

Statement Approved by:

TS. MD ADHA BIN RAHMAT
Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date: 4 April 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date for the specific parameter boundary (23 February & 2 April 2024).

List of Top 10 Properties

as at 31 December 2023

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Approximate Age of Building (Years)	Net Book Value as at 31.12.2023 RM'000
1	Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor.	Freehold	Land with a building / office	19.07.2001	284,485 sq ft	14	61,668
2	Lot 43, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor.	Freehold	Land with a building / telecommunications operation centre	06.04.2008 (Title transferred date)	92,142 sq ft	10	57,678
3	Lot 74, Section 13, Jalan Kemajuan, 46200 Petaling Jaya, Selangor.	Leasehold 99 years (expiring in 2065)	Land with a building / network office	23.03.1998	47,179 sq ft	27	33,668
4	Lot 44651, Bandar Sri Manjalara, Mukim Batu, Kuala Lumpur.	Leasehold 99 years (expiring in 2077)	Land with a building, tower and cabins / network operation centre	31.12.2003	47,889 sq ft	23	10,965
5	Lot 42, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor.	Freehold	Parking lot	28.04.2008 (Title transferred date)	91,676 sq ft	Not Applicable	8,234
6	No. 2, Jln 5/89A, Off Jalan Sekilau, Cheras, Kuala Lumpur.	Leasehold 85 years (expiring in 2085)	Land with a building / network office	23.05.1997	5,619 sq ft	24	6,918
7	Lot 44650, Off Jalan 2/2b, Bandar Sri Manjalara, Mukim Batu, Kuala Lumpur.	Leasehold 99 years (expiring in 2077)	Land with a building / network operation centre	23.05.1997	37,448 sq ft	23	5,915
8	H.S.(D) 12776, P.T. No. 15866, Mukim Bentong, District of Bentong, Pahang.	Leasehold 99 years (expiring in 2091)	Land with a building / earth station complex	07.08.1996	7.5 acres	26	4,698
9	Lot 3943 to 3948, Lorong Perda Utama 10, Bandar Baru Perda, Mukim 6, Seberang Perai Tengah, Pulau Pinang.	Freehold	Land with a building / network operation centre	16.10.1996	13,014 sq ft	27	4,466
10	No. 7, Section 1, Bandar Indera Mahkota Industrial Zone, Kuantan, Pahang.	Leasehold 66 years (expiring in 2058)	Land with a building / network operation centre	23.05.1997	87,145 sq ft	25	4,326

Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting (AGM) held on 23 May 2023, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

In accordance with Practice Note 12 of Main Market Listing Requirements (MMLR) of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2023 pursuant to the shareholders' mandate are disclosed as follows:-

CelcomDigi Group with the following related parties	CelcomDigi and/or its subsidiary companies	Nature of transaction undertaken by/provided to CelcomDigi and/or its subsidiaries	Sales of goods and services during the financial year (RM'000)	Purchase of goods and services during the financial year (RM'000)
Telenor Group of Companies				
Telenor Group	CelcomDigi Group	Business service costs, which include consultancy, training programmes, and advisory fees	-	1,687
		International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers	17,745	12,228
		International Roaming	1,002	2,351
		IP Transit (Internet Upstream) expense	-	215
		Global connectivity services and common services cost	-	1,341
		Services rendered on Enterprise Resource Planning and enterprise applications	-	695
		License and trademarks	-	8,998
		Managed Services	-	60,598
		Cloud based software infrastructure services	-	7,599
		Business Security cost	-	6,595
		Bandwidth leasing	6,726	4,313
Total			25,473	106,620

Disclosure of Recurrent Related Party Transactions

CelcomDigi Group with the following related parties	CelcomDigi and/or its subsidiary companies	Nature of transaction undertaken by/provided to CelcomDigi and/or its subsidiaries	Sales of goods and services during the financial year (RM'000)	Purchase of goods and services during the financial year (RM'000)
Axiata Group of Companies				
Axiata Group	CelcomDigi Group	International interconnect and roaming services	731	15,681
		Leased line/bandwidth leasing expense	-	92,566
		Commission fees on content related services	24,663	-
		International SMS revenue	7,395	-
		Content related expense	-	2,529
		Managed services including marketing and collection related cost	403	11,746
		Infrastructure leasing and related services	-	691,986
		IT related services	977	7,465
		Mobile virtual network operator related revenue	205,392	-
		Site infrastructure lease income	5,455	-
		License and trademarks	-	9,000
		Provision of telecommunication services	8,285	704
Total			253,301	831,677
Khazanah Group of Companies				
Khazanah Group	CelcomDigi Group	Cloud based software infrastructure services	49,073	-
		Leased line/bandwidth leasing expense	1,632	1,832
		Infrastructure leasing and related services	-	1,850
		Provision of telecommunication services	9,587	-
Total			60,292	3,682
Digital Nasional Berhad (DNB)				
DNB	CelcomDigi Group	Site infrastructure lease income	8,882	-
		Provision of 5G services	-	15,512
Total			8,882	15,512

Disclosure of Recurrent Related Party Transactions

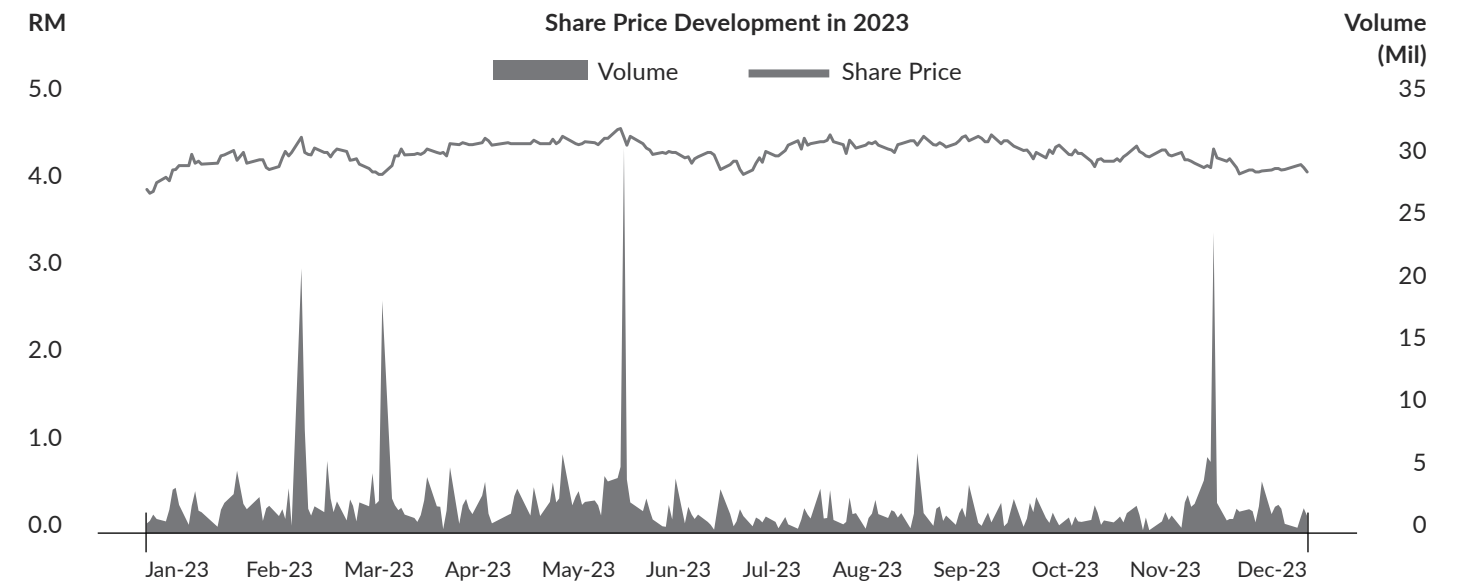
CelcomDigi Group with the following related parties	CelcomDigi and/or its subsidiary companies	Nature of transaction undertaken by/provided to CelcomDigi and/or its subsidiaries	Sales of goods and services during the financial year (RM'000)	Purchase of goods and services during the financial year (RM'000)
Telekom Malaysia (TM) Group of Companies				
TM Group	CelcomDigi Group	International interconnect and roaming services	-	767
		Leased line/bandwidth leasing expense	1,680	232,834
		Domestic interconnect and roaming services	20,274	6,825
		Infrastructure leasing and related services	7,122	16,718
		Provision of telecommunication services	14,706	-
Total			43,782	257,144
TOTAL			391,730	1,214,635

Notes:

Nature of the relationship of the related parties are as follows:

- Telenor Group refers to Telenor ASA and its subsidiaries. Telenor ASA, through its indirect wholly owned subsidiary, Telenor Malaysia Investments Pte Ltd, is an indirect major shareholder of CelcomDigi.
- Axiata Group refers to Axiata Group Berhad and its subsidiaries. Axiata Group Berhad is a major shareholder of CelcomDigi.
- Khazanah Group refers to Khazanah Nasional Berhad (Khazanah), its subsidiaries and other related entities. Khazanah is a major shareholder of Axiata Group Berhad and an indirect major shareholder of CelcomDigi.
- DNB is connected to CelcomDigi due to Khazanah, which is an indirect major shareholder of CelcomDigi and a person connected to DNB as Minister of Finance (Incorporated) is the holding company of DNB and Khazanah.
- TM Group refers to Telekom Malaysia Berhad and its subsidiaries. Telekom Malaysia Berhad is connected to CelcomDigi due to Khazanah, which is an indirect major shareholder of CelcomDigi and a major shareholder of TM Group.

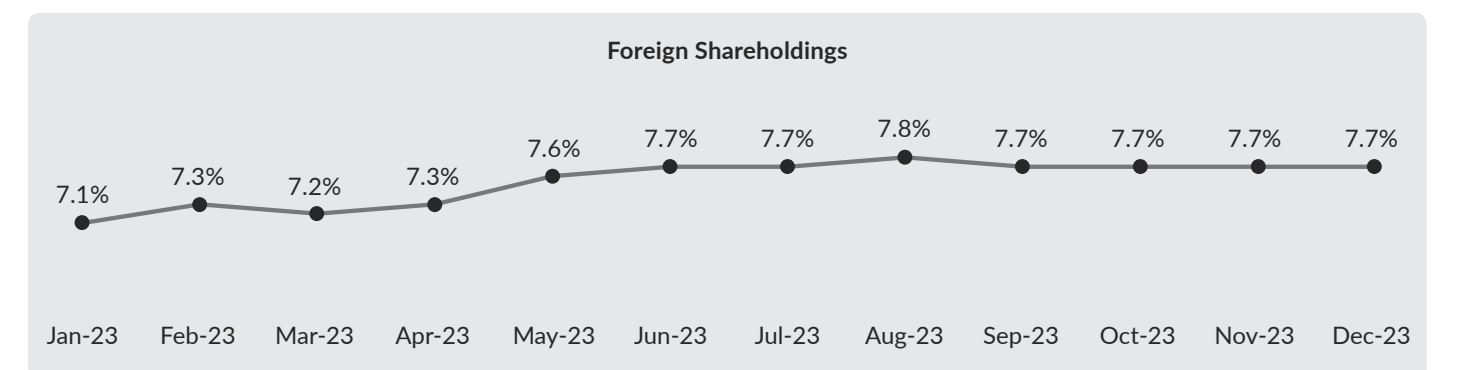
Share Price Development



	1Q23	2Q23	3Q23	4Q23
Low (RM)	3.84	4.11	4.05	4.06
High (RM)	4.47	4.57	4.50	4.38
Average (RM)	4.20	4.37	4.36	4.22
Volume ('bil)	241.3	238.7	130.3	179.1
Average Daily Volume ('mil)	4.0	4.0	2.1	2.8

Historical Monthly Foreign Shareholdings

Our foreign shareholdings were lower in comparison to the trend a year ago, as the shareholdings decreased from an average of 10.0% in 2022 to 7.5% in 2023, following the merger completion in which 3.9 billion of new shares were issued as part of the consideration for the merger transaction. Nonetheless, the foreign shareholdings were on an increasing trend throughout the year from 7.1% to 7.7%, a testament of investors confidence on our financial strength and operational excellence.



Analysis of Shareholdings

Statistics on shareholdings as at 15 March 2024

Total number of Issued Shares	: 11,731,507,988
Class of Equity Securities	: Ordinary Share ("Share")
Voting Rights	: One vote per share

ANALYSIS BY SIZE OF HOLDINGS AS AT 15 MARCH 2024

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	1,173	4.819	11,740	0.000
100-1,000	10,974	45.084	6,189,075	0.053
1,001-10,000	9,719	39.929	39,022,428	0.332
10,001-100,000	1,806	7.420	49,291,952	0.420
100,001-586,575,398 (*)	665	2.732	2,532,561,340	21.588
586,575,399 and above (**)	4	0.016	9,104,431,453	77.607
Total	24,341	100.000	11,731,507,988	100.000

Remarks:

- * Less than 5% of issued shares
 ** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2024

Substantial Shareholders	Number of Shares			
	Direct Interest	%	Deemed Interest	%
Axiata Group Berhad	3,883,129,144	33.100	-	-
Telenor Malaysia Investments Pte Ltd	3,883,129,144	33.100	-	-
Telenor South East Asia Investment Pte Ltd	-	-	3,883,129,144 ^(a)	33.100
Telenor Asia Holdings AS	-	-	3,883,129,144 ^(b)	33.100
Telenor Mobile Holding AS	-	-	3,883,129,144 ^(c)	33.100
Telenor ASA	-	-	3,883,129,144 ^(d)	33.100
Khazanah Nasional Berhad	-	-	3,883,129,144 ^(e)	33.100
Employees Provident Fund Board	1,155,987,790	9.854	-	-
AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	600,797,000	5.121	-	-

Remarks:

- ^(a) Deemed interested by virtue of its 100% interest in Telenor Malaysia Investments Pte Ltd pursuant to Section 8(4) of the Companies Act 2016
^(b) Deemed interested by virtue of its 100% interest in Telenor South East Asia Investment Pte Ltd which has 100% interest in Telenor Malaysia Investments Pte Ltd pursuant to Section 8(4) of the Companies Act 2016
^(c) Deemed interested by virtue of its 100% interest in Telenor Asia Holdings AS which has 100% interest in Telenor South East Asia Investment Pte Ltd, which in turn has 100% interest in Telenor Malaysia Investments Pte Ltd pursuant to Section 8(4) of the Companies Act 2016
^(d) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS which has 100% interest in Telenor Asia Holdings AS which has 100% interest in Telenor South East Asia Investment Pte Ltd, which in turn has 100% interest in Telenor Malaysia Investments Pte Ltd pursuant to Section 8(4) of the Companies Act 2016
^(e) Deemed to have interest pursuant to Section 8 of the Companies Act 2016 through its associate, Axiata Group Berhad, which is a substantial shareholder of CelcomDigi Berhad

Statement of Directors' and Chief Executives' Shareholdings

AS AT 15 MARCH 2024

	Number of Shares			
	Direct Interest	%	Deemed Interest	%
Directors				
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	-	-	-	-
Haakon Bruaset Kjoel	-	-	-	-
Vivek Sood	-	-	-	-
Rita Skjaervik	-	-	-	-
Dr Shridhir Sariputta Hansa Wijayasuriya	-	-	-	-
Kasper Wold Kaarbø	-	-	-	-
Tan Sri Abdul Farid Alias	-	-	-	-
Vimala V.R. Menon	-	-	-	-
Datuk Iain John Lo	-	-	-	-
Khatijah Shah Mohamed	-	-	-	-
Chief Executive Officer				
Datuk Mohamad Idham Nawawi	2,000	negligible	-	-
Deputy Chief Executive Officer				
Albern Murty	4,600	negligible	-	-

List of 30 Largest Shareholders

As at 15 March 2024

Name of Shareholders	No. of Shares	%
1 AXIATA GROUP BERHAD	3,883,129,144	33.099
2 CITIGROUP NOMINEES (ASING) SDN BHD TELENOR MALAYSIA INVESTMENTS PTE LTD	3,883,129,144	33.099
3 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	737,375,565	6.285
4 AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA	600,797,600	5.121
5 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	319,459,335	2.723
6 KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	286,009,522	2.437
7 CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	79,781,383	0.680
8 LEMBAGA TABUNG HAJI	68,722,150	0.585
9 CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	64,129,460	0.546
10 AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 2 - WAWASAN	62,600,000	0.533
11 AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 2	62,000,000	0.528
12 AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 3	56,765,800	0.483
13 CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	55,288,800	0.471
14 HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	53,741,080	0.458
15 HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	53,675,033	0.457
16 MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	48,500,000	0.413
17 MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	43,653,700	0.372
18 CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	36,880,000	0.314
19 AHMAD SEBI BIN BAKAR	35,630,530	0.303
20 CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	32,271,800	0.275
21 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	32,208,714	0.274
22 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	32,012,090	0.272
23 CITIGROUP NOMINEES (ASING) SDN BHD CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)	29,821,272	0.254

List of 30 Largest Shareholders

As at 15 March 2024

Name of Shareholders	No. of Shares	%
24 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CGS CIMB)	29,328,000	0.249
25 HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	26,078,600	0.222
26 CARTABAN NOMINEES (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	25,728,900	0.219
27 AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	25,258,300	0.215
28 AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 3-DIDIK	21,664,200	0.184
29 CARTABAN NOMINEES (ASING) SDN BHD BBH CO BOSTON FOR FIDELITY SALEM STREET TRUST - FIDELITY SAI EMERGING MARKETS LOW VOLATILITY INDEX FUND	20,873,400	0.177
30 HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFITS TRUSTS	20,706,900	0.176

Corporate Information

BOARD OF DIRECTORS

Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz
Chair, Non-Independent
Non-Executive Director

Haakon Bruaset Kjoel
Deputy Chair, Non-Independent
Non-Executive Director

Vivek Sood
Non-Independent
Non-Executive Director

Rita Skjaervik
Non-Independent
Non-Executive Director

Dr Shridhir Sariputta Hansa Wijayasuriya
Non-Independent
Non-Executive Director

Kasper Wold Kaarbø
Non-Independent Non-Executive
Director

Tan Sri Abdul Farid Alias
Independent Non-Executive Director

Vimala V.R. Menon
Independent Non-Executive Director

Datuk Iain John Lo
Independent Non-Executive Director

Khatijah Shah Mohamed
Independent Non-Executive Director

BOARD AUDIT COMMITTEE

Tan Sri Abdul Farid Alias

Chair

Khatijah Shah Mohamed

Member

Vimala V.R. Menon

Member

BOARD GOVERNANCE AND RISK MANAGEMENT COMMITTEE

Vivek Sood

Chair

Haakon Bruaset Kjoel

Member

Khatijah Shah Mohamed

Member

Datuk Iain John Lo

Member

BOARD NOMINATION AND REMUNERATION COMMITTEE

Datuk Iain John Lo

Chair

Tan Sri Abdul Farid Alias

Member

Vimala V.R. Menon

Member

SECRETARIES

Choo Mun Lai (MAICSA No. 7039980)
(SSM PC No. 201908001003)

Tai Yit Chan (MAICSA No. 7009143)
(SSM PC No. 202008001023)

DOMICILE AND COUNTRY OF INCORPORATION

Malaysia

REGISTERED OFFICE

Level 30, Menara CelcomDigi
No. 6, Persiaran Barat
Seksyen 52, 46200 Petaling Jaya
Selangor
Malaysia

Tel : 03-7200 2222

Fax : N/A

INVESTOR RELATIONS

Tel : 019-601 1111

E-mail : invesrel@celcomdigi.com

WEBSITE

www.celcomdigi.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

(Registration No. 197101000970)
(11324-H)

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3

Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

Tel : 03-2783 9299

Fax : 03-2783 9222

E-mail : is.enquiry@my.tricorglobal.com

Web : www.tricorglobal.com

Tricor Customer Service Centre

Unit G-3, Ground Floor

Vertical Podium, Avenue 3

Bangsar South, No. 8 Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) &
AF 0039

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damanlela, Pusat Bandar

Damansara

50490 Kuala Lumpur

Malaysia

Tel : 03-7495 8000

Fax : 03-2095 5332

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

Listed on : 18 December 1997

Stock Name : CDB

Stock Code : 6947

PRINCIPAL BANKERS

AmBank Islamic Berhad

CIMB Islamic Bank Berhad

Maybank Islamic Berhad

RHB Bank Berhad

RHB Islamic Berhad

Standard Chartered Bank Malaysia Berhad

Sumitomo Mitsui Banking Corporation

Malaysia Berhad

Corporate Directory

HEAD OFFICES

CelcomDigi Tower
No. 6, Persiaran Barat
Seksyen 52
46200 Petaling Jaya
Selangor
Malaysia

CelcomDigi Hub
Lot 10, Jalan Delima 1/1
Subang Hi-Tech Industrial Park
40000 Shah Alam
Selangor
Malaysia

REGIONAL OPERATING OFFICES

Northern Region

No. 11, Pusat Perdagangan Nova
Jalan Ahmad Nor
11600 Jelutong, Penang
Malaysia

Southern Region

No. 1, 1-01 & 1-02, Jalan Molek 1/9
Taman Molek
81100 Johor Bahru
Johor
Malaysia

Eastern Region

No. 7, Persiaran Sultan Abu Bakar
Kawasan Perindustrian Ringan IM3
Bandar Indera Mahkota
25200 Kuantan
Pahang
Malaysia

Sabah Region

Unit No. R-7-02, Level 7
Lorong Riverson @ Sembulan Off Jalan Coastal
88100 Kota Kinabalu
Sabah
Malaysia

Sarawak Region

The Podium Office Tower 1st Floor
Jalan Tun Ahmad Zaidi Adruce
93200 Kuching
Sarawak
Malaysia

For full list of Celcom Bluecube and Digi Store, please visit our website:



<https://www.celcomdigi.com/store-locator>

GRI Content Index

Statement of use	CelcomDigi has reported in reference with the GRI Standards for the period of 1 January 2023 to 31 December 2023, unless otherwise stated.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1	Organisational details Our Corporate Structure - pg. 5, Corporate Information - pg. 238, Corporate Directory - pg. 239
	2-2	Entities included in the organisation's sustainability reporting About This Report > Scope and Reporting Boundaries - pg. 1
	2-3	Reporting period, frequency, and contact point About This Report > Scope and Reporting Boundaries - pg. 1, Sustainability Management - pg. 41
	2-4	Restatements of information <i>No restatements were made for Integrated Annual Report FY2023 unless otherwise stated.</i>
	2-5	External assurance Independent Assurance Report - pg. 227
	2-6	Activities, value chain, and other business relationships Value Creation Model - pg. 28, Key Relationships - pg. 45, Manufactured Capital - pg. 61, Intellectual Capital - pg. 65, Social and Relationship Capital - pg. 86
	2-7	Employees Human Capital - pg. 71, Performance Data Table (Bursa Malaysia ESG Reporting Platform) - pg. 247, Performance Data Table (Additional and Historical ESG Performances) - pg. 249
	2-8	Workers who are not employees Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Labour Practices and Standards - pg. 248
	2-9	Governance structure and composition Sustainability Management > Sustainability Governance - pg. 41, Statement on Risk Management and Internal Control > Risk Management (Governance) - pg. 112, Corporate Governance Overview Statement > Board Composition - pg. 96
	2-10	Nomination and selection of the highest governance body Corporate Governance Overview Statement > Board Appointment Process - pg. 100
	2-11	Chair of the highest governance body Sustainability Management > Sustainability Governance - pg. 41, Statement on Risk Management and Internal Control > Risk Management (Governance) - pg. 112
	2-12	Role of the highest governance body in overseeing the management of impacts Sustainability Management > Sustainability Governance - pg. 41, Statement on Risk Management and Internal Control > Responsibilities and Accountabilities - pg. 112, Statement on Risk Management and Internal Control > Board and Senior Management Team Committees - pg. 117
	2-13	Delegation of responsibility for managing impacts Statement on Risk Management and Internal Control > Risk Management (Governance) - pg. 112, Statement on Risk Management and Internal Control > Board and Senior Management Team Committees - pg. 117

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting Sustainability Management > Sustainability Governance - pg. 41, Statement on Risk Management and Internal Control > Risk Management (Governance) - pg. 112
	2-15	Conflicts of interest Corporate Governance Overview Statement > Board Audit Committee (BAC) Report - pg. 106, Corporate Governance Overview Statement > Summary of BAC Activities - Conflict of Interest - pg. 108, Statement on Risk Management and Internal Control > Business Partner Management - pg. 119
	2-16	Communication of critical concerns Key Relationships- pg. 45, Human Capital > Support labour rights and standards - pg. 75
	2-17	Collective knowledge of the highest governance body Board of Directors' Profiles - pg. 6
	2-18	Evaluation of the performance of the highest governance body Corporate Governance Overview Statement > Board Activities - pg. 99
	2-19	Remuneration policies Non-Executive Directors' Remuneration Policy - https://celcomdigi.listedcompany.com/corporate_governance.html , Remuneration Policy for Senior Management - https://celcomdigi.listedcompany.com/corporate_governance.html , Corporate Governance Overview Statement > Directors' Remuneration - pg. 105
	2-20	Process to determine remuneration Non-Executive Directors' Remuneration Policy - https://celcomdigi.listedcompany.com/corporate_governance.html , Remuneration Policy for Senior Management - https://celcomdigi.listedcompany.com/corporate_governance.html , Corporate Governance Overview Statement > Board Nomination and Remuneration Committee (BNRC) Report - pg. 103
	2-22	Statement on sustainable development strategy Chair of the Board's Statement- pg. 18
	2-23	Policy commitments Key Relationships - pg. 45, Social and Relationship Capital > Upholding human rights across the value chain - pg. 88, Social and Relationship Capital > Managing our supply chain responsibly - pg. 88, Corporate Governance Overview Statement > Board Nomination and Remuneration Committee (BNRC) Report - pg. 103
	2-24	Embedding policy commitments Human Capital > Integrating the Code of Conduct into our way of work - pg. 73, Statement on Risk Management and Internal Control > Compliance and Monitoring - pg. 118
	2-25	Processes to remediate negative impacts Key Relationships- pg. 45, Intellectual Capital > Strong governance and robust internal controls - pg. 68, Human Capital > Support labour rights and standards - pg. 75, Human Capital > Building a diverse, inclusive, and responsible workforce - pg. 72

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns Sustainability Management - pg. 41, Human Capital > Support labour rights and standards - pg. 75, Human Capital > Building a diverse, inclusive, and responsible workforce - pg. 72
	2-27	Compliance with laws and regulations <i>No significant non-compliances were reported.</i>
	2-28	Membership associations Natural Capital > Adopting whole-of-society approach towards decarbonisation opportunities - pg. 85
	2-29	Approach to stakeholder engagement Key Relationships - pg. 45
	2-30	Collective bargaining agreements Human Capital > Support labour rights and standards - pg. 75
GRI 3: Material Topics 2021	3-1	Process to determine material topics Materiality - pg. 48
	3-2	List of material topics Materiality - pg. 48
	3-3	Management of material topics Materiality - pg. 48
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed Financial Capital - pg. 56
	201-2	Financial implications and other risks and opportunities due to climate change Key Risks - pg. 35, Operating Landscape and Outlook - pg. 30
	201-3	Defined benefit plan obligations and other retirement plans Notes to the Financial Statements - pg. 144-226
	201-4	Financial assistance received from government Notes to the Financial Statements - pg. 144-226
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community Management's Profiles - pg. 12
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported Value Creation Model - pg. 28, Financial Capital - pg. 56, Manufactured Capital - pg. 61, Intellectual Capital - pg. 65, Social and Relationship Capital - pg. 86
	203-2	Significant indirect economic impacts Value Creation Model - pg. 28, Intellectual Capital - pg. 65, Social and Relationship Capital - pg. 86
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers Social and Relationship Capital > Managing our supply chain responsibly - pg. 88 Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Supply Chain Management - pg. 248

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption Value Creation Model - pg. 28, Human Capital > Building a diverse, inclusive, and responsible workforce - pg. 72, Statement on Risk Management and Internal Control > Compliance and Monitoring - pg. 118, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Anti-Corruption - pg. 247
	205-2	Communication and training about anti-corruption policies and procedures Intellectual Capital > Strong governance and robust internal controls - pg. 68, Human Capital > Building a diverse, inclusive, and responsible workforce - pg. 72, Statement on Risk Management and Internal Control > Compliance and Monitoring - pg. 118, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Anti-Corruption - pg. 247
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken Value Creation Model - pg. 28, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Anti-Corruption - pg. 247
	GRI 206: Anticompetitive Behavior 2016	206-1
GRI 207: Tax 2019	207-1	Approach to tax Notes to the Financial Statements - pg. 144-226
	207-2	Tax governance, control, and risk management Notes to the Financial Statements - pg. 144-226
	207-3	Stakeholder engagement and management of concerns related to tax Notes to the Financial Statements - pg. 144-226
	207-4	Country-by-country reporting <i>Our Audited Financial Statement is within Malaysian jurisdiction.</i>
GRI 302: Energy 2016	302-1	Energy consumption within the organisation Natural Capital > Managing our environmental impact positively - pg. 80, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Energy Management - pg. 248
	302-2	Energy consumption outside of the organisation Natural Capital > Managing our environmental impact positively - pg. 80
	302-3	Energy intensity Natural Capital > Managing our environmental impact positively - pg. 80
	302-4	Reduction of energy consumption Natural Capital > Managing our environmental impact positively - pg. 80
	302-5	Reductions in energy requirements of products and services Natural Capital > Managing our environmental impact positively - pg. 80
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource <i>Water is primarily consumed for drinking, cleaning, and other domestic use within office premises.</i> Natural Capital > Managing our environmental impact positively - pg. 80

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 303: Water and Effluents 2018	303-5 Water consumption	Natural Capital > Managing our environmental impact positively - pg. 80, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Water - pg. 248
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital > Managing our environmental impact positively - pg. 80, Performance Data Table (Additional and Historical ESG Performances) > Carbon Emissions - pg. 249
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital > Managing our environmental impact positively - pg. 80, Performance Data Table (Additional and Historical ESG Performances) > Carbon Emissions - pg. 249
	305-3 Other indirect (Scope 3) GHG emissions	Natural Capital > Managing our environmental impact positively - pg. 80, Performance Data Table (Additional and Historical ESG Performances) > Carbon Emissions - pg. 249
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Natural Capital - pg. 78-85
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	<i>General waste (domestic office waste) and e-waste (decommissioned electrical and electronic waste) are generated.</i> Value Creation Model - pg. 28, Natural Capital > Managing our environmental impact positively - pg. 80
	306-2 Management of significant waste-related impacts	Operating Landscape and Outlook > Environment - pg. 34, Key Risks > Climate and Environmental Risk - pg. 36
	306-3 Waste generated	Natural Capital > Managing our environmental impact positively - pg. 80, Performance Data Table (Additional and Historical ESG Performances) > Waste Management - pg. 249
	306-4 Waste diverted from disposal	Natural Capital > Managing our environmental impact positively - pg. 80, Performance Data Table (Additional and Historical ESG Performances) > Waste Management - pg. 249
	306-5 Waste directed to disposal	Natural Capital > Managing our environmental impact positively - pg. 80, Performance Data Table (Additional and Historical ESG Performances) > Waste Management - pg. 249
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Social and Relationship Capital > Managing our supply chain responsibly - pg. 88
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Performance Data Table (Additional and Historical ESG Performances) > Employee Statistics - pg. 250
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Notes to the Financial Statements - pg. 144-226
	401-3 Parental leave	Performance Data Table (Additional & Historical ESG Performances) > Employee Statistics - pg. 250

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital > Building a healthy and safe workplace environment - pg. 76
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital > Building a healthy and safe workplace environment - pg. 76
	403-3 Occupational health services	Human Capital > Establishing one unified workforce - pg. 72, Human Capital > Building a healthy and safe workplace environment - pg. 76
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital > Building a healthy and safe workplace environment - pg. 76
	403-5 Worker training on occupational health and safety	Human Capital > Building a healthy and safe workplace environment - pg. 76, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Health and Safety - pg. 248
	403-6 Promotion of worker health	Human Capital > Building a healthy and safe workplace environment - pg. 76
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Key Risks > Health and Safety Risk - pg. 38
	403-9 Work-related injuries	Human Capital > Building a healthy and safe workplace environment - pg. 76, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Health and Safety - pg. 248
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee
404-2 Programmes for upgrading employee skills and transition assistance programmes		Human Capital > Nurturing industry-best talents - pg. 74
404-3 Percentage of employees receiving regular performance and career development reviews		<i>100% of employees received regular performance and career development reviews regardless of category and gender.</i> Human Capital > Nurturing industry-best talents - pg. 74
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital > Building a diverse, inclusive, and responsible workforce - pg. 72, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Diversity- pg. 247
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital > Support labour rights and standards - pg. 75
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Social and Relationship Capital > Upholding human rights across the value chain - pg. 88

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social and Relationship Capital > Upholding human rights across the value chain - pg. 88
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Security personnel contracted via third party suppliers. As suppliers, they are bound by the same Agreement of Responsible Business Conduct (ABC) requirements. Social and Relationship Capital > Managing our supply chain responsibly - pg. 88
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	There were no material incidents reported.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Value Creation Model - pg. 28, Social and Relationship Capital - pg. 86, Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Community/Society - pg. 247
	413-2 Operations with significant actual and potential negative impacts on local communities	No incidents of negative impacts were reported.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Statement on Risk Management and Internal Control > Compliance and Monitoring - pg. 118, Social and Relationship Capital > Managing our supply chain responsibly - pg. 88
	414-2 Negative social impacts in the supply chain and actions taken	Social and Relationship Capital > Managing our supply chain responsibly - pg. 88
GRI 415: Public Policy 2016	415-1 Political contributions	Refer to the Code of Conduct on political contributions https://corporate.celcomdigi.com/company/governance
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance concerning the health and safety impacts of products and service were reported.
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Operating Landscape and Outlook > Government Initiatives and Regulations - pg. 31
	417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance concerning product and service information and labelling were reported.
	417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance concerning marketing communications were reported.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Performance Data Table (Bursa Malaysia ESG Reporting Platform) > Data Privacy and Security - pg. 248

Performance Data Table

(Bursa Malaysia ESG Reporting Platform)

CelcomDigi Berhad, as a Listed Issuer is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Bursa Malaysia Sustainability Reporting Guide, 3rd Edition. The following performance data table, downloaded from Bursa Malaysia's ESG Reporting Platform (Standard template) summarises indicators that are pertinent against our Material Matters. Being the first year of reporting to the platform in a consolidated manner as CelcomDigi Berhad, past year historical performances have been excluded. For additional and historical ESG performances, refer to pages 249 to 251.

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
CelcomDigi Management (CXOs) & CelcomDigi Leadership (Top 100 Leaders)	Percentage	2.52
CelcomDigi Employees (Executive)	Percentage	94.6
CelcomDigi Employees (Non-Executive)	Percentage	2.88
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	2,000,000
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	585,268
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
CelcomDigi Management (CXOs) & CelcomDigi Leadership (Top 100 Leaders) Under 30	Percentage	0
CelcomDigi Management (CXOs) & CelcomDigi Leadership (Top 100 Leaders) Between 30-50	Percentage	1.8
CelcomDigi Management (CXOs) & CelcomDigi Leadership (Top 100 Leaders) Above 50	Percentage	1.3
CelcomDigi Employees (Executive & Non-Executive) Under 30	Percentage	5.3
CelcomDigi Employees (Executive & Non-Executive) Between 30-50	Percentage	71.7
CelcomDigi Employees (Executive & Non-Executive) Above 50	Percentage	19.9
Gender Group by Employee Category		
CelcomDigi Management (CXOs) & CelcomDigi Leadership (Top 100 Leaders) Male	Percentage	1.9
CelcomDigi Management (CXOs) & CelcomDigi Leadership (Top 100 Leaders) Female	Percentage	1.3
CelcomDigi Employees (Executive & Non-Executive) Male	Percentage	50
CelcomDigi Employees (Executive & Non-Executive) Female	Percentage	46.8
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	70
Female	Percentage	30
Under 30	Percentage	0
Between 30-50	Percentage	10
Above 50	Percentage	90

Performance Data Table

(Bursa Malaysia ESG Reporting Platform)

Indicator	Measurement Unit	2023
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	913,860
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.14
Bursa C5(c) Number of employees trained on health and safety standards	Number	4,280
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
CelcomDigi Management (CXOs) & CelcomDigi Leadership (Top 100 Leaders)	Hours	1,460
CelcomDigi Employees (Executive & Non-Executive)	Hours	63,944
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-
Bursa C6(c) Total number of employee turnover by employee category		
CelcomDigi Management (CXOs) & CelcomDigi Leadership (Top 100 Leaders)	Number	13
CelcomDigi Employees (Executive & Non-Executive)	Number	256
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	24.2
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	151.3

Performance Data Table

(Additional and Historical ESG Performances)

Indicator	Sub Category	Unit/Type	2021	2022	2023
Environment					
Energy Consumption					
Total energy consumption		GWh	338.7	442.32	913.86
Direct energy consumption from fuel (Total)		GWh	40.18	59.45	200.17
Network		GWh	35.45	54.64	199.52
Fleet		GWh	4.72	4.78	0.61
Buildings		GWh	0.02	0.03	0.04
Indirect energy consumption from grid and green electricity (Total)		GWh	297.21	379.25	709.9
Network		GWh	292.22	373.4	699.99
Buildings		GWh	4.99	5.85	9.91
Indirect energy consumption from value chain (Total)		GWh	1.3	3.55	0.37
Employee business travel (Land travel)		GWh	1.3	3.55	0.37
Energy use per customer		KWh/customer	33.25	36.83	44.47
Solar power generated (Network)		GWh	0.01	0.07	3.42
Carbon Emissions					
Total carbon emissions		tonnes CO ₂ e	217,438.31	279,777.76	521,792.25
Total Scope 1 emissions		tonnes CO ₂ e	10,821.54	16,005.75	53,670.04
Network		tonnes CO ₂ e	9,522.80	14,722.20	53,499.13
Fleet		tonnes CO ₂ e	1,264.70	1,275.70	161.3
Buildings		tonnes CO ₂ e	4.04	7.85	9.61
Total Scope 2 emissions		tonnes CO ₂ e	206,284.48	262,926.98	467,840.18
Network		tonnes CO ₂ e	202,599.64	258,569.08	460,796.32
Buildings		tonnes CO ₂ e	3,684.84	4,357.91	7,043.86
Total Scope 3 emissions		tonnes CO ₂ e	332.79	845.03	282.03
Air travel for business		tonnes CO ₂ e	24.85	173.01	-
Land travel for business		tonnes CO ₂ e	307.94	672.02	282.03
Carbon emissions per customer		tonnes CO ₂ e/customer	0.021	0.024	0.025
Carbon intensity per data usage		tonnes CO ₂ e/terabyte	0.10	0.11	0.09
Water Consumption					
Total water consumption		m ³	68,435	103,388	151,283.89
Waste Management					
General Waste Collected		tonnes	148	76	663.99
General Waste Recycled		tonnes	1.7	1.8	21.75
E-Waste Collected		tonnes	162	248	237.79
E-Waste Recycled		tonnes	162	245	47.56
Waste generated per employee		kg/employee	103	51	182

Performance Data Table

(Additional and Historical ESG Performances)

Indicator	Sub Category	Unit/Type	2021	2022	2023
Social					
Employee Statistics					
Total Employees		count	1,436	3,818	3,655
Employees Type	Permanent	count	1,417	3,731	3,527
	Contract		19	87	128
Gender	Male	count	718	1,991	1,900
	Female	count	718	1,827	1,755
Ethnicity	Malay	count	461	2,352	2,264
	Chinese	count	714	993	924
	Indian	count	208	298	281
	Others	count	53	175	186
Age Group	<30	count	187	258	193
	30 to 50	count	1,095	2,897	2,687
	>50	count	154	663	775
Category	CelcomDigi Management (CXOs)	count	8	12	12
	CelcomDigi Leadership (Top 100 Leaders)	count	172	105	101
	CelcomDigi Employees (Executive & Non-Executive)	count	1,256	3,701	3,542
Percentage of employees under bargaining agreements		%	30	NA	2
New Hires	Male	count	88	196	40
	Female	count	78	126	33
Employee Turnover Rate	Male	%	8	10	8
	Female	%	7	7	7
Employee Learning	Total learning hours	hours	72,800.25	68,672.87	65,404
	Average learning hours per employee	hours	52.6	50	14.1
	Training on health and safety standards	hours	2,411	1,822	6,967
Parental Leave	Male	count	-	-	177
	Female	count	-	-	54
Women in Leadership	CelcomDigi Leadership (Top 100 Leaders)	%	-	39	41
Health & Safety	Work-related fatalities	count	0	0	0
	Lost time injury frequency (LTIF) rate	count/million hours	0	0	0.14

Performance Data Table

(Additional and Historical ESG Performances)

Indicator	Sub Category	Unit/Type	2021	2022	2023
Governance					
Anti-corruption					
Material Cases of Corruption		count	0	0	0
Data Privacy and Security					
Substantiated complaints concerning breaches of customer privacy and losses of customer data		count	0	0	0
Supply Chain Sustainability					
Total number of suppliers who have signed the Agreement of Responsible Business Conduct (ABC)		count	2,090	2,245	2,487
New suppliers who have signed the ABC		count	179	155	242
Inspections conducted		count	510	512	805
Incidents of major non-compliance		count	16	11	17
Incidents of minor non-compliance		count	45	65	84
Contractors suspended <6 months		count	0	0	1
Contractors terminated		count	2	0	0
Supplier training		hours	5,635	16,691	23,478

Notes:

- Due to changes in reporting boundaries and methodologies post-merger, FY2023 data should not be read in comparison to previous years, unless otherwise stated
- Lost time injury frequency rate denotes the number of lost time injuries in the reporting period x 1,000,000 / Total worked hours (based on 9 working hours x actual working days in the year)
- Employee statistics (except for employee learning) includes permanent and contract employees, under active employment as of 31 December 2023. Employee learning includes permanent, contract, and outsourced employees
- Air travel for business emissions have been excluded in 2023 due to on-going harmonisation of reporting boundaries and methodologies
- Energy consumption and carbon emissions EF (emission factor) references - Scope 1: DEFRA UK GHG Conversion Factors 2023 | Scope 2: Grid Emission Factors Malaysia 2021 | Scope 3: DEFRA UK GHG Conversion Factors 2023
- Water consumption and waste management - Read more about the reporting boundaries under Natural Capital: Managing our environmental impact positively

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting (“**27th AGM**”) of CelcomDigi Berhad (“**the Company**”) will be conducted on a virtual basis through broadcast venue at Auditorium, Level Podium 6, Menara CelcomDigi, No. 6, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“**Broadcast Venue**”) on Monday, 27 May 2024 at 10.00 a.m. or at any adjournment thereof, for the transaction of the following business:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.
(Please refer to Note 1 of the Explanatory Notes)
2. To re-elect the following Directors who retire pursuant to Article 104(A) of the Company's Constitution and being eligible, offer themselves for re-election:-
 - (i) Mr Haakon Bruaset Kjoel
 - (ii) Datuk Iain John Lo
 - (iii) Puan Khatijah Shah Mohamed*(Please refer to Note 2 of the Explanatory Notes)*
3. To re-elect Mr Kasper Wold Kaarbø who retire pursuant to Article 104(E) of the Company's Constitution and being eligible, offer himself for re-election.
(Please refer to Note 2 of the Explanatory Notes)
4. To approve the payment of Directors' fees of up to RM2,250,000 and benefits payable of up to RM218,000 to the Non-Executive Directors with effect from 27 May 2024 until the conclusion of the next Annual General Meeting (“AGM”) of the Company.
(Please refer to Note 3 of the Explanatory Notes)
5. To appoint PricewaterhouseCoopers PLT as Auditors of the Company in place of the retiring Auditor, Ernst & Young PLT, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
(Please refer to Note 4 of the Explanatory Notes)

Special Business

To consider and, if deemed fit, to pass the following resolutions:-

6. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature between CelcomDigi Berhad and its subsidiaries (“CelcomDigi Group”) and Telenor ASA and its subsidiaries (“Telenor Group”) (“Proposed Renewal of Shareholders' Mandate 1”)**
(Please refer to Note 5 of the Explanatory Notes)

“THAT, subject to the provisions of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Telenor Group as set out in Appendix I of the Circular to Shareholders dated 16 April 2024 (“**Circular**”), which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

Ordinary Resolution 1
Ordinary Resolution 2
Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Notice of Annual General Meeting

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of Shareholders' Mandate 1 shall be passed, at which time it will lapse, unless by a resolution passed at the next AGM, the authority conferred by this resolution is renewed;
 - (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to subsection 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to subsection 340(4) of the Companies Act 2016); or
 - (iii) revoked or varied by resolution passed by the shareholders at a general meeting,
- whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised and empowered to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate 1.”

7. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature between CelcomDigi Group and Axiata Group Berhad and its subsidiaries (“Axiata Group”) (“Proposed Renewal of Shareholders' Mandate 2”)**
(Please refer to Note 5 of the Explanatory Notes)

Ordinary Resolution 8

“THAT, subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Axiata Group as set out in Appendix I of the Circular, which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of Shareholders' Mandate 2 shall be passed, at which time it will lapse, unless by a resolution passed at the next AGM, the authority conferred by this resolution is renewed;
 - (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to subsection 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to subsection 340(4) of the Companies Act 2016); or
 - (iii) revoked or varied by resolution passed by the shareholders at a general meeting,
- whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised and empowered to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate 2.”

Notice of Annual General Meeting

8. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature between CelcomDigi Group and Khazanah Nasional Berhad and its related entities ("Khazanah Group") ("Proposed Renewal of Shareholders' Mandate 3")

(Please refer to Note 5 of the Explanatory Notes)

"THAT, subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Khazanah Group as set out in Appendix I of the Circular, which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of Shareholders' Mandate 3 shall be passed, at which time it will lapse, unless by a resolution passed at the next AGM, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to subsection 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to subsection 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised and empowered to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate 3."

9. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature between CelcomDigi Group and Digital Nasional Berhad ("DNB") ("Proposed Renewal of Shareholders' Mandate 4")

(Please refer to Note 5 of the Explanatory Notes)

"THAT, subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with DNB as set out in Appendix I of the Circular, which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of Shareholders' Mandate 4 shall be passed, at which time it will lapse, unless by a resolution passed at the next AGM, the authority conferred by this resolution is renewed;

Ordinary Resolution 9

Ordinary Resolution 10

Notice of Annual General Meeting

- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to subsection 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to subsection 340(4) of the Companies Act 2016); or

- (iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised and empowered to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate 4."

10. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature between CelcomDigi Group and Telekom Malaysia Berhad and its subsidiaries ("TM Group") ("Proposed Renewal of Shareholders' Mandate 5")

(Please refer to Note 5 of the Explanatory Notes)

"THAT, subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with TM Group as set out in Appendix I of the Circular, which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of Shareholders' Mandate 5 shall be passed, at which time it will lapse, unless by a resolution passed at the next AGM, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to subsection 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to subsection 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised and empowered to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate 5."

- 11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

Ordinary Resolution 11

Notice of Annual General Meeting

By Order of the Board
CELCOMDIGI BERHAD

CHOO MUN LAI (MAICSA 7039980)
 SSM PC No: 201908001003

TAI YIT CHAN (MAICSA 7009143)
 SSM PC No: 202008001023

Company Secretaries
 Selangor Darul Ehsan, Malaysia
 16 April 2024

NOTES

- (i) The 27th AGM of the Company will be conducted on a virtual basis through live streaming and online voting using Remote Participation and Electronic Voting (“RPEV”) facilities at <https://meeting.boardroomlimited.my>. The procedures for members to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely via the RPEV facilities are provided in the Administrative Guides for the 27th AGM which is also available on the Company’s website at <https://corporate.celcomdigi.com/annualreport>.
- (ii) The Broadcast Venue is strictly for the purpose of complying with subsection 327(2) of the Companies Act 2016, which requires the Chair of the 27th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 27th AGM in person at the Broadcast Venue on the day of the Meeting. Any shareholders, proxies or corporate representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.
- (iii) In respect of deposited securities, only shareholders whose names appear on the Record of Depositors on 20 May 2024 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the Meeting.
- (iv) A shareholder entitled to participate at the 27th AGM is entitled to appoint not more than two (2) proxies to participate on his/her behalf. Where a shareholder appoints more than one (1) proxy, the shareholder must specify the portion of their shareholdings each proxy will represent for their appointment to be valid.
- (v) A proxy or attorney need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the Meeting shall have the same rights as the shareholder to speak at the Meeting.
- (vi) Where a shareholder of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (vii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (viii) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Poll Administrator’s Office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, otherwise, the instrument of proxy shall not be considered valid. Alternatively, the Form of Proxy can be submitted electronically via <https://investor.boardroomlimited.com> before the Form of Proxy submission cut-off time as mentioned in the above. For further information on the electronic submission of the Form of Proxy, kindly refer to the Administrative Guides.

Notice of Annual General Meeting

- (ix) If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in our virtual 27th AGM by yourself, please write to bsr.helpdesk@boardroomlimited.com or login to <https://investor.boardroomlimited.com> (as the case maybe) to revoke the earlier appointed proxy before the 27th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 27th AGM. In such event, you should advise your proxy accordingly.
- (x) Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 27th AGM will put to vote by way of poll. A Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

EXPLANATORY NOTES

1. Audited Financial Statements for the financial year ended 31 December 2023

The Audited Financial Statements under Item 1 of the Agenda are laid in accordance with subsection 340(1)(a) the Companies Act 2016 for discussion only. They do not require shareholders’ approval and hence, this agenda item will not be put forward for voting.

2. Ordinary Resolutions 1 to 4 - Re-election of Directors

The Board, through the Board Nomination and Remuneration Committee, has conducted an annual assessment of each Director eligible for re-election and is satisfied with their performance, contribution and effectiveness, meeting the fit and proper criteria outlined in the Company’s Fit and Proper Policy. Mr Haakon Bruaset Kjoel, Datuk Iain John Lo, Puan Khatijah Shah Mohamed, and Mr Kasper Wold Kaarbø, all eligible, have offered themselves for re-election at the 27th AGM.

The retiring Directors, have abstained from deliberations and decisions on their own eligibility and suitability to stand for re-election at the relevant Board and Board Committees meetings. They do not hold any shares in the Company and have no conflict of interests with the Company except as disclosed in the Director’s profiles, which are available from pages 6 to 11 of the Integrated Annual Report 2023.

3. Ordinary Resolution 5 - Payment of Directors’ Fees and Benefits

Pursuant to subsection 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or listed company and its subsidiaries, shall be approved at a general meeting.

The fees and benefits structure of the Non-Executive Directors of the Company are as follows:

- Monthly fixed fees for duties as Chair/Directors;
- Monthly fixed fees for duties as Board Committees Chair/Members; and
- Medical and insurance coverage, telecommunication facilities and other claimable benefits payable.

The Non-Executive Directors, who are also employees of Telenor Group or Axiata Group shall not be entitled to the Directors’ fees and benefits payable.

The Directors’ fees and benefits payable for the Non-Executive Directors for the period from 27 May 2024 until the conclusion of the next AGM of the Company (“Mandate Period”) are estimated not to exceed RM2,468,000. The calculation is based on the assumption that the number of eligible Non-Executive Directors will remain until the next AGM. This resolution is to facilitate payment of the Directors’ fees and benefits for the Mandate Period. The Board will seek shareholders’ approval at the next AGM in the event the Directors’ fees and benefits proposed are insufficient.

Detailed breakdowns of Directors’ remuneration for the financial year ended 31 December 2023 is disclosed in the Integrated Annual Report 2023 and Corporate Governance Report 2023, which are accessible to the public at the Company’s website.

Notice of Annual General Meeting

4. Ordinary Resolution 6 - Appointment of PricewaterhouseCoopers PLT as Auditors of the Company

The Board and Board Audit Committee proposed PricewaterhouseCoopers PLT (“PwC”) as new Auditors of CelcomDigi Group after taking into consideration the profile, adequacy of the resources and experience of PwC to meet the audit obligation of the Company and its subsidiaries.

The Company’s retiring Auditors, Ernst & Young PLT (“EY”) has been the Auditors of the Company since 2005. The Board acknowledged EY’s past services and expressed their gratitude. PwC’s appointment as Auditors, replacing EY, is contingent upon shareholders’ approval at the 27th AGM.

5. Ordinary Resolutions 7 to 11 - Proposed Renewal of Shareholders’ Mandates 1 to 5

Ordinary Resolutions 7 to 11 proposed under items 6 to 10 of the Agenda, if passed, will allow CelcomDigi Group to enter into recurrent related party transactions, in accordance with Paragraph 10.09 of the MMLR of Bursa Securities, without the necessity to convene separate general meetings from time to time to seek shareholders’ approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of CelcomDigi Group or affecting the business opportunities available to CelcomDigi Group. The shareholders’ mandates are subject to renewal on an annual basis.

Please refer to the Circular for further information.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 27th AGM and/or any adjournment thereof, a shareholder of the Company, the said proxy(ies) and/or representative(s) (i) consents to the collection, use and disclosure of the shareholder’s and/or the said proxy(ies) and/or representative(s) personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the 27th AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the 27th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the Shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.

FORM OF PROXY

CELCOMDIGI BERHAD
Registration No. 199701009694 (425190-X)
(Incorporated in Malaysia)

No. of shares held	:	
CDS Account No.	:	

I/We* _____ NRIC / Passport / Registration No.* _____
(Name in full)

of _____
(Address)

with email address _____ tel. no./mobile no. _____

being a shareholder/shareholders* of **CELCOMDIGI BERHAD** (“the Company”), hereby appoint(s):-

Full Name:	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No./Mobile No.:		Email Address:	
*and/or			

Full Name:	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No./Mobile No.:		Email Address:	
*and/or			

or failing him/her, the *Chair of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Seventh Annual General Meeting (“27th AGM”) of the Company to be conducted on a virtual basis at the broadcast venue, Auditorium, Level Podium 6, Menara CelcomDigi, No. 6, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 27 May 2024 at 10.00 a.m. or at any adjournment thereof.

*Please delete as appropriate.

This proxy is to vote on the resolutions set out in the Notice of the Meeting, as indicated with an ‘X’ in the appropriate spaces below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Resolution		For	Against
	Ordinary Business			
1.	Re-election of Mr Haakon Bruaset Kjoel as Director.	Ordinary Resolution 1		
2.	Re-election of Datuk Iain John Lo as Director.	Ordinary Resolution 2		
3.	Re-election of Puan Khatijah Shah Mohamed as Director.	Ordinary Resolution 3		
4.	Re-election of Mr Kasper Wold Kaarbø as Director.	Ordinary Resolution 4		
5.	Approval of the payment of Directors’ fees and benefits payable to the Non-Executive Directors.	Ordinary Resolution 5		
6.	Appointment of PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
	Special Business			
7.	Proposed Renewal of Shareholders’ Mandate 1.	Ordinary Resolution 7		
8.	Proposed Renewal of Shareholders’ Mandate 2.	Ordinary Resolution 8		
9.	Proposed Renewal of Shareholders’ Mandate 3.	Ordinary Resolution 9		
10.	Proposed Renewal of Shareholders’ Mandate 4.	Ordinary Resolution 10		
11.	Proposed Renewal of Shareholders’ Mandate 5.	Ordinary Resolution 11		

Signed this _____ day of _____, 2024

Signature or Common Seal of Shareholder(s)

Tel. No./Mobile No.: _____

Notes:

- (i) The 27th AGM of the Company will be conducted on a virtual basis through live streaming and online voting using Remote Participation and Electronic Voting ("RPEV") facilities at <https://meeting.boardroomlimited.my>. The procedures for members to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely via the RPEV facilities are provided in the Administrative Guides for the 27th AGM which is also available on the Company's website at <https://corporate.celcomdigi.com/annualreport>.
- (ii) The Broadcast Venue is strictly for the purpose of complying with subsection 327(2) of the Companies Act 2016, which requires the Chair of the 27th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 27th AGM in person at the Broadcast Venue on the day of the Meeting. Any shareholders, proxies or corporate representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.
- (iii) In respect of deposited securities, only shareholders whose names appear on the Record of Depositors on 20 May 2024 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the Meeting.
- (iv) A shareholder entitled to participate at the 27th AGM is entitled to appoint not more than two (2) proxies to participate on his/her behalf. Where a shareholder appoints more than one (1) proxy, the shareholder must specify the portion of their shareholdings each proxy will represent for their appointment to be valid.
- (v) A proxy or attorney need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the Meeting shall have the same rights as the shareholder to speak at the Meeting.
- (vi) Where a shareholder of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

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Affix Stamp
Here

Poll Administrator Office for
CELCOMDIGI BERHAD
(Registration No. 199701009694 (425190-X))
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold along this line (2)

- (vii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (viii) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Poll Administrator's Office, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, otherwise, the instrument of proxy shall not be considered valid. Alternatively, the Form of Proxy can be submitted electronically via <https://investor.boardroomlimited.com> before the Form of Proxy submission cut-off time as mentioned in the above. For further information on the electronic submission of the Form of Proxy, kindly refer to the Administrative Guides.
- (ix) If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in our virtual 27th AGM by yourself, please write to bsr.helpdesk@boardroomlimited.com or login to <https://investor.boardroomlimited.com> (as the case maybe) to revoke the earlier appointed proxy before the 27th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 27th AGM. In such event, you should advise your proxy accordingly.
- (x) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 27th AGM will put to vote by way of poll. A Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of 27th AGM dated 16 April 2024.

www.celcomdigi.com

CELCOMDIGI BERHAD

Reg. No. 199701009694 (425190-X)

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46200 Petaling Jaya,
Selangor, Malaysia

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