celcomdigi

Advancing & Inspiring **Society**

Integrated Annual Report 2022

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About This Report

We are pleased to present CelcomDigi Berhad's (formerly known as Digi.Com Berhad) first Integrated Annual Report (IAR), for the financial year 2022, following the completion of the merger between Celcom and Digi on 30 November 2022. This IAR is prepared in accordance with the framework of the International Integrated Reporting Council (IIRC).

This report covers all business activities of CelcomDigi in 2022, including information pertaining to financial and non-financial performance. Through this report, we aim to provide our readers with a transparent and holistic overview of our accomplishments in 2022 and a glimpse of what lies ahead for CelcomDigi.

Scope and Reporting Boundaries

This IAR 2022 covers the business activities of Digi.Com Berhad (Digi) and Celcom Berhad (formerly known as Celcom Axiata Berhad) (Celcom). The scope and reporting boundaries of the IAR 2022 include:

- Digi's performance from **1 January 2022 to 31 December 2022**; and
- Celcom's performance from **1 December 2022 to 31 December 2022**.

Celcom's performance from 1 January 2022 to 30 November 2022 is reported in Axiata Group Berhad's IAR.

Materiality

Our material matters are identified from our strategic business plans and are continuously monitored given that they affect our ability to create and preserve value for our stakeholders. We have reviewed and revised matters considered most material for this report.

Assurance

Our audited financial statements were 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 122 to 225. We have obtained limited assurance from an independent auditor on selected non-financial indicators. Further details of the independent assurance report can be found on pages 226 to 229.

Forward-Looking Statements

Our business model and operating landscape post-merger present new uncertainties and risks that may change in the future. The forward-looking statements within this report only provide readers with a potential outlook on our plans. Readers should be aware that any forward-looking statements are not guaranteed performances or business plans of CelcomDigi.

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://celcomdigi.listedcompany.com/home.html.

- **Integrated Annual Report 2022**
- **Sustainability Performance and GRI Index**
- **Corporate Governance Report 2022**
- **TCFD Report 2022**

Navigation Icons

Our Capitals

- Financial Capital
- Natural Capital
- Manufactured Capital
- Human Capital
- Intellectual Capital
- Social and Relationship Capital

Approval by the Board

The Board of Directors (Board) of CelcomDigi has ensured the integrity of this report through meticulous 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 the 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 23 March 2023.

Our Reporting Frameworks and Principles

This IAR is aligned with both local and international standards. The following is a list of the current reporting frameworks and principles that CelcomDigi adheres to:

Reporting frameworks and principles:

1. IIRC's Integrated Reporting <IR> Framework
2. Companies Act 2016
3. Main Market Listing Requirements of Bursa Malaysia
4. Bursa Sustainability Reporting Guide & Toolkits
5. Malaysian Code on Corporate Governance
6. Malaysian Financial Reporting Standards (MFRS)
7. International Financial Reporting Standards (IFRS)
8. Global Reporting Initiative (GRI) Standards
9. ISAE 3000 (Revised) – Limited Assurance Engagement
10. Task Force on Climate-related Financial Disclosures (TCFD)

About CelcomDigi

Creating A World Inspired By You

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 Malaysia, leveraging the combined scale, experience, and talents of two homegrown brands: Celcom and Digi. With our collective 60 years of solid market experience, along with the backing of two global telecommunications giants, Axiata Group Berhad (Axiata) and Telenor Group (Telenor), the new CelcomDigi can significantly invest in strengthening our network coverage and quality.

We are well positioned to drive 5G adoptions and 5G solutions to develop new growth opportunities for Malaysian businesses, while attracting partnerships with global technology companies to bring new innovation to drive the nation's digital aspirations.

Our core identity is a synthesis of the unique strengths of Celcom and Digi, which is embedded in our DNA to drive and motivate every CDzen.

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 wider range of offerings – now including Home & Fibre and Enterprise solutions – we are committed to leading in digitalisation and innovation, enabling an inclusive and sustainable digital society.

OUR VALUES

Customer Obsessed

We aim to provide outstanding customer journeys for more than 20 million Malaysian consumer 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; new ways of working that drive operational efficiency; and a strong belief that as a whole, CDzens are greater than the sum of our parts.

Stronger Together

We draw from our deep and diverse talent pool a richness of perspectives, experiences, and backgrounds, 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 impacts for the community and for everyone we engage with.

OUR BRAND SPIRIT

Creating A World Inspired By You

We are the #1 enabler of the digital lives of Malaysian consumers, businesses, and society.

Our Journey towards Merger

2021

On **8 April 2021**, Axiata Group presented its plans to merge its Malaysian operations with Telenor Group. The proposed merger was said to establish a next generation digital champion for all Malaysians.

CelcomDigi marks a new chapter **in Malaysia's digital journey**

The merger offers the exciting prospect of creating a strong Malaysian-led market leader through the strengths of two established operating companies with a collective experience of more than 60 years and the backing of two international telecommunications leaders, Axiata and Telenor.

Through CelcomDigi, we aim to build a stronger capacity to create value through product and market innovation, high-quality data connectivity, and technological advancement to power Malaysia's digital ambitions in the years to come.

We are well positioned to serve the growing needs of more than 20 million customers, businesses of all sizes, and for society as a whole. Our scale and resources will allow us to invest in delivering best-in-class network and customer experience, robust distribution capabilities, in-built operational efficiencies, and stronger partnerships with global digital giants. The setting up of a world-class Innovation Centre will further stimulate the development of digital talents and accelerate the nation's digitalisation agenda. Our wider reach enables us to bridge the digital divide and spur equitable socioeconomic participation.

CelcomDigi's purpose is to advance and inspire society by being a leading innovation icon and ally to the nation to drive a progressive digital economy that will be key to Malaysia's future economic resilience and competitiveness.

Our Journey towards Merger

On **21 June 2021**, Telenor Group and Axiata Group concluded their respective due diligence exercises and announced they had signed a Transaction Agreement for the proposed merger.

On **24 November 2021**, a merger application between Celcom and Digi was formally submitted to the Malaysian Communications and Multimedia Commission (MCMC) for approval.

MCMC gives approval for Celcom-Digi merger

On **29 June 2022**, the Celcom-Digi merger received regulatory approval from the MCMC.

DiGi.Com-Celcom Axiata merger gets SC's nod

Kang Siew Li / theedgemarkets.com
September 15, 2022 21:08 pm +08

KUALA LUMPUR (Sept 15): Axiata Group Bhd moved a step closer to merging the telecommunication operations of its subsidiary Celcom Axiata Bhd with Norwegian Telenor Group's unit DiGi.Com Bhd, after the Securities Commission Malaysia (SC) approved the plan.

The completion of the proposed transaction will now be subject to the approval of Bursa Malaysia and by both Axiata and DiGi.Com shareholders. In June, the Malaysian Communications and Multimedia Commission (MCMC) had issued a notice of no objection to the proposed merger.

In a filing with Bursa Malaysia on Thursday (Sept 15), Axiata said DiGi.Com had notified the group that the SC had approved the proposed merger. However, this is still subject to CIMB Investment Bank Bhd and DiGi.Com complying with certain terms and conditions contained in the letter dated Sept 15.

On **15 September 2022**, Celcom and Digi received Securities Commission's clearance for the merger.

On **18 November 2022**, Axiata Group and Digi received shareholders' approval for the merger of Celcom's and Digi's telco operations, forming one of the final steps in the merger approval process.

Celcom-Digi merger as Malaysia's largest telco is almost complete after approval from shareholders

Story by Alexander Wong • 18 Nov 2022

The Celcom and Digi merger is in its final stages after obtaining approval from their shareholders. The board of directors of Axiata Group Berhad and Digi Telecommunications made their announcements after their Extraordinary General Meeting (EGM) today.

According to Axiata's statement, the outcome of the EGM by poll vote has been submitted to Bursa Securities (Bursa) as required by the applicable regulations. It added that the merger moves closer to completion, having previously cleared the Malaysian Communications and Multimedia Commission (MCMC), the Securities Commission and Bursa prior to this EGM.

Meanwhile, Digi said the approval by both Digi's and Axiata Group Berhad's shareholders is one of the final steps in the proposed merger approval process, having previously been cleared by the MCMC, the Securities Commission and Bursa Malaysia. Once the merger is completed, Axiata and Telenor will hold equal ownership of 33.1% each in the newly merged company which is proposed to be named Celcom Digi Berhad.

On **1 December 2022**, CelcomDigi was established, marking a new chapter in Malaysian history as the nation's largest connectivity provider, serving 20 million customers nationwide.

Axiata and Telenor complete Celcom-Digi merger

KUALA LUMPUR: Axiata Group Bhd, Telenor Asia Pte Ltd and Digi.com Bhd (Digi) have completed the merger of the telecommunications operations of Celcom Axiata Bhd and Digi.

Axiata said in a filing with Bursa Malaysia on Nov 30 that it and Telenor would hold equal ownership in Celcom Digi at 33.1% each.

On completion, Axiata received newly issued Digi shares representing 33.1% and cash of RM2.5 billion funded by Digi and to be assumed by the merged entity (Celcom Digi).

Digi also issued shares to Telenor to reach equal ownership following Telenor's payment of RM300 million to Axiata.

"In driving the consolidation process, the parties move purposefully to form a world-class Malaysian digital telco that will contribute significantly towards the growth of the country's digital ecosystem and economy.

"Celcom Digi will be the largest local listed technology company on Bursa Malaysia," it said.

In a joint statement, Axiata and Telenor (the parties) said on a pro forma basis for the financial year 2021, Celcom Digi would serve an estimated 20 million customers, with revenues of RM13 billion and earnings before interest, taxes, depreciation and amortisation (ebitda) of around RM5.8 billion.

"Celcom Digi remains committed to the previously announced synergy target of RM8 billion," the statement said.

The parties said through a combination of scale, competencies, financial strengths, and experiences in serving the diverse needs of Malaysian consumers, Celcom Digi would present a solid proposition to propel the nation's transition towards a digitally enabled high-income society.

"On behalf of the board of Axiata, I congratulate the Celcom Digi team on this new beginning. It is the culmination of months of meticulous integration work to create Malaysia's digital champion.

"Moving forward, I am confident that Celcom Digi is well placed to serve Malaysian consumers and enterprises seeking to step up on digital competitiveness in the current era," said Axiata chairman Tan Sri Shahril Ridza Ridzuan.

Meanwhile, Telenor executive vice-president and head of Asia Jorgen C Arentz Rostrup, said the company was committed to being an active owner, bringing technology know-how, experience across international markets and global partnerships with industry giants to Celcom Digi.

"The launch of Celcom Digi represents a major milestone in Malaysia's digitalisation journey, aligned with Telenor's ambition to build leading operators that serve customers with relevant, attractive, and convenient products and services," he said.

The parties said as part of its nation-building efforts, Celcom Digi would also invest up to RM250 million over five years to build a world-class innovation centre in Kuala Lumpur.

"The aim is to catalyse the Fourth Industrial Revolution digital transformation and strengthen the local ecosystem through the adoption of the Internet of Things, artificial intelligence, cloud computing and 5G.

"Bridging the digital divide in rural areas to spur greater socio-economic participation will be a priority," they said.

In addition to Axiata and Telenor, Malaysian institutional investors such as the Employees Provident Fund, Permodalan Nasional Bhd and the Retirement Fund (Incorporated) are among the new company's shareholders. – Bernama

2023 and beyond

As one of the country's largest companies, CelcomDigi is well positioned to be a leading ally for the development of Malaysia's digital economy. With the purpose of advancing and inspiring society, CelcomDigi aspires to become the nation's top telco-tech company.

Value We Created

Our purpose drives how we manage our business and deliver on our strategy to **create sustainable value for our stakeholders**.

In the past year, we achieved great milestones as two separate companies before we ended the year as one. The value created by the six capitals in this section has been consolidated for CelcomDigi Berhad as at 31 December 2022.

Financial Capital

Total Revenue (RM)
6.8 billion

EBITDA Margin
44.4%

Market Capitalisation (RM)
47.0 billion

Total Assets (RM)
37.5 billion

Profit After Tax (RM)
0.8 billion

CAPEX (RM)
0.9 billion

Total Dividend Payout (RM)
1.0 billion

Subscribers
20.3 million

Manufactured Capital

Total Sites
23,000

Number of Retail Touchpoints
12,000+

Fibre Network (km)
21,088

Number of Branded and Franchised Stores
500+

4G LTE Coverage
96%

MyDigi and Celcom Life Digital Users
10.7 million

4G LTE-A Coverage
90%

Intellectual Capital

Constituent of FTSE4Good Bursa Malaysia Index
Top 25 percentile

Member of Bloomberg Gender-Equality Index 2022
First Malaysian corporate listed in the index since 2021

Natural Capital

Total Energy
442.3 GWh

Carbon Intensity per Customer*
0.024

E-Waste Resold and Recycled*
245 tonnes

Environmental Management System – **ISO14001:2015 Certified** since 2021

Human Capital

Total Employees
3,818

Women in Leadership
37%

Total Training Hours*
68,673 hours

Percentage of Women Board Members
30% (meets MCCG 2021 requirement)

Lost Time Injury Frequency (LTIF) Score*
Maintained at zero with no fatalities recorded

Social and Relationship Capital

Total taxation and zakat paid as our economic contribution to public finance
RM335.5 million

Suppliers who have signed ABC to date*
2,245

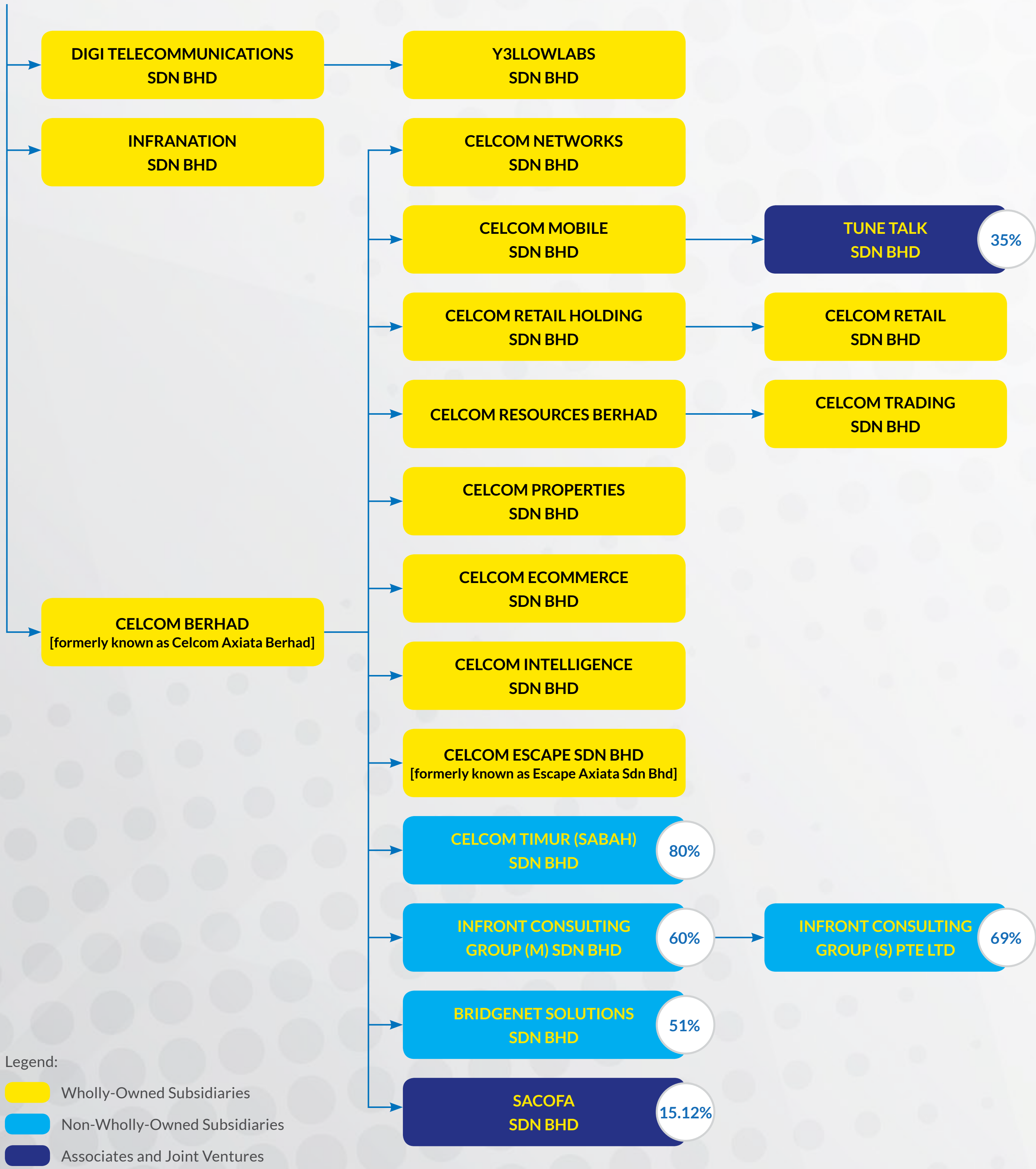
Safe Internet Engagements on online safety and scam awareness*
91,000

*Note: *Reported data limited to Digi only*

Our Corporate Structure

CELCOMDIGI BERHAD

[formerly known as Digi.Com Berhad]



Customer **Obsessed**

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


CELCOM TERRITORY
SARAWAK
celcom
WE ARE ONE

Chair of the Board's Statement

Dear Shareholders,

The establishment of CelcomDigi through the merger of Celcom and Digi was a major milestone not just for us, but also for Malaysia's digitalisation journey. Today, we are the nation's largest telecommunications operator and are proud to be among the top 10 largest companies by market capitalisation on Bursa Malaysia. We have the scale, experience, and resources to be the most trusted partner to consumers, businesses, and government by playing a significant part in driving the digitalisation growth that will propel Malaysia's economic competitiveness.

I am honoured and fully committed to being a part of this exciting journey with CelcomDigi Berhad, serving as the Chair of the Board of a genuinely unique and truly Malaysian market leader. Together with the backing of two global telecommunications giants, Axiata and Telenor, I am confident that we have what it takes to become a world-class digital telco. As a leading business institution, we also have a duty to drive the highest standards in sustainability and corporate governance, and to deliver healthy shareholder returns through focused and sustainable investment decisions. These are the priorities that I believe will enable CelcomDigi to deliver on its purpose of Advancing and Inspiring Society.

YM Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz
Chair of the Board,
Non-Independent Non-Executive Director

Developing CelcomDigi into a Top Telco-Tech Company

We are now ready to drive cutting-edge solutions, catalyse new growth opportunities for large enterprises and SMEs, and attract and partner with global digital giants in support of the JENDELA and MyDIGITAL aspirations. Through the establishment of CelcomDigi's Innovation Centre, we will play an active and vital role in providing world-class connectivity and customer platforms, while partnering with entrepreneurs and digital talents to develop innovations in automation, IoT, AI, and cyber resilience, among others. We believe this will position Malaysia for growth in the digital economy and establish us as a trusted ally in driving the nation's ambitions.

Sustaining Financial Strength to Deliver Healthy Shareholder Returns

For the financial year 2022, our focused execution of strategic priorities, solid balance sheet, and prudent financial management have led the Board to declare a net dividend per share of 12.2 sen, returning a total payout of RM1,071 million to shareholders and sustaining a near 100% dividend payout ratio.

Moving forward, we will endeavour to deliver strong and sustainable returns to shareholders, supported by significant synergies of our targeted RM8 billion in net present value over the next five years. We can also expect improvements in EBITDA and cash flow margins that will further strengthen our promise to provide sustainable shareholder returns.

Delivering on Business Commitments Responsibly

CelcomDigi is built on a solid reputation of responsible business leadership and has embedded sound ESG practices throughout our operations. We recorded several notable achievements in 2022, including ranking in the top 25 percentile of the FTSE4Good Bursa Malaysia Index;

maintaining an 'AA' rating in the MSCI ESG Ratings and a low-to-medium risk rating in Sustainalytics' ESG Risk Rating; attaining the gold standard at The Edge Malaysia's ESG Awards; and being listed in the Bloomberg Gender-Equality Index 2022. We have also been part of the CDP's (formerly known as Carbon Disclosure Project) voluntary environmental disclosure of carbon reporting since 2009.

The Board remains steadfast in maintaining our responsible business leadership in Malaysia and in continuing to raise ESG standards. This is reflected in our commitment to addressing ESG issues such as digital inclusion, privacy and data protection, human rights, and health and safety, as well as the impacts of climate change on our business and society. The Board also strives to utilise our breadth of expertise and resources to instil excellent ESG practices not only for ourselves, but also for the sector and beyond.

Committed to Upholding Good Corporate Governance

The Board members of CelcomDigi Berhad bring together a diversity of knowledge and skills, as well as a wealth of industry experience and independence, to drive our agenda and govern effectively. We acknowledge that CelcomDigi, as one of Malaysia's largest corporates, is expected to have strong and robust corporate governance and the highest standards of ethics and integrity.

Today, we have established a clear governance structure and framework, which serve as guidelines for all Directors in fulfilling our fiduciary obligations while responding strategically to economic and ESG matters. Additionally, through strong governance stewardship, the Board is fully aware of the duty it bears in ensuring that we continue to deliver on CelcomDigi's vision over the long term, as well as accelerating our growth trajectory and value creation for all stakeholders.

On behalf of the Board, I wish to express my appreciation to the government, regulators, and shareholders for your trust in the vision and formation of CelcomDigi. We also extend our deepest gratitude to the past Boards and Management teams of Celcom and Digi, as well as all CDzens, for your collective contribution to the companies' resilient performance and for seeing through the integration planning and completion of the merger in 2022.

We look forward to engaging with our shareholders on our future business plans at our 26th Annual General Meeting (AGM), which will be held virtually on 23 May 2023. Please see the details outlined in our Notice of AGM on pages 241 to 248.

Conversation with the Chief Executive Officer

Dear Shareholders,

2022 was truly a momentous year for us. Amid macroeconomic and competitive pressures, we delivered a solid performance, continued to drive the nation's recovery post-pandemic, and culminated an extraordinary year with the completion of the merger between Celcom and Digi. Celcom and Digi started 2022 as two separate companies and ended the year as a new, unified, and stronger CelcomDigi.

CelcomDigi was established with the aim of realising the combination of scale, experience, resources, and talent of two iconic Malaysian brands – Celcom and Digi. This merger has enabled a combined stronger network, better products and services offerings a wider ecosystem of retail touchpoints, the best customer experience, and a greater focus on innovation. Most importantly, CelcomDigi has a winning talent pool of vastly experienced CDzens to meet the needs of Malaysian businesses and consumers, now and in the future.

Today, CelcomDigi is the largest telecommunications service provider in the country. In the next few years, we will continue to focus on growing our core mobile business, while expanding into the Enterprise and Home & Fibre businesses. We will invest in new products and services innovation, as well as develop technology partnerships and ecosystem through the CelcomDigi Innovation Centre.

We aspire for CelcomDigi to be the Malaysian based technology company that will become a new innovation icon for the nation – an institution that has the scale and resources to be the nation's digital growth engine, to grow local talents, and develop the local digital ecosystem, while remaining as a caring and responsible corporate citizen.

Datuk Idham Nawawi
Chief Executive Officer

Q1 How would you describe CelcomDigi in 2022?

It was a resilient year, as we continued to prioritise efforts to deliver on the expectations of stakeholders and customers from all segments, from providing high quality connectivity services, better digital experiences and offering products with greater value and flexibility, to deepening our commitments as a responsible business.

We worked alongside the government and industry to improve connectivity for all Malaysians through improved network coverage and performance under the *Jalinan Digital Negara* (JENDELA) initiative and rolled out affordable internet packages, such as *Pakej Peranti* and *Pakej Remaja Keluarga Malaysia*, for the *rakyat*.

At the same time, we were also intensifying our integration planning as we got closer to closing one of the largest and most complex transactions in the industry by completing the merger.

Today, CelcomDigi stands on a solid footing to better serve our customers and meet the rapidly increasing data demand in the coming years with our stronger combined network, a wider ecosystem of retail touchpoints, and a clear focus on delivering excellent customer experiences.

Read more about how we created value from our capitals on pages 38 to 73

Q2 What were some of the key considerations going into the merger?

It was not an easy task to close one of the most historic transactions in the industry. The challenge and complexity of merging two large mobile operators of equal size was enormous, to say the least, especially in having to conduct business as usual throughout the entire duration while planning for the merger transaction and integration activities at the same time.

Some key considerations were:

- **Early and detailed integration planning**, which helped us transition seamlessly into the merged entity. Our people were pivotal in the integration planning. We are proud that CelcomDigi today is powered by over 3,800 plus passionate and competent industry experts, an inclusive and diverse workforce in gender, ethnicity, age, and experience, reflective of the myriad customers we serve. We accelerated the process to put in place a solid leadership and management team, governed by our experienced Board of Directors.

- **Consistent engagement and communication with key stakeholders**, which helped us obtain the necessary regulatory approvals. We placed a lot of emphasis on giving our customers assurance on our service quality and experience post-merger, including the promise of a best-in-class data network and innovative product and service offerings for all Malaysian consumers and businesses. Equally important, we kept our people, or CDzens, constantly informed throughout the process, which kept uncertainties at a minimum while operations were running at an optimum. An immediate priority post-merger was having robust people engagement activities to unify our CDzens from Day 1. Multiple engagement and feedback sessions at all levels were held to allow us to listen to and act on all feedback.

- **Ensuring business continuity**, which was imperative as our execution machinery continued to deliver consistently to performance expectations.

- **Clear expectations and the establishment of new company DNA and strategy**, which helped rally CDzens towards our shared purpose, vision, ambitions, and core values as we build a unique and collaborative culture together and drive the company forward.

Read more About CelcomDigi on pages 2 to 3

Q3 What are CelcomDigi's ambitions and strategies to propel the company forward?

Being the largest telecommunications company today, serving more than 20 million customers, we are well placed to spearhead transformations beyond our core connectivity business to lead in digitalisation and innovation.

We aspire to be the digital growth engine as the nation's top telco-tech company. We aim to be the enabler of the digital lives of Malaysian consumers and businesses, by leveraging our widest network footprint, extensive distribution channels, and partner ecosystem, wide range of innovative digital products and services, and superior customer experiences.

To achieve this, we are committed to executing our strategy in three areas:

a) **Focus on growth**: Continuously strengthening the core mobile business to sustain our market leadership position, while expanding the Home & Fibre and Enterprise businesses.

b) **Deliver synergies and scale efficiency**: Accelerating integration activities and driving operational excellence transformation across the organisation to realise the RM8 billion synergies in net present value. This will enable us to further invest in service quality and overall customer experience via digitalisation and innovation.

c) **Consistent shareholder returns**: Committing to our promise of strengthening the resilience of shareholder returns with sustainable dividends to all trusted shareholders, backed by our strong balance sheet and significant synergies.

Read more about Our Corporate Strategy on pages 34 to 35

Q4 How will CelcomDigi continue to deliver its sustainability commitments?

Sustainability is a topic close to my heart, and I believe it is built-in with everything CelcomDigi does. We will focus extensively on achieving our ambition to become one of the ESG best practitioners in the country.

As one of the largest corporates in Malaysia, we remain conscious of the impact we make on the ecosystems we operate in. Our immediate priorities in sustainability for this year are:

- Setting a climate management roadmap and embedding climate-related considerations within our operations, as well as enhancing our climate-related reporting.
- Strengthening the sustainability governance framework with clear oversight of all sustainability initiatives of the company.
- Bridging the digital gap by providing access to the internet, improving service reliability, and equipping communities with digital skills.
- Safeguarding our value chain and ensuring all our partners adhere to and maintain the same high standards we aspire to ourselves.
- Developing talents and championing diversity, equality, and inclusion.

The key enabler in delivering these commitments and creating widespread impact is leveraging partnerships, so that we can collectively take measures to address ESG issues in Malaysia. These commitments are important to us, rooted in the spirit of doing the right thing, and will ensure we have a sustainable pathway to a greener and more inclusive future for all.

Read more about our Sustainability Focus Areas on page 68

Q5 What is the company's outlook and financial guidance for FY2023?

The Central Bank of Malaysia has projected gross domestic product (GDP) growth of 4% to 5% this year for Malaysia. This reflects robust commercial activities in the private consumption and investment segments, further supported by various government initiatives to contain inflationary pressures. In addition, improving tourism activities and the influx of migrant inflows are expected to boost the sector's overall subscriber and revenue growth. These factors bode well for our 2023 guidance, as summarised below:

- Service revenue growth – Maintaining the growth momentum
- EBITDA growth – Flat to low single-digit increase
- Capex-to-sales ratio – Around 15% to 18%

Moreover, with the nation's focus on increasing 5G developments, we are firmly committed to driving 5G leadership while supporting the 5G partner ecosystem through smart investments in emerging technologies and cutting-edge solutions. This will present significant experiences and benefits to our customers. We will establish the CelcomDigi Innovation Centre to serve as a hub to drive digital innovation and the growth of the local ecosystem, in line with the government's aspirations in MyDIGITAL.

All in all, we are confident that CelcomDigi will deliver a robust 2023, underpinned by precise execution of our strategic priorities, and will build on the pedigree of operational excellence that both Celcom and Digi have excelled in. We also remain committed to supporting the Communications and Digital Ministry's strategic plans towards 'a digital golden decade', led by our purpose of Advancing and Inspiring Society.

On behalf of the Management team, Albern and I would like to thank all our customers and shareholders for your support and continued confidence in CelcomDigi throughout the past year. We are also grateful to the Ministry and the MCMC for their collaboration and engagement throughout the merger process, and on many other shared industry achievements.

I would also like to take this opportunity to thank the Board of Axiata and Telenor, as well as the past Boards of Celcom and Digi, for their leadership in guiding their respective business operations, and for playing a pivotal role in guiding the Management and our teams in completing the merger. We look forward to working closely with the Chair and Board members of CelcomDigi Berhad to deliver on our goals and commitments in 2023.

Lastly, we want to record our appreciation to all CDzens, who have been resilient in delivering quality experiences and support to our customers while balancing priorities in the merger process and integration planning. We look forward with vigour and enthusiasm to achieving a solid 2023 as CelcomDigi.

Five-Year Financial Summary

RM Million	2018	2019	2020	2021	2022
KEY FINANCIAL RESULTS					
Revenue	6,527	6,298	6,153	6,336	**6,773**
Telecommunications revenue					
- Service revenue	5,827	5,644	5,428	5,341	**5,765**
- Others	75	87	84	95	**102**
- Sales of devices	625	567	641	900	**906**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)[1]	3,033	3,311	3,080	3,009	**3,013**
Earnings before interest and taxes (EBIT)	2,229	2,113	1,805	1,729	**1,467**
Interest cost	130	246	253	210	**257**
Profit before taxes	2,080	1,892	1,622	1,515	**1,218**
Profit after taxes	1,541	1,433	1,221	1,162	**764**
Organic capital expenditure (Capex)	818	751	720	803	**888**
Operations (ops) cash flow	2,176	2,062	2,432	2,606	**2,559**
KEY FINANCIAL POSITIONS					
Total assets	6,206	8,149	8,187	7,840	**37,539**
Non-current liabilities	2,838	4,732	5,067	4,275	**12,867**
Total debts	2,694	5,150	5,452	4,960	**14,887**
- Conventional borrowing	1,293	780	555	333	**814**
- Islamic borrowing	1,393	2,322	2,316	2,168	**8,060**
- Bankers' acceptances	-	-	-	-	**3**
- Finance lease	8	2,048	2,581	2,459	**6,010**
Shareholders' equity	673	660	606	633	**16,314**
KEY FINANCIAL RATIOS[3]					
Return on equity	229%	217%	201%	184%	**13%**
Return on total assets	25%	18%	15%	15%	**6%**
EBITDA margin	46%	53%	50%	47%	**49%**
Net debt/EBITDA (x)	0.7	1.4	1.7	1.6	**2.2**
Interest cover (x)	17.1	8.6	7.1	8.2	**5.9**
SHARE INFORMATION					
Earnings per share (sen)	19.8	18.4	15.7	14.9	**9.4**
Dividend per share (sen)	19.6	18.2	15.6	14.9	**12.2**
Net assets per share (sen)	8.7	8.5	7.8	8.1	**200.9**
Dividend yield	4.4%	4.1%	3.8%	3.4%	**3.1%[2]**

Notes:
- *2018 based on pre-MFRS 16*

1 *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*

2 *Yield based on the closing price of RM4.00 as at 31 December 2022*

3 *Key financial ratios for 2022 based on proforma number assuming acquisition of Celcom Berhad had taken place at the beginning of the financial year*

Performing **Relentlessly**

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

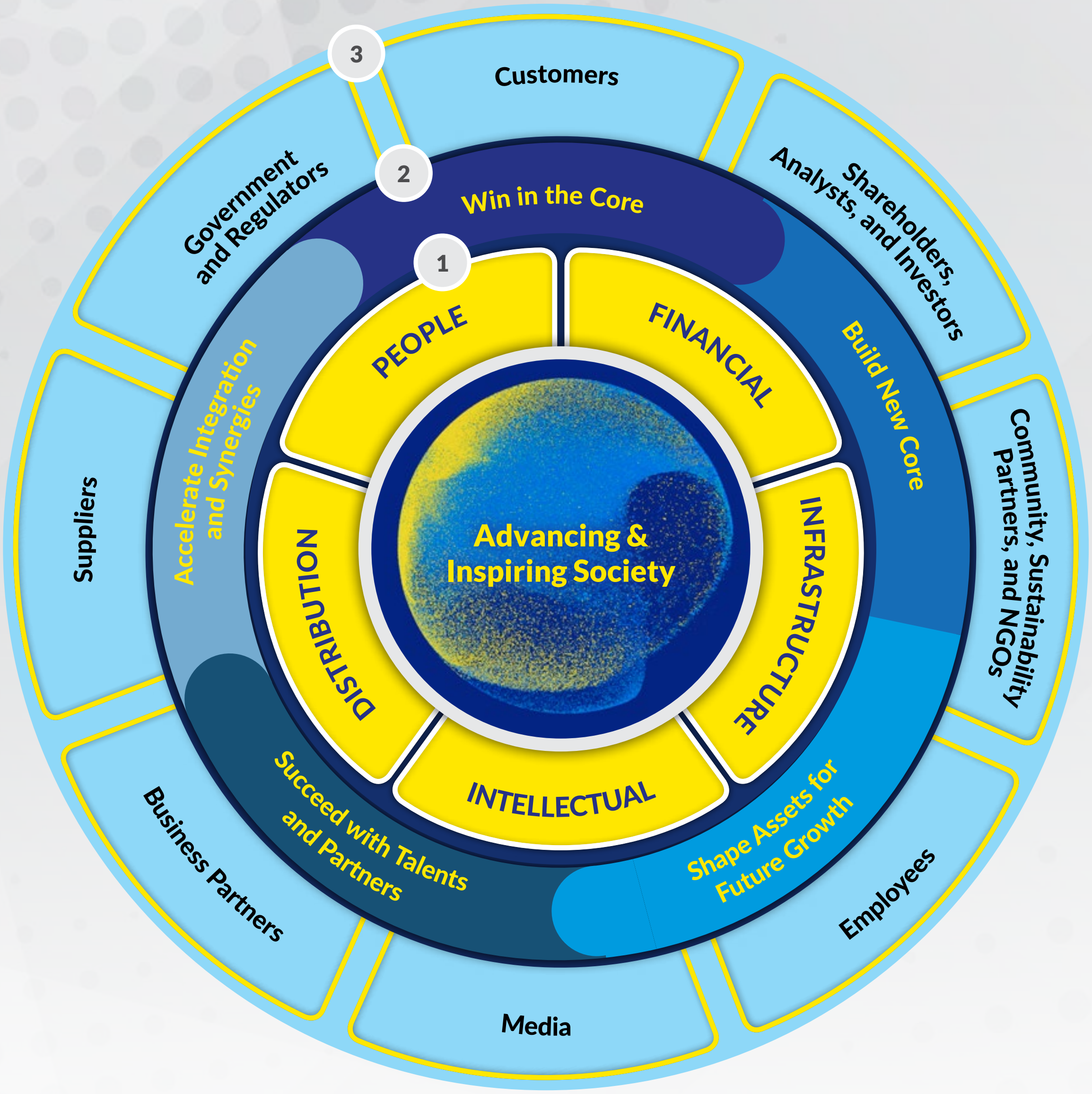

CELCOM
KUALA LUMPUR
digi
LET'S INSPIRE

Our Business Model

Our purpose of Advancing and Inspiring Society guides how we operate our business and drives our commitment to powering Malaysia's digital ambitions.

Our business model illustrates how we employ our key assets to execute our strategies, thus creating sustainable long-term value for our stakeholders.

We believe that our business model augments our ability to deliver greater connectivity, innovative services, and advanced technological solutions to society, enabling us to be the nation's top telco-tech company.



STRONG LEADERSHIP
Further details can be found in the Chair and CEO's statements on pages 10 to 14

CORPORATE GOVERNANCE
Further details on the Corporate Governance Overview Statement can be found on pages 86 to 110

FINANCIAL RESILIENCE
Further details on the Summary of Financial Performance can be found on page 15

VALUE CREATED
Further details on CelcomDigi and the Value We Created can be found on page 6

1 ASSETS

For more information on how we utilise our assets, please refer to the Capitals section on pages 38 to 73

Financial

- Largest telco by market capitalisation
- Highest-weighted tech stock on Bursa TMT Index
- Over 20 million customers
- Solid balance sheet

Infrastructure

- 23,000 mobile towers
- Over 96% and 90% 4G LTE and LTE-A population coverage, respectively
- Over 21,000 km of fibre

Intellectual

- Over 60 years of combined track record
- Iconic branded products and services offerings
- Strong advocates of ESG and responsible business practices
- Shared experiences of two global telco giants, Axiata and Telenor

Distribution

- 12,000 retail touchpoints
- 500 branded and franchised stores
- Broadened B2B base in public, large enterprise, and SME sectors
- Extensive distribution network and range of business partners

People

- Over 3,800 plus talents and experts
- Diverse and inclusive culture
- Highly experienced Board members and Senior Management team

2 STRATEGIC PILLARS

For more information on our strategy, please refer to Our Corporate Strategy section on pages 34 to 35

The strategic pillars define our business direction, driving us to achieve our ambitions. Each pillar acts as a guide to ensure CelcomDigi remains efficient and effective in employing our assets.

3 VALUE CREATED

For more information on our stakeholders, please refer to Our Key Relationships section on pages 24 to 26

WHO WE IMPACT

- Grow revenue by expanding into untapped market segments and investing in new product areas
- Expand our market outreach and drive sustainable revenue growth through innovative solutions developed in collaboration with our partners
- Enhance the quality of our digital services to accelerate digitalisation and support nation-building agendas
- Lead by example in adopting sustainable practices and advocating for sustainability agendas in the industry
- Strengthen cybersecurity defences against cyber threats nationwide by heightening stakeholders' awareness on scams, fraud, and cyberattacks
- Cultivate a safe and inclusive workplace by championing a diversity and inclusion agenda in our talent attraction and development processes
- Empower Malaysians with the most reliable and secure network and improve digital inclusion

Legend

- Government and Regulators
- Customers
- Employees
- Shareholders, Analysts, and Investors
- Media
- Community, Sustainability Partners, and NGOs
- Suppliers and Business Partners

Our Operating Landscape

The role of telecommunication providers has never been more important. Internet connectivity impacts nearly every part of our lives today as we transition towards a 'digital everything' world, leading to an ever-increasing demand for data and quality internet experience. Besides this, as observed by the World Economic Forum (WEF) in its Global Risks Report 2023, the health and economic aftereffects of the pandemic have contributed to other compounding crises, such as rising inflation and cost-of-living levels, increasing carbon emissions, and widening social inequalities. As a core 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.

Legend

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Natural Capital
- Human Capital
- Social and Relationship Capital

1 Macroeconomic

Impact on Business and Industry

- Malaysia's GDP expanded to 8.4% due to an increase in household spending and retail activities post-pandemic
- Demand increased for digital services and reliable connectivity as a result of hybrid working and a surge in e-commerce activities
- Supportive government initiatives and policies were offered to ease the rising cost of living among the marginalised communities
- The tourism sector recovered as international borders reopened, contributing favourably to domestic demand, economic recovery, and cross-border economic activity
- The influx of migrant workers supported the manufacturing and services sectors, contributing indirectly to increased demand for telecommunication services

Our Response

- Continued to deliver attractive and smart bundle offerings to provide greater digitalisation opportunities, enabling 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
- Supported the government's aspirations to reduce cost of living by providing affordable plans and connectivity options for B40 and underserved communities

2023 Outlook

- Anticipated easing of Malaysia's GDP to approximately 4% to 5% in 2023
- Permanent shift towards hybrid working arrangements for employees to promote efficiency and work-life balance
- Leveraging robust and resilient network infrastructure and IT platforms to drive business growth
- Promoting affordable plans and connectivity options to targeted groups in collaboration with industry players and the government

Capitals

2 Competition and Industry Developments

Impact on Business and Industry

- Growing focus on new technological advancements, such as Metaverse and IR4.0
- Aggressive competition continues despite new and innovative product offerings
- Rising demand for 5G-compatible devices and mobile plans as a result of 5G network deployment

Our Response

- Upgraded our voice call services to VoLTE and VoWifi for compatible devices, enabling customers to enjoy HD calls on LTE and WiFi networks
- Increased bundled add-ons and deals for 5G-compatible devices and plans
- Catered to customers' needs via our flexible Mix&Match passes, including options for high-speed internet and unlimited data

2023 Outlook

- Improving industry competition and market developments following the completion of CelcomDigi merger
- Focus on Home and Fibre segment and a stronger presence in Enterprise and SME segments
- Driving innovation through new partnerships, leveraging technological advancements such as 5G
- Rising product differentiation with 5G services

Capitals

3 Government Initiatives and Regulations

Impact on Business and Industry

- Malaysia's Budget 2023 allocated RM700 million towards network coverage expansion and RM1.3 billion towards 5G development under the Jalinan Digital Negara (JENDELA) initiative
- The government allocated loans worth RM10 billion for SMEs to encourage the automation and digitalisation of their operations
- The government signed the Cloud Framework Agreement (CFA) in partnership with Amazon Web Services (AWS), committing to implementing access to world-class AWS infrastructure, advanced technologies, and cloud skills programmes in Malaysia. As one of the key initiatives under the government's MyDIGITAL blueprint, the partnership will unlock opportunities for local businesses of all sizes to build and expand globally, cultivate a highly skilled workforce, spur new job creation, and deliver long-term economic growth

Our Response

- Supported the government in delivering on JENDELA Phase 1 commitments and provided continuous support in reaching out to underserved communities through PEDi
- Deployed the PENJANA digitalisation grant through our affordable digital solutions bundled with either fibre, broadband, or mobile lines to assist businesses in their digitalisation efforts
- Conducted continuous governance and compliance programmes internally, ensuring high standards of integrity
- Continued compliance with regulatory requirements
- Maintained ongoing engagements with regulators and authorities to drive 5G deployment

2023 Outlook

- The Ministry of Communications and Digital, together with CyberSecurity Malaysia and the Malaysian Cyber Security Commission, is working to strengthen data privacy and security practices in tandem with 5G deployment
- The government continues to implement initiatives under the MyDIGITAL blueprint

Capitals

Our Operating Landscape

4 Technological Developments

Impact on Business and Industry

- Continued rollout of 5G coverage to support advanced applications such as Internet of Things (IoT) and artificial intelligence (AI), encouraging future growth in these verticals
- Integration of schools and university campuses into the 5G ecosystem, educating students on 5G technology and developing innovation clusters in campuses
- Digitalising SMEs and co-developing solutions with large corporations and partners
- Rising concerns and regulations regarding cybersecurity and data protection across the industry
- 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
- Strengthened defence against cyberattacks through continuous monitoring and managing information security in accordance with ISO27001 standards
- Developed 5G roaming passes in more than 30 countries to accelerate growth of the 5G ecosystem
- Promoted digital resilience through our Future Skills for All and Safe Internet programmes

2023 Outlook

- The development and adoption of various technological services, such as 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, and IoT

Capitals

5 Social

Impact on Business and Industry

- Heightened need for enhanced controls, transparency, and protection of customers' data privacy, as well as cybersecurity
- Increased pressure on companies to demonstrate good corporate governance
- Prioritising the health and safety of our employees and partners, while respecting human rights standards
- Increased interest in workplaces that promote diversity and career growth opportunities
- Continued high expectations for strong brand equity and trust

Our Response

- Participated in the UN Responsible Business and Human Rights Forum and The IO Foundation's summit 'Building the Digital World We Need: Bridging Tech and Policy', which discussed the importance of human rights in the digital age
- Hosted the Responsible Business Summit to raise awareness among our employees and business partners on human rights in the workplace
- Continued to uphold good governance via our Code of Conduct

2023 Outlook

- Upholding strong, responsible business practices by advancing ESG aspects that are material to the telecommunications sector
- Narrowing the digital divide by expanding network coverage to rural areas and providing affordable products and services
- Enhancing our engagements with stakeholders and underserved communities to drive adoption of digital services
- Implementing whole-of-society approach in championing digital safety and anti-scam initiatives

Capitals

6 Environment

Impact on Business and Industry

- Global attention to and awareness of climate-related risks and increasing pressures on companies to adopt transition strategies to contribute to a net-zero economy
- Bursa Malaysia announced the rollout of a Centralised Sustainability Reporting platform for companies to disclose standardised ESG data according to established global standards
- National agenda to achieve carbon neutrality by 2050 under the 12th Malaysia Plan
- Heightened expectations for robust natural crisis preparedness, adaptation, and mitigation strategies
- Adaptive strategies for a Just Transition model to reduce systemic risk while greening the economy in an equitable way

Our Response

- Established a sustainability governance framework, including sustainability-related responsibilities, at the Senior Management team level
- Embarked on our transition towards using renewable energy under the Green Energy Tariff (GET) programme by Tenaga Nasional Berhad
- Identified climate risks and opportunities in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations

2023 Outlook

- Strengthening our infrastructure resilience
- Improving our ESG performance and ratings, including achieving above 25 percentile of the FTSE4Good Bursa Malaysia Index, maintaining an 'AA' rating in the MSCI ESG Ratings, and a low-to-medium risk rating in Sustainalytics' ESG Risk Rating
- Conducting a climate materiality assessment to gauge the climate impacts of our value chain, followed by progressive mitigation actions
- Embedding climate-related considerations within our operations and enhancing our climate-related reporting, in line with TCFD recommendations
- Encouraging mobile and digital technology adoption to accelerate the transition to decarbonisation

Capitals

Our Key Relationships

CelcomDigi is cognisant of the value gained in engaging regularly with our diverse stakeholders and understanding their evolving needs. Maintaining appropriate channels and having continuous engagements with stakeholders is essential for CelcomDigi to sustainably create value and to deliver on our purpose of Advancing and Inspiring Society.

Frequency of Engagement

- D Daily
- W Weekly
- M Monthly
- Q Quarterly
- H Half-yearly
- Y Yearly

Board of Directors

Responsible for setting strategic priorities and governing and reviewing the Senior Management team's performance to meet strategic objectives

Engagement Channels

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

Frequency of Engagement

M Q Y

Stakeholders' Expectations

- Positive CelcomDigi financial and non-financial performance
- Fair and transparent reporting
- Oversight of ESG-related matters such as climate change, human rights, and anti-corruption
- Meeting expectations of other stakeholders

Our Response

- Providing updates on CelcomDigi's financial and non-financial performance, strategic growth plans, and operational and talent management
- Ensuring fair and transparent reporting of corporate matters and disclosures through multiple platforms
- Strengthening communications and engagements with stakeholders
- Engagements with the Board on strategic priorities, plans, and ambitions for CelcomDigi

Government and Regulators

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 the JENDELA initiative and progress monitoring via the JENDELA Implementation Committee
- Company website
- Integrated Annual Report and Financial Reports
- Yearly site audits and visits
- Analyst briefings

Frequency of Engagement

W Q Y

Stakeholders' Expectations

- Commitment to delivering high-quality and reliable network coverage
- Initiatives contributing towards JENDELA targets
- Support of nation-building agenda
- Integration of ESG matters into business operations
- Enhancement of customer data protection and security measures in line with emerging digital technologies

Our Response

- Driving digital inclusion by leveraging our combined assets and extensive infrastructure
- Enabling widespread digital adoption through affordable products and packages
- Contributing towards the national aspiration of expanding 4G and 5G networks
- Rolling out outreach programmes and campaigns to strengthen digital inclusion and resilience

Customers

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
- Business sales and account management teams

Frequency of Engagement

D W M Q Y

Stakeholders' Expectations

- Competitive plans and price points
- Services in line with emerging technologies, leveraging 5G, AI, and IoT
- Expansion of touchpoints and support channels
- Consistent network experience
- Prompt circulation of notifications during network downtimes

Our Response

- Offering innovative plans catered for consumer and business needs
- Network optimisation and monitoring
- Addressing customer queries and concerns promptly via dedicated channels

Employees

Individuals employed by CelcomDigi or through contracted parties

Engagement Channels

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

Frequency of Engagement

D W M Q Y

Stakeholders' Expectations

- Clear communications on CelcomDigi's business priorities and strategy execution
- Competitive rewards and benefits structure
- Diverse workplace with equal opportunities for all
- Healthy and safe working environment
- Investment in working and collaborative tools to improve employees' productivity
- Company-wide engagements
- Career progression plans

Our Response

- Building a performance-driven culture anchored on strong collaboration, responsibility and caring, and customer-obsessed values
- Training and access to learning platforms
- Regular check-ins, awareness, and communication on employees' well-being
- Annual gender pay gap analysis, talent development reviews, and succession planning
- Pulse surveys to gauge employee engagements
- Periodic company-wide town halls and divisional huddles
- Training of emergency response and first-aid volunteers

Shareholders, Analysts, and Investors

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

Frequency of Engagement

M Q Y

Stakeholders' Expectations

- Communications on alignment of CelcomDigi's corporate and ESG strategies, outlook, and priorities across the short, mid, and long term
- Reporting on business and financial performance
- Impact assessment and demonstration of CelcomDigi's ability to sustain shareholders' returns and dividends

Our Response

- Facilitating discussions on CelcomDigi's performance and outlook
- Providing timely and comprehensive financial and non-financial disclosures
- Providing adequate engagement sessions with CelcomDigi's Senior Management team

Our Key Relationships

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

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

Frequency of Engagement

M Q Y

Stakeholders' Expectations

- Digital empowerment to bridge societal inequalities
- Safe and inclusive internet experience - awareness of online scams
- Climate action and enhancing responsible business standards

Our Response

- Capacity-building programmes to bridge the digital gap, such as implementing anti-scam awareness programmes and development of educational materials
- Thought leadership and advocating a whole-of-society approach in tackling issues such as climate change and human rights

Media

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

Frequency of Engagement

W M Q Y

Stakeholders' Expectations

- Provision of reliable and high-quality connectivity services
- Promotion of national digitalisation matters
- Advocacy of internet safety on social media channels
- Addressing industry trends and issues

Our Response

- Regular media engagements to provide updates on CelcomDigi's business performance, strategy, products, and services
- Addressing customer concerns highlighted in the media
- Thought leadership in innovation, technological advancement, and inclusive talent development

Suppliers and Business Partners

Businesses that have direct and indirect contractual relationships with CelcomDigi and deliver business value to us by co-developing 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

Frequency of Engagement

W M Q Y

Stakeholders' Expectations

- Proactive partnerships and co-developments for operations, products, and services
- ESG considerations in supply chain management
- Adoption of green solutions
- Digitalisation of businesses

Our Response

- Provision of training and capacity-building sessions for our suppliers to raise health and safety standards and promote responsible business practices
- Industry collaborations to strengthen enforcement of health and safety requirements across our supply chain

Our Material Matters

Materiality assessment is an integral part of our sustainability management. Through this exercise, we are able to engage with external stakeholders and representatives within the organisation for their feedback on significant material matters.

In FY2022, we reviewed our materiality assessment to substantiate the importance of economic, environmental, social, and governance matters to present, and progressively, to future potentials. The assessment was conducted in accordance with our enterprise risk management framework, along with Bursa Malaysia's Sustainability Reporting Guide and Toolkits (3rd Edition). We also took into consideration our new business perspectives, weighted against CelcomDigi's strategic priorities.

MATERIALITY APPROACH

PHASE 1
Review Material Matters

- Existing sustainability matters were reviewed to ensure relevance to industry trends and Bursa Malaysia's list of common sustainability matters.
- The identified sustainability matters were consolidated into 13 broad groups and classified as economic, environmental, social, and governance for discussion in this report.

PHASE 2
Stakeholder Engagement

- Stakeholders from diverse business functions were engaged with to gauge their perceptions on each material matter.
- A four-point Likert scale was used for stakeholders to rate the material matters.
- Based on an equal-weighted approach applied across all stakeholders, average rating scores were tabulated.

PHASE 3
Sustainability Impact Assessment

- An internal discussion was conducted involving leaders of key functions to deliberate on the sustainability impact assessment ratings.
- CelcomDigi's enterprise risk parameters were utilised to guide the scoring of the likelihood and degree of impact of each material matter to ensure closer alignment between our enterprise risk parameters and materiality assessment.
- Each material matter was assessed based on its impact on revenue, customer experience, brand, regulatory and health, safety and environment, as well as overall industry trends, against a specific timeframe.

PHASE 4
Calibration of Stakeholder Engagement and Impact Assessment

- The results from the impact assessment and stakeholder engagement were tabulated and presented in our Materiality Matrix.
- Top material matters were determined based on the mapping in the matrix.

PHASE 5
Review and Approvals

- The materiality assessment was presented to the Board of Directors and Senior Management team for approval.

Our Material Matters

MATERIAL MATRIX

Our Materiality Matrix represents the level of importance of our 13 consolidated material matters from the stakeholders' and business' perspectives. The Matrix provides a practical overview of the risks and opportunities across the business value chain. These material matters serve as the key considerations in our business strategy development and decision-making processes.

Material Sustainability Matters		Description
High Importance		
G1	Regulatory Compliance	Maintaining robust controls to meet existing and emerging legislation and regulations.
G2	Data Privacy and Security	Upholding strong governance to strengthen privacy controls and to protect stakeholders' data and information against cyberattacks.
E1	Service Reliability and Quality	Providing quality and consistent network experiences to customers.

Material Sustainability Matters		Description
S1	Customer Satisfaction	Employing customer-centric solutions for a differentiated user experience in our highly competitive markets.
S2	Talent and Culture	Fostering an environment that attracts and retains high-performing talents while encouraging continuous development of digital competencies.
S3	Occupational Health and Safety	Providing a conducive environment with improved health and safety conditions for employees and contracted workers across the supply chain.
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, while maintaining clear lines of reporting.
Medium Importance		
E1	Climate Change and Environmental Management	Protecting the environment by transitioning towards a low-carbon economy and employing effective waste management within business operations.
S4	Respecting Human Rights and Freedom of Expression	Upholding human rights by mitigating the risk of potential abuse across our value chain and ensuring access to the right information.
E2	Business Development and Expansion	Robust strategies to acquire and expand businesses and value creation to drive growth and profitability.
S5	Digital Resilience and Inclusion	Enabling greater access while nurturing safe internet skills to enhance digital inclusion and resilience among stakeholders.
S6	Supply Chain Management	Raising standards in our supply chain to positively influence social equality and environmental protection.

The Materiality Matrix indicates that the top material matters are Regulatory Compliance; Data Privacy and Security; Service Reliability and Quality; Customer Satisfaction; and Talent and Culture.

Our Material Matters

Highlighted below are our reflections on the changes in importance of selected material matters in comparison to the previous year's assessment.

- Regulatory Compliance has increased in importance due to stringent requirements from local regulatory bodies. Examples include compliance with the MCMC's guidelines and adherence to enhanced regulations on ESG-related disclosures by Bursa Malaysia.
- Stakeholders' perceived importance of Data Privacy and Security has reduced, potentially due to robust data privacy and security measures being implemented in the company. CelcomDigi is aware of the rising number of cyber threats and data security breaches and we remain vigilant in strengthening our privacy controls.
- Service Reliability and Quality has increased in importance due to CelcomDigi's ongoing network consolidation and integration activities aimed at providing better service reliability and quality for customers, while committing to regulatory requirements.
- Customer Satisfaction remains unchanged, attributed to our strong customer-centric solutions and capabilities in delivering reliable connectivity services.
- Talent and Culture has increased in importance due to recent trends where employees are seeking personalised employee experiences which focus on increased flexibility, comprehensive benefits, and progressive talent development opportunities. On-going people and culture integration activities will be key to promote shared beliefs and values for CelcomDigi.
- Stakeholders' perception of the importance of Business Ethics & Corporate Governance has reduced, as a result of our effective corporate governance practices, implementation of robust policies, and strong internal controls within the company.
- Business Development and Expansion has increased in importance as the merger presents new opportunities for CelcomDigi to broaden its products and services portfolio for the expanded customer base. Through combined strengths and expertise, CelcomDigi is capitalising on imminent strong growth potential in new areas, enabled by 5G, AI, and IoT.

CelcomDigi will continue to monitor and evaluate all material matters to ensure their relevance to our strategic priorities and dynamic business environment. In FY2023, we will refresh our Matrix by rolling out a full-fledged stakeholder engagement and materiality assessment exercise.

Our Key Risks

As the largest telco-tech in the country, operating in a highly competitive and rapidly changing industry, CelcomDigi faces a range of external risks such as rising 5G demands, competitive markets, and new technological innovations. Managing these imminent risks is therefore crucial as part of our value creation priorities. With an effective risk management framework and processes, we are confident in our comprehensive approach and capabilities in enhancing our resilience and agility post-merger, allowing us to strengthen our market leadership position and seize new opportunities to shape the future.

For more information on our risk management processes, please refer to the Statement on Risk Management and Internal Control section on pages 111 to 117

Overview of Our Risk Management Process

At CelcomDigi, we recognise the critical importance of risk management as an integral part of doing business, supported by clear governance. In line with our integration journey post-merger, we are focused on harmonising the risk processes by adopting the best practices from both entities and implementing an integrated approach to address the risks the company inevitably faces in achieving its synergies and strategies. Following a robust risk identification process, the Senior Management team has identified the company's key risks, which have been subsequently prioritised and assessed, and are currently being monitored in a conscious and periodic manner. This proactive approach ensures risk management remains part of our executive conversations and is embedded across our decision-making processes, thus enhancing long-term value creation while protecting our people, assets, and reputation.

In addition, the Board Governance and Risk Management Committee (BGRMC), which is ultimately responsible for CelcomDigi's risk management, receives quarterly reports of the risk monitoring and associated mitigation responses. The BGRMC also plays a vital role in aligning the company's risk profile and approach with the overall strategy and governance processes.

1 Integration Risk

Description:
Post-merger, this is a relevant risk for CelcomDigi as we navigate our integration efforts to fully realise our objectives in capturing the expected synergy targets across the company's key business and network areas.

Our Response

- Identifying transitional risks across CelcomDigi's operations and developing mitigation plans to prevent any disruptions to the integration
- Identifying resources and talents with the necessary skill sets to carry out integration activities
- Establishing a comprehensive corporate governance structure and project management team to ensure full compliance and the effective execution of planned integration activities
- Maintaining momentum and focus on execution of business-as-usual commitments and goals

2 People and Culture Integration Risk

Description:
We are aware of the potential people risk associated with cultural harmonisation, as well as negative employee sentiment regarding role, structure, and work style uncertainty.

Our Response

- Building team cohesion at Senior Management team and leadership team levels through various alignment and bonding programmes
- Expediting the completion of organisational structure and establishing clear role alignments
- Ensuring constant communications, monitoring, and updates through various channels or platforms on employee-related matters, as well as allowing employees to voice their concerns or provide feedback
- Cultivating CelcomDigi's desired culture and unity among employees through the Culture Activation Plan
- Developing policies and procedures that address integration-related matters

Our Key Risks

3 Regulatory Risk

Description:
CelcomDigi is subject to regulatory frameworks and policies that govern the industry, protect customers, and advance the country's digitalisation and 5G ambitions. Potential shifts in the spectrum of frameworks and legislative requirements will impact our competitiveness, growth, and cost strategies.

Our Response
- Actively addressing issues with policymakers and regulatory authorities to find mutually acceptable solutions
- Conducting proactive and periodic dialogues with regulators to anticipate emerging regulatory changes, address concerns, and advocate for a fair and sustainable regulatory framework as an industry player
- Participating in regulatory consultations and industry events in collaboration with key stakeholders and industry players
- Regular scrutiny to ensure business divisions are in compliance and that corrective actions are taken to address any non-compliance

5 Critical Systems Migration Risk

Description:
To upgrade our IT processes for enhanced customer's digital experiences. We have embarked on a modernisation journey to upgrade and digitalise our IT and customer processes. Management of the planned systems migration is crucial to avoid the risk of potential service disruptions and adverse customer experiences.

Our Response
- Implementing system changes based on phases and modules for performance optimisation and to reduce potential impacts
- Strengthening controls to prevent delays of critical systems migration
- Undertaking proactive vulnerability assessments and management with key players
- Conducting proactive engagements and developing clear communication strategies with all internal and external stakeholders
- Developing comprehensive UAT scenarios and procedures for exception handling and validating changes in customer experiences

4 Governance and Compliance Risk

Description:
We are committed to upholding our business integrity promise of operating responsibly, allowing our stakeholders to place their trust in us as a leading responsible business. The inability to comply with the regulations and high business standards within our value chain may jeopardise our competitive advantage and reputation.

Our Response
- Establishing a clear organisational structure with distinct responsibilities for the Board of Directors and Senior Management team to ensure full oversight of governance matters and compliance requirements across the company
- Constant review and evaluation of CelcomDigi's business strategies, current and new technologies, and product offerings and services, as well as government policies and regulations, to identify and manage emerging risks
- Implementing a holistic governance approach with due diligence and compliance measures for our business partners
- Enforcing compulsory employee participation in anti-corruption and compliance learning modules

6 Data Protection Risk

Description:
Amid rising concerns about data theft, leakage, and loss, CelcomDigi's role as the custodian of customers' data has become paramount. This entails proactive measures to safeguard customers' data and compliance with various security, privacy, and data quality requirements.

Our Response
- Organisation-wide programmes and targeted training to enhance employee awareness and knowledge of data privacy and protection
- Regular scrutiny and data protection impact assessments by dedicated privacy and security teams to improve current measures in CelcomDigi's processes, systems, and infrastructure
- Implementing a Privacy Control Framework with defined control requirements and procedures for data life cycle management
- Strengthening customers' data protection measures through cybersecurity testing
- Enhancing our Privacy Notice by disclosing the purposes and uses of our customers' personal data and regularly reviewing relevance in accordance with privacy regulations

7 Cybersecurity Risk

Description:

With the rapidly evolving technological landscape and increasingly interdependent ecosystems, threats to cybersecurity have become a mainstream issue. Preserving the resiliency and security of our network and systems is important to minimise the risk of service disruptions and data breaches resulting in reputational damage.

Our Response

- Stringent monitoring of the frequency of scams and fraud across all systems and processes
- Maintaining compliance with the ISO27001 standards on information security, including safe storage and management of information
- Strategic investment in modernised security controls and tools to strengthen cybersecurity infrastructure and mitigate any potential malicious cyberattacks
- Enhancing our data security management to limit access to and impose stringent controls on the collection of sensitive information

9 Sustainability 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. By actively managing our own relatively low exposure to natural capital risks, we play a role among the larger community of businesses to manage sustainability risk through our network integration plan, digital services, and connectivity solutions.

Our Response

- Developing carbon reduction initiatives and conducting climate risk assessments to guide network integration strategies and target-setting
- Setting up a carbon accounting system in compliance with Bursa's requirements for full TCFD-aligned disclosures
- Implementing high-impact initiatives focusing on environmental and climate change issues, as well as transparent reporting
- Strengthening our sustainability governance and reporting mechanisms while exploring new technologies and solutions

8 Supply Chain Risk

Description:

CelcomDigi is increasingly reliant on strategic partners and key vendors to deliver services. It is critical to mitigate supply chain risk in the face of rising concerns about the cost implications of inflation, supply disruptions due to global crises, or sanctions affecting our critical operations.

Our Response

- Legally requiring our suppliers to uphold responsible business practices according to our policies and Supply Chain Principles (SCP)
- Mitigating uncertainty through contract negotiations and hedging strategies in sourcing categories impacted by price increases
- Establishing a panel of suppliers to reduce reliance on a single supplier
- Utilising Supplier Relationship Management to drive value creation, improve efficiency, and promote cost savings
- Conducting extensive supplier training and inspections to raise health and safety standards and promote responsible business practices

10 Health and Safety Risk

Description:

CelcomDigi prioritises employee health and safety 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.

Our Response

- Promoting an advanced health and safety mindset and culture among employees and business partners
- Active monitoring of potential incidents and accidents
- Obtaining certifications to ensure a safe working environment and compliance with applicable rules and regulations

Our Corporate Strategy

OUR AMBITIONS	CLEAR LEADER ACROSS THE MOBILE MARKET	FASTEST-GROWING PLAYER IN HOME AND ENTERPRISE

OUR STRATEGIC PILLARS

Pillar	Description
Accelerate Integration, Synergies, and Operational Excellence	Accelerating the sustainable integration of two leading telcos' networks, IT systems, channels, and people into one merged entity in order to quickly realise synergy savings and efficiencies that can be used to reinvest in future growth
Win in the Core	Building upon the growth momentum of 2022 and maintaining leadership across every business segment
Build New Core	Leveraging innovation, digitalisation, and technology to generate sustainable new business growth across Enterprise, Home, and Fibre, as well as similar adjacent telecom segments
Shape Assets for Future Growth	Unlocking the value of our physical and digital assets to create new revenue streams, and service innovation
Succeed with Talents	Providing a robust platform to drive the development of future skills and the growth of digital talent for core and new businesses, while establishing CelcomDigi as the best place to work for career advancement (Employer of Choice)

LEADING INNOVATION IN MALAYSIA

TOP 5 EMPLOYER/PARTNER OF CHOICE IN MALAYSIA

TOP 5 ESG PERFORMER IN MALAYSIA BY 2025

STRATEGIC FOCUS AREAS

- **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 and application of advanced technology and OE mindset change

- Maintaining market leadership position across all segments while **actively growing high-value and differentiated customer segments** as a priority
- **Building a strong convergence base** by leveraging our significant mobile base
- **Curating a wider range of 5G offerings** for mass consumers and businesses
- **Enabling our teams** via analytics and differentiated customer, device, network, and digital experiences

- **Accelerating the growth** of the Home and Fibre segment in the market
- **Growing significant market share** across all Enterprise segments through strategic partnerships enabled by **beyond connectivity** solutions
- Establishing **an Innovation Centre** to drive research and development of new digital start-ups and local digital ecosystem
- **Inculcating a culture of innovation in our workplace**, catalysed by enhanced scales to explore new technologies and innovative solutions

- **Driving overall efficiencies** by **optimising cost and capital allocation** and exploring new ways to **promote digital ecosystems** through the development of other technological advancements
- Modernising and integrating network and IT systems to achieve **efficient zero-touch operations**

- **Rebuilding core competencies** to ensure breadth and depth of skills to meet our business needs now and in the future
- **Developing next-gen talent programmes** and **providing internal job mobility** options to enable more opportunities for career growth
- **Promoting innovation and new ways of working** to develop a u**nique CelcomDigi** culture as part of building a robust employer brand

Stronger **Together**

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


WE ARE ONE

How We Create Value

FINANCIAL CAPITAL

Our approach

Mapping to Our Strategy and Material Matters

E2

With our combined financial strengths and resources, CelcomDigi is set to expand and enhance our products and services to serve more than 20 million subscribers, equivalent to two-third of Malaysian consumers and businesses. Our enhanced footprint provides us with a unique platform to diversify our product offerings and to connect people for a better digital future.

As we transform ourselves into a telco-tech company, we have become commercially stronger to address industry challenges and to better serve the growing demand for digitalisation and innovation. Our stronger capability post-merger enables us to drive solid growth in our core mobile business and invest in new growth areas as we deliver superior returns for our shareholders.

Key inputs in 2022

- Top 5 company by market capitalisation in Malaysia
- Industry-leading total revenue
- Industry-leading EBITDA margin
- Healthy operating cash flow
- Optimum capex allocation
- Solid balance sheet

Outputs

- Strong topline growth driven by strategic core execution
- Market leadership position by subscriber size
- Sharp focus on generating resilient EBITDA and PAT, supported by disciplined cost-optimisation efforts
- Continued investments in modernisation and digitalisation
- Sustainable returns to shareholders
- Solid balance sheet management in maintaining financial strength for future growth

Looking ahead

We are optimistic about our ability to deliver the synergies and integration activities given our enhanced capacity to drive innovation and growth, as well as our strengthened resilience in managing macroeconomic and industry headwinds.

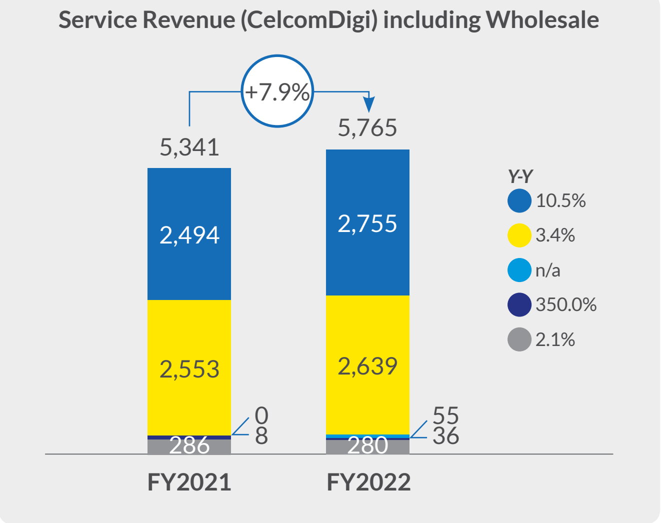
- Operational Excellence (OE) mindset and financial discipline to create sustainable value
- Capture synergies while accelerating digitalisation and innovation
- Invest in new synergistic platforms and new operating models
- Disciplined capital structure and cost allocation
- Deliver sustainable dividends on the back of solid balance sheet and synergy potentials

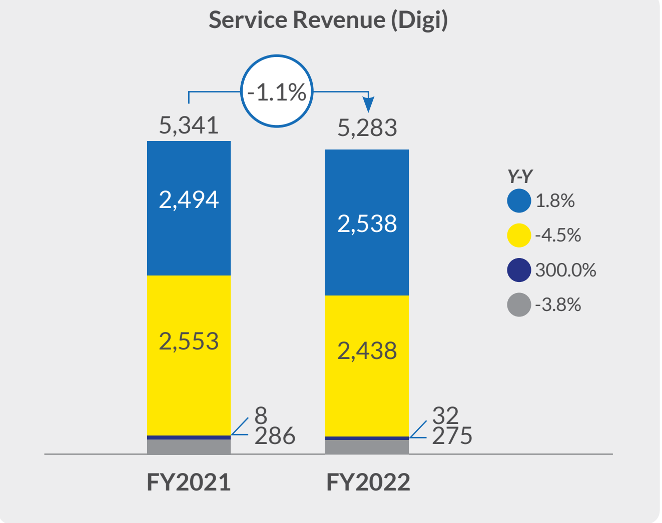
Disclaimer

On 30 November 2022, Celcom and Digi successfully completed the merger and became the largest telco by subscriber size in Malaysia. Accordingly, the figures in Section 4 include the results and metrics of Celcom for the month of December 2022, unless stated otherwise.

For information on the 4Q2022 and FY2022 financial reviews, please refer to the Bursa Announcement at https://celcomdigi.listedcompany.com/financials.html.

Strong topline growth driven by strategic core execution



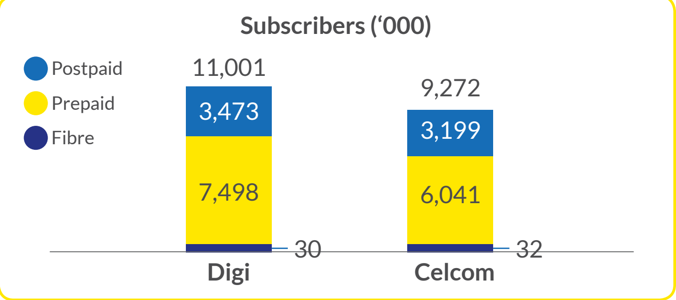


Postpaid Prepaid MVNO Fibre Digital

- Increase in CelcomDigi's service revenue by +7.9% to RM5,765 million, following the inclusion of RM491 million from Celcom's one-month contribution, reflecting our market leadership position post-merger.
- Marginal reduction of -1.1% in Digi's service revenue to RM5,283 million, driven by healthy growth in the Fibre and Enterprise businesses to compensate for Prepaid softness upon the conclusion of *Jaringan Prihatin*.
- Our decline was marginally below the 2022 financial guidance of 'return to growth', despite the solid recovery in 4Q22 to offset the weaker first nine months of operations amid the macroeconomic pressures affecting consumption power.
- Growth in Digi's Fibre and Enterprise surged by 300.0% and 13.1%, respectively in FY2022, driven by our ability to leverage growing internet adoption through effective bundling strategies.

Market leadership position by subscriber size

- It is our privilege to serve over 20 million customers, of whom 9,272 million are from Celcom and 11,001 million from Digi, with our bolstered network capabilities.



- Digi registered a net addition of 683K subscribers, of whom 477K were from the Prepaid segment, driven by the affordable and flexible range of internet offerings.
- Digi's Postpaid subscribers grew for the ninth consecutive quarter, reflecting focused execution in driving bundling offers and effective base management.

FINANCIAL CAPITAL

Market leadership position by subscriber size (Continued)

- Resilient blended ARPU developments for both businesses for the year ended December 2022.

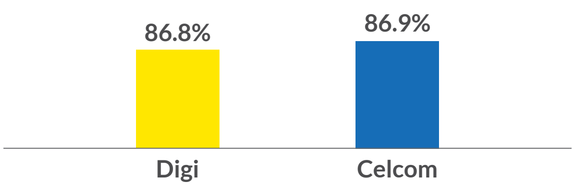
RM	Digi	Celcom
Postpaid ARPU	60	80
Prepaid ARPU	32	30
Fibre ARPU	128	103
Blended ARPU	41	45

digi LET'S INSPIRE: Higher upticks in entry-to-mid level Postpaid bundle plans and Prepaid internet passes led to a contraction in Digi's ARPU by RM2 from RM43 a year ago

celcom: Celcom's blended ARPU sustained year-on-year (YoY) momentum, supported by robust demand for all product offerings

- With rising internet adoption across the country, our role as a digital services provider became more relevant than ever. Our growing network coverage nationwide led to increased average monthly data usage, reaching 24.5 GB and 27.9 GB per user for Digi and Celcom, respectively.

Internet Users



Blended GB Per User

digi LET'S INSPIRE	24.5 GB/user	▲ 18.4% YoY
celcom	27.9 GB/user	▲ 15.1% YoY

Managing risks for trade receivables

- Tightened our credit management and collection process to manage provision for doubtful debts.
- Enhanced acquisition mechanisms such as higher credit score eligibility and device volume.
- Optimised balance sheet through risk transfer of trade receivables.

Low provision for doubtful debts ratio

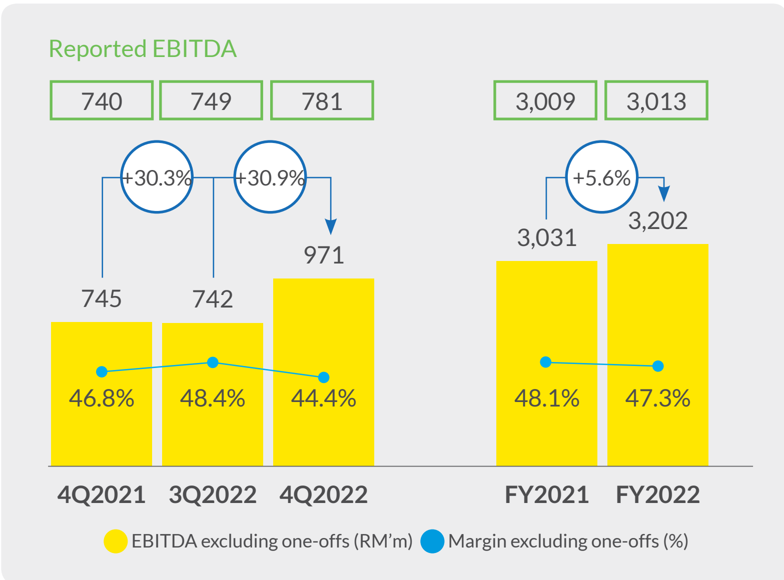
2.9% in FY2022

(vs 2.2% in FY2021)

Below industry levels, reflecting our ability to manage collection risk

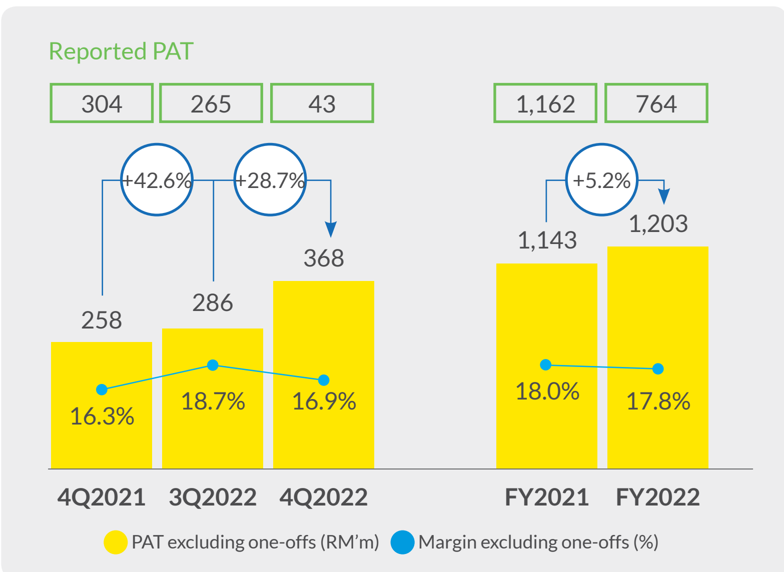
Sharp focus on generating resilient EBITDA and PAT

- EBITDA, excluding non-recurring items, grew 5.6% to RM3,202 million, with a margin of 47.3%.



- The positive underlying performance was achieved on the back of cost optimisation efforts and better credit management.
- Reported EBITDA for CelcomDigi amounted to RM3,013 million, impacted by merger-related expenses and non-recurring accounting adjustments, collectively termed as 'one-offs'.
- Excluding Celcom's EBITDA in December 2022, EBITDA excluding one-offs for Digi amounted to RM2,955 million, with a margin of 47.5%.

- Reported PAT was affected by one-offs while underlying development was sustained on the back of focused core execution.

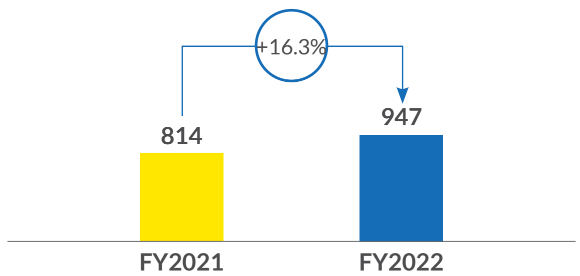


- CelcomDigi's profit after tax (PAT) of RM764 million was impacted by additional depreciation and finance costs resulting from the harmonisation of accounting policies and estimates and the merger, respectively, as well as *Cukai Makmur*.
- PAT, excluding the harmonisation adjustments, merger-related one-offs, and *Cukai Makmur* for FY2022, would have been RM1,203 million, at a margin of 17.8%.

FINANCIAL CAPITAL

Continued investments in modernisation and digitalisation

- Total capex was well managed within FY2022 guidance, reflecting our disciplined capital allocation approach.

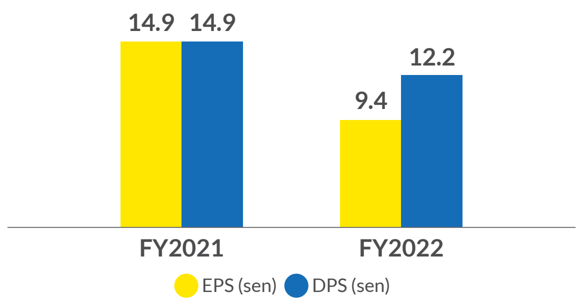


Includes one-month contribution from Celcom of RM192m

- We invested a total of RM947 million in FY2022 towards improving network quality and coverage, as well as future-proofing our billing platforms and customer digital touchpoints.
- The increase of RM192 million was due to the inclusion of Celcom's capex in December 2022 as both Celcom and Digi continued to modernise operations and further develop our leading network position in Malaysia.

Sustainable returns to shareholders

- Lower Earnings Per Share (EPS) and Dividend Per Share (DPS), mainly due to one-offs despite healthy topline growth in FY2022.



- Total FY2022 dividend payout of RM1,071 million, over 100% dividend payout ratio.

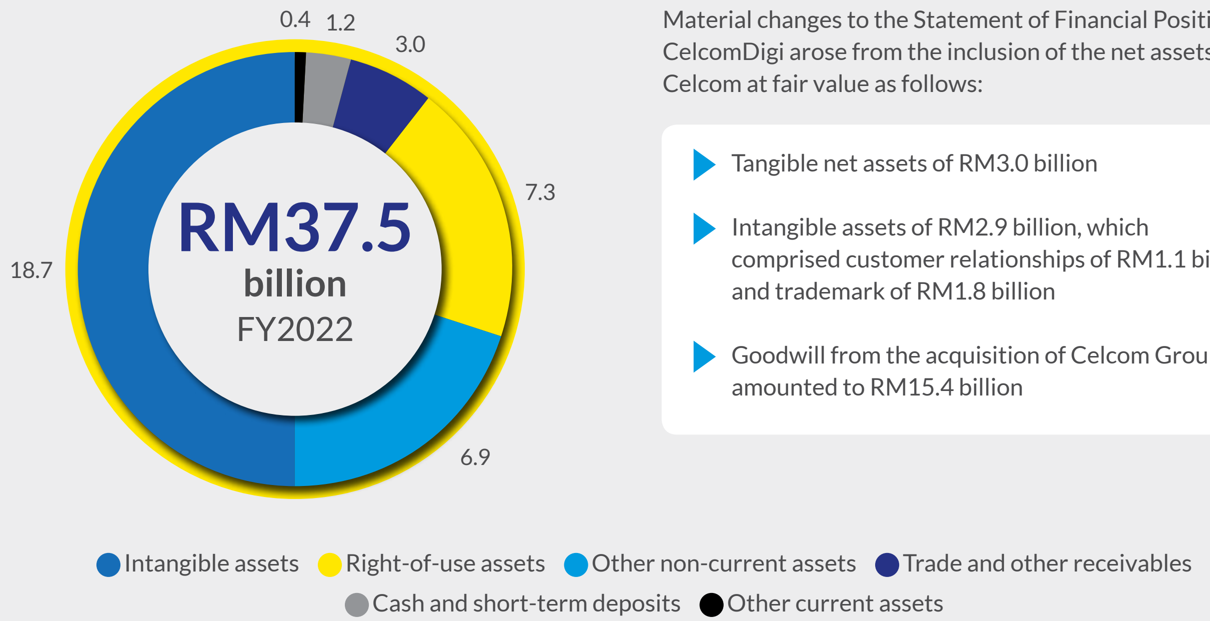
Continued to exceed the company's dividend policy of distributing a minimum 80% of net profits.

CelcomDigi is expected to strengthen the resilience of our shareholder returns over medium to long term through the execution of coherent strategies and significant synergies to drive sustainable value creation.

Solid balance sheet management in maintaining financial strength for future growth

- Expanded total assets from RM7.8 billion to RM37.5 billion following the completion of the merger on various items.

Breakdown of total assets as at 31 December 2022 (in RM'bil)



Material changes to the Statement of Financial Position of CelcomDigi arose from the inclusion of the net assets of Celcom at fair value as follows:

- Tangible net assets of RM3.0 billion
- Intangible assets of RM2.9 billion, which comprised customer relationships of RM1.1 billion and trademark of RM1.8 billion
- Goodwill from the acquisition of Celcom Group amounted to RM15.4 billion

- Share capital increased with the issuance of 4.0 billion new shares valued at RM15.8 billion as share consideration for the merger transaction.

Share Capital Pre-merger	**RM770 million**
Share Capital Post-merger	**RM16,596 million**

- The enlarged share capital positioned us for the future to deliver value to our shareholders.

MANUFACTURED CAPITAL

Our approach

Mapping to Our Strategy and Material Matters

S1 E1

As a telecommunications and digital services provider, we are committed to being a part of the concerted efforts to accelerate the national digitalisation agenda and drive the growth of our local digital ecosystem. Our combined networks strengthen our competitiveness to deliver the most consistent, high-speed, and secure connectivity, underpinned by continuous investment in network modernisation.

Our network infrastructure assets also determine how we differentiate ourselves in an increasingly competitive industry, with industry peers vying to utilise the developing national 5G infrastructure. As part of our modernisation journey, we have prioritised investment in employing technologies such as Robotic Process Automation (RPA) and Artificial Intelligence (AI)/Machine Learning (ML). For our distribution network, we strive to increase the scope of customer services on our digital touchpoints to provide better customer accessibility.

Key inputs in 2022

- Widest population coverage for both 4G and 4G+ networks
- Automation of operational excellence
- Modernised network infrastructure with 5G-ready equipment
- Strong presence of combined retail stores across the nation
- Synergised digital touchpoints

Outputs

- Delivering the widest and most consistent network experience nationwide
- Supporting the national digitalisation agenda
- Driving modernisation and automation initiatives towards operational excellence
- Connecting with our customers through our digital and physical touchpoints

Looking ahead

With the government's ongoing agenda to form a digitally driven nation, CelcomDigi foresees persistent hikes in data usage in line with an accelerated pace of digital adoption. We will continue to provide superior network quality via our leading 4G experience, in addition to revitalising our telco solutions by supporting widespread introduction of 5G technology nationwide.

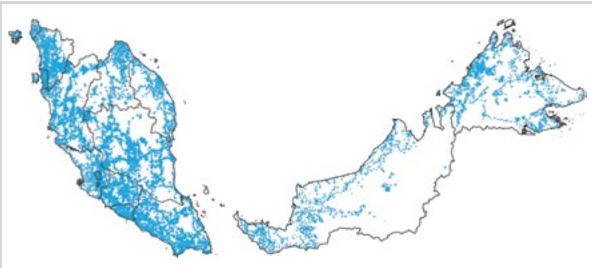
- Continue investing in network infrastructure to improve network quality and coverage
- Continue supporting JENDELA efforts
- Accelerate adoption of touch-free operations for greater efficiency
- Quality-based management
- Enhance our physical and digital touchpoints' services

Delivering the widest and most consistent network experience nationwide

We have been proactively investing in upgrading our network infrastructure and driving modernisation initiatives to enhance digital capabilities of our customer-facing platforms and internal processes.

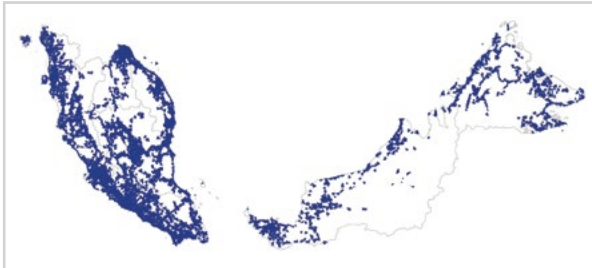
Equal strength in network quality and reliability

Celcom Network



Population Coverage:	4G : 96.4% 4G+ : 90.3%
Fibre footprint:	10,434 KM
Number of sites:	12,000+
Spectrum holdings:	65 MHz[1]

Digi Network



Population Coverage:	4G : 95.9% 4G+ : 90.4%
Fibre footprint:	10,654 KM
Number of sites:	11,000+
Spectrum holdings:	60 MHz[1]

Note:
[1] Including Altel Spectrum

Network performance highlights in FY2022:

1. As of FY2022, CelcomDigi's 4G LTE and LTE-A cover over 96% and 90% of populated areas, respectively, cementing our commitment to providing the widest network coverage nationwide and underlining our efforts to expanding Malaysia's 4G coverage in line with national digitalisation plans.

2. Both Celcom and Digi maintained the highest network speeds and consistency by sustaining Top 2 positions in terms of consistency, video experience, and download speeds, as measured by independent mobile analytics firms.

3. Our combined fibre footprint expanded to over 21,000 km, marking a new milestone as we improved 4G network experience for all customers.

4. With the full shutdown of 3G network, CelcomDigi has in tandem strengthened our network coverage and quality by building new sites and upgrading existing sites to ensure 5G-readiness.

MANUFACTURED CAPITAL

Supporting the national digitalisation agenda

CelcomDigi has successfully delivered all targets set under JENDELA's Phase 1 through building new sites and upgrading existing sites in identified rural and remote areas. Our combined achievements under the JENDELA programme are as follows:

Connecting Malaysians through JENDELA

New Sites
65 **(100% met)**
(FY2021: 119 (98% met))
(FY2020: 269 (99% met))

Upgrades
1,489 **(100% met)**
(FY2021: 2,191 (100% met))
(FY2020: 2,979 (100% met))

Driving modernisation and automation initiatives towards operational excellence

CelcomDigi has been improving efficiency by adopting touch-free initiatives across our value chain.

We have set a touch-free operations target of 100% and are currently working on delivering digital transformation initiatives driven by the technologies highlighted below:

Our transformation towards touch-free operations

- Process-driven via Robotic Process Automation (RPA)
- Data-driven via AI/ML
- Proactive detection & self-healing in cybersecurity
- Energy efficiency
- Development Security & Operations (DevSecOps)

Connecting with our customers through our digital and physical touchpoints

Our wide distribution network, comprising both Celcom's and Digi's physical and digital customer touchpoints, aims to provide quality customer experiences.

Largest retail network in Malaysia

12,000+ retail touchpoints

500+ branded and franchised stores

10.7 mil users on MyDigi and Celcom Life apps

Connecting with our customers through our digital and physical touchpoints (Continued)

Branded stores

- Over 500 Celcom and Digi branded and franchised stores provide personalised customer service and enriched in-store experiences that matter to the customers.

MyDigi and Celcom Life app features

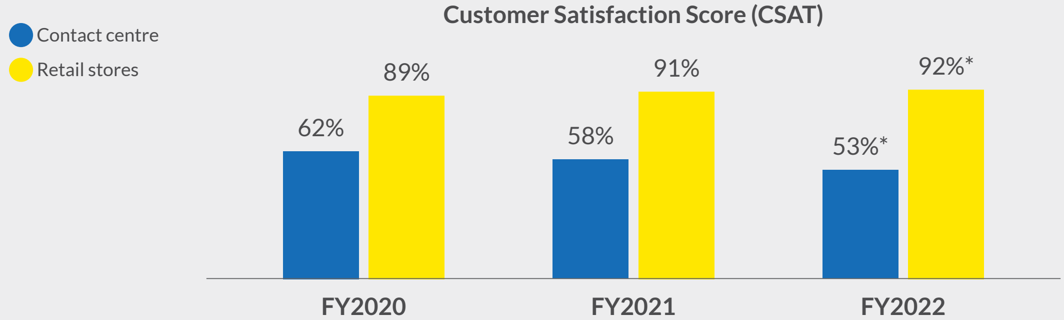
MyDigi

Celcom Life

- Our mobile applications offer a streamlined, all-in-one experience, making it easier for customers to:
  - Pay bills
  - Reload
  - Track internet quota
  - Buy add-ons
  - Claim rewards and deals
  - Manage accounts for friends and family
  - Get support via live chat

Customer satisfaction is our top priority. We have a dedicated customer service team, 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 acknowledge on-going customers' issues on service quality and actively implement solutions to close the feedback loop.

Customer Satisfaction Score (CSAT)



Notes:
a) Reported data for FY2020 - FY2022 limited to Digi only
*b) *Customer Satisfaction data for FY2022 has been independently assured by KPMG PLT*

INTELLECTUAL CAPITAL

Our approach

Mapping to Our Strategy and Material Matters

G2 E2

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, guided by our values and robust internal controls, has resulted in strong ESG performances, 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 2022

- Long-standing commitment to advancing ESG standards
- A range of customer-centric connectivity and digital solutions
- Strategic innovation partners to support digitalisation initiatives
- Comprehensive data protection and security governance

Outputs

- Sustaining our reputation as a trusted brand
- Leveraging our strong brand proposition as the leader in high-speed internet
- Elevating customer experience with the introduction of 5G services
- Pursuing strategic partnerships for new growth opportunities
- 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.

- Continue efforts to deliver on our sustainability commitments
- Unlock 5G access to more customers
- Improve overall privacy and cybersecurity compliance
- Enhance internet bundles to cater for all customer segments
- New partnerships for building scale

Sustaining our reputation as a trusted brand

In FY2022, we sustained our reputation as a responsible business leader by advocating for and embedding good ESG practices within the organisation. This increased stakeholders' confidence in our ability to create long-term value through our business decisions. Moving forward, we will establish our ESG priorities based on matters that are most material to CelcomDigi by establishing measurable baselines and targets and cohesively disclosing our sustainability performance.

Sustaining our reputation as a trusted brand (Continued)

Maintaining strong ESG performance

FTSE4Good

Bursa Malaysia Index
Member of ESG indices
Within the Top 25 percentile

SUSTAINALYTICS

ESG Risk Rating
Maintained
Low-Medium Risk

CDP DRIVING SUSTAINABLE ECONOMIES

Voluntary Environmental Disclosure
Carbon reporting since 2009
via Telenor Group

MSCI ESG RATINGS AA

MSCI ESG Rating
Maintained
at AA

Bloomberg Gender-Equality Index (GEI) 2022
Recognition for **gender reporting** and advancing **women's equality**

IR magazine Award nominee South East Asia 2021

Investor Relations Magazine SEA Awards
Certificate of Excellence for **Best ESG Materiality Assessment** in Integrated Annual Report 2021

The EDGE Malaysia ESG Awards 2022
Gold Trophy
for Telecommunications & Media Sector

Industry recognitions

Both Celcom and Digi were recognised by Malaysians as preferred brands for Communication Networks at the 2022 Putra Brand Awards.

The silver award for our respective brands marks a significant first step in our unification as CelcomDigi. We are now even more motivated and inspired to bring Malaysians the best of both brands' products and services, customer experience, and innovation.

CelcomDigi bagged three awards at the MCMC Star Rating Awards held in December 2022:

Best in Quality of Service – Celcom Axiata Berhad
Best Mobile Network Operator with above 5 Million Subscribers – Digi Telecommunications Sdn. Bhd.
Best in Compliance with CMA 1998 – Digi Telecommunications Sdn. Bhd.

The recognitions are a testament to our unwavering commitment to providing the best digital experiences for our customers and to being their foremost trusted brand.

We took a podium finish at the recent APPIES Asia Pacific Awards, winning the Bronze in the Pro Bono / Festive / Govt / Entertainment category for our Digi Kaamatan 2021 - *Tiga Kali Satu Hari* campaign.

The APPIES showcase and recognise some of the best marketing strategies and campaigns in the region.

INTELLECTUAL CAPITAL

Leveraging our brand proposition as the leader in high-speed internet

- Offering a wide range of products catering for all our customer segments, backed by our position as the nation's fastest and most consistent network since September 2020.
- Curating affordable, attractive smart bundles and entry-level plans to enable our customers to access reliable and secure connectivity and digital services.
- This included deals across Postpaid, Prepaid, and Home Fibre products which are bundled with free smartphones and unlimited data access.

Juara Internet Sinaranku

Juara Internet Familiku

Juara Internet Untuk Semua

Monthly Offers

Hari Gaji

Elevating customer experience with the introduction of 5G services

- Creating effective digital ecosystems, such as strengthening mobile connectivity through 4G and introducing 5G mobile plans for both Celcom's and Digi's product brands.
- Increasing the adoption of 5G by providing easy upgrade options to existing customers.
- Driving innovation in 5G solutions and use cases as well as in new adjacent services with industry players and vertical partners.

Pursuing strategic partnerships for new growth opportunities

- CelcomDigi is well placed to attract partnerships with local and global digital companies to invest and drive digitalisation, innovation, and sustainable growth in line with MyDIGITAL aspirations.
- In 2022, we partnered with two leading platforms to enhance our digital offerings to large enterprises and SMEs.

Launched altHR's Earned Wage Access (EWA) feature to improve businesses' financial accessibility

In collaboration with financial wellness platform HariGaji, the new EWA feature on the altHR application enables employers to offer salary advances without compromising their own working capital, while also assisting employees with greater financial access and management.

Launched exclusive and targeted Digi Business Plans for all Lazada sellers and merchants

Registered Lazada sellers are eligible for exclusive 'seller benefits' when purchasing Digi Business plans, which include payment fee waivers for new sellers and sponsored advertising credits.

Tightening data protection and cybersecurity controls

- Data protection and privacy are, understandably, of increasing concern to customers, especially as we expand our digital interfaces. We strive to strengthen our internal controls, drive a responsible business culture, and educate our employees to practise a good data and security stewardship.

In 2022, we increased our focus on protecting customers and business partners' data through the implementation of various measures such as:

- Enhancing third party vendor management with thorough scrutiny and due diligence in ensuring the application of adequate data protection instruments.
- Conducting a privacy incident simulation and roundtable discussion with targeted stakeholders.
- Enhancing privacy and cybersecurity controls (including data retention and disposal, user access management, and encryption).
- Inventorying records of data processing activities.

INTELLECTUAL CAPITAL

Tightening data protection and cybersecurity controls (Continued)

As a responsible business, we welcome legislative changes and ensure continuous compliance with legal and regulatory requirements. We are also committed to ensuring our customers' privacy rights are always respected.

Our Data Protection Practices

CelcomDigi is responsible for ensuring your 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.

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. In 2022, we completed the required audits and maintained the accreditation.

During the year, together with BCP Asia Sdn. Bhd., we conducted a Business Continuity and Identity Threat Detection and Response (ITDR) simulation exercise with our Enterprise Business and support functions.

Scenarios involving data security breaches were simulated to allow teams to experience disruptions first-hand and put their business continuity plans to the test. The outcomes from the exercise will help the teams strengthen and enrich their operational resilience and preparedness for future mitigations.

Tightening data protection and cybersecurity controls (Continued)

Advocating Privacy and Cybersecurity-first Culture

We reinforced our privacy and cybersecurity compliance by requiring all employees to undergo scenario-based training pertinent to our operations.

These training modules were critical to educate our employees on cyber-aware behaviour while expanding employees' understanding of privacy and cybersecurity risk mitigation measures.

Modules	% Completion
Managing Privacy Risk	92.7%
Security in Privacy	96.1%

Note:
a) Reported data limited to Digi only

Looking Ahead

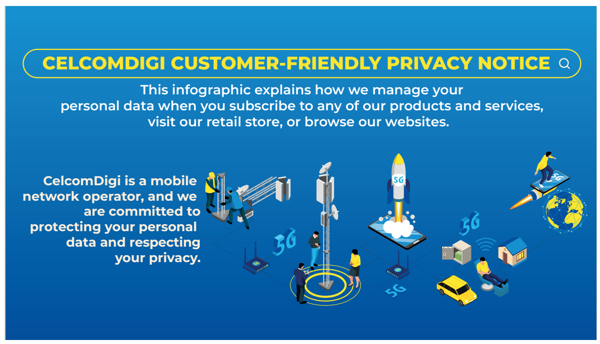
Leadership commitment to data privacy

In conjunction with International Data Privacy Day 2023, our CEO Datuk Idham Nawawi reaffirmed CelcomDigi's commitment to upholding the highest standards in protecting data privacy across our operations every day.

Watch the video here:
https://youtu.be/IZ21LkxUo9U

CelcomDigi privacy notice is now in infographics

As part of our continuous efforts to be transparent in our privacy practices, we recently simplified our privacy notice into an easy-to-digest infographic. The concise infographic provides customers with a holistic understanding of our data practices, avoiding lengthy statements and improving transparency and customer experience.



HUMAN CAPITAL

Our approach

Mapping to Our Strategy and Material Matters

S2 S3

In the fast-moving telecommunications industry, it is essential to keep pace with constant evolution. To meet the changing needs of the workforce, we recognise the importance of adopting an agile people strategy and talent value proposition.

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

Key inputs in 2022

- Focused on learning, development, and career opportunities
- Sustained efforts towards diversity and inclusion
- Improved engagement and collaboration following the easing of COVID-related lockdowns
- Prioritised employees' well-being
- Formed the merger and integration taskforce

Outputs

- Fostering a diverse and inclusive workforce for a stronger business
- Enabling an environment that will attract, develop, and retain talents
- Focusing efforts on collaboration and engagement
- Fostering a culture of Health and Safety
- Mobilising our talents for the Celcom-Digi merger
- Integrating people and culture into the new organisation

Looking ahead

As a talent powerhouse, CelcomDigi aims to have top digital, technical, and commercial talents. We achieve this by aligning our core competencies with the organisation's strategic ambitions while utilising our scale and partnerships to provide learning and growth opportunities to employees. We want to establish CelcomDigi as the best place for our people to advance their careers, ultimately aspiring to become a leading employer brand in Malaysia.

- Accelerate post-merger people integration – Organisation, culture, policies, processes, and systems
- Develop talents and leaders – Succession pipeline for leadership roles and a robust pool of key talents
- Build a future-ready workforce through development of core and critical competencies that support CelcomDigi's telco-tech ambitions
- Promote shared beliefs, values, and mindsets through cultural integration
- Develop a strong employer value proposition to achieve our aspirations of becoming one of the Top 5 Employers of Choice
- Drive employee well-being and manage people risk by advocating for a Safety-First Culture, benchmarked against international leading standards

Fostering a diverse and inclusive workforce for a stronger business

CelcomDigi believes that a diversified workforce is a business priority and essential for us to win in today's competitive marketplace. We prioritise building a responsible business that fosters a culture of inclusion, which enables us to leverage the different talents, skill sets, and experiences of our employees. By doing so, we can better serve our diverse customer base.

Our Workforce

Breakdown by gender & category

	Men	Women
Total Employees: 3,818	1,991 (52%)	1,827 (48%)
CelcomDigi Management (CXOs)	10 (83%)	2 (17%)
CelcomDigi Leadership (CXO-1)	64 (61%)	41 (39%)

Breakdown by age & category

	CelcomDigi Employees	CelcomDigi Management (CXOs)	CelcomDigi Leadership (CXO-1)
< 30 years	258	0	0
30 – 39 years	1,306	0	17
40 – 50 years	1,591	4	61
> 50 years	663	8	27

Bloomberg Gender-Equality Index 2022

Digi included for the second consecutive year in 2022 bloomberg gender-equality index

This placed Digi among 418 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.

Enabling an environment that will attract, develop, and retain talents

CelcomDigi believes in creating a conducive learning environment, where employees have the opportunity to dive into self-learning and training, have regular development conversations with their managers, and track their progress through annual performance reviews.

HUMAN CAPITAL

Enabling an environment that will attract, develop, and retain talents (Continued)

Employee training hours (2022)

Total Training Hours: 68,673 hours

47.1 Average Male Employee Hours *(FY2021: 51.5) (FY2020: 59.5)*	**45.8** Average Female Employee Hours *(FY2021: 50.2) (FY2020: 54.7)*	**41.4** Average Management* Hours *(FY2021: 45.5) (FY2020: 57.6)*	**47.0** Average Non-Management* Hours *(FY2021: 51.7) (FY2020: 57.1)*

Notes:
a) Reported data for FY2020 - FY2022 limited to Digi only
b) Training hours are accumulated through online learning and physical workshops
*c) *Management includes CXOs, CXO-1, and CXO-2*

100% Completion: Organisation-wide Code of Conduct training conducted in December 2022

Annual Performance Review and Development in 2022

Our approach to performance and development:

- Focuses on strengths-based development and is forward looking
- Catch-ups are encouraged throughout the year between managers and employees
- Development plans are continuously discussed, in order to chart growth
- Annual reviews, also known as Impact Assessments, are a year-end exercise for managers and employees to discuss the impacts created and future plans

1,375 employees

Completed the 2022 Impact Assessment

Note:
a) Reported data limited to Digi only

Focusing efforts on collaboration and engagement

CelcomDigi's commitment lies in creating an environment that enables our employees to feel connected to both their work and the organisation. We will continue to prioritise engagements, teamwork, and a shared sense of purpose to create a positive work culture that promotes resilience, adaptability, and long-term success.

Teambuilding 2022

Over 1,200 employees nationwide gathered for our Teambuilding 2022, marking the first physical gathering of employees since the pandemic. Themed #StrongerTogether, the event celebrated the resilience and strong team spirit of our employees who had weathered different challenges together.

As part of the teambuilding activities, employees tackled challenges and tasks that required them to work together to achieve their goals. The highlight of the event was the assembly of 149 wheelchairs by employees that were then donated to NGOs and homes for senior citizens. This initiative exemplified the company's commitment to giving back to communities and empowering them to lead better lives.




Focusing efforts on collaboration and engagement (Continued)

Responsible Business Summit 2022

The Responsible Business Summit is an annual event demonstrating our commitment to responsible business standards across all functions and to build customer trust and transparency in our way of working. The week-long programme, featured speakers from Khazanah Research Institute, Citibank, Petronas, and Arus Academy, focusing on key areas like cybersecurity, privacy and data protection, supply chain sustainability, human rights, and anti-corruption.

Merdeka Day Celebration 2022

CelcomDigi, together with other industry players, took part in this year's Merdeka Day celebration. It was a proud moment seeing our employees representing our brand with pride at our country's 65th National Day Parade at Dataran Merdeka.

Fostering a culture of Health and Safety

CelcomDigi is committed to safeguarding our employees' health, safety, and well-being. We embed stringent health and safety measures, conduct employee training sessions to develop their capabilities, and reinforce safety practices across the organisation.

Health and Safety initiatives conducted in 2022

Leadership Oversight

- Prioritised discussions on Health, Safety and Environment (HSE) in all meetings and company-wide town hall sessions
- Inspected the workplace conditions of our premises
- Provided guidance and led the HSE Committee's quarterly meetings
- Underwent training in Hazard Identification, Risk Assessment, and Risk Control (HIRARC) assessment

Employee Awareness

- Published monthly safety awareness posts on Workplace
- Communicated health and safety improvement plans to employees

Competency Training

- Organised competency training (Root Cause Analysis (RCA), Corrective and Preventive Action (CAPA)), and Health, Safety & Security (HSS) knowledge-sharing between HSE, Supply Chain Management (SCM), and suppliers

Hazard Identification, Risk Assessment, and Determining Control (HIRADC) Assessment

- Conducted HIRADC assessment prior to commencement of work
- Digitised into ePTW (electronic Permit-to-Work) for easy access

Hudson Safety Culture Maturity Model

- Utilised the Hudson Safety Culture Maturity Model as a benchmark to improve and strengthen our current practices

HUMAN CAPITAL

Fostering a culture of Health and Safety (Continued)

0 Lost Time Injury Frequency (LTIF)* score recorded

0 Fatalities recorded

1,822 Total health and safety training hours
(FY2021: 2,411)
(FY2020: 1,090)

Notes:
a) Reported data limited to Digi only
*b) *Lost Time Injury Frequency (LTIF) score (limited to permanent and contract employees) FY2022 has been independently assured by KPMG PLT*

In 2022, we continued to have zero lost time injuries and fatalities. We will continue to monitor the work-related injuries and accidents and sickness absence days of our permanent and contract employees, in-house contractors, and third-party vendors. We require employees to undergo periodic training through curated programmes and workshops, in order to create awareness, understand their responsibilities, and build safety-first habits.

Training	No. of Participants / Completion Rate
Occupational Health & Safety (OHS) and Other Legal Requirements To identify the applicable OHS, Environmental, Legal, & Other Requirements against CelcomDigi's compliance levels	30
Hazard Identification and Assessment of Risks and Opportunities To build skills and knowledge to develop Hazard Identification, Risk Assessment, and Risk Control (HIRARC) activities in the workplace	176
Occupational First Aider Training To train employees to become qualified First Aiders	22
Understanding Health & Safety Training To ensure that health and safety is fully embedded in operations	96%

Note:
a) Reported data limited to Digi only

Certified mental health first aiders

To date, 30 employees have been trained by the Malaysian Mental Health Association (MMHA) to be certified mental health first aiders. The team plays a vital role in promoting mental well-being and providing first-level mental care and emotional support to our employees. This affirms our commitment to prioritising employees' well-being and fostering a productive work environment.

ISO 45001:2018 is an international standard for occupational health and safety management systems that provides a framework for organisations to identify, control, and reduce the risks 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 creating a safer workplace environment for our employees.

Mobilising our talents for the Celcom-Digi merger

Setup of our integration taskforce

From Q3 2021 to Q4 2022, over 100 full-time employees from Celcom, Digi, and their respective parent companies were tasked with establishing the groundwork for the merger.

It was a unique learning opportunity for our employees as they were able to collaborate, share ideas, and hone their skills, while helping chart the future of CelcomDigi as a new organisation.

Key tasks performed by the integration taskforce:

- Successful closure of the merger transaction from a financial, legal, and regulatory perspective
- Post-merger strategy, synergy, and value capture
- Programme management and project planning for Day 1 readiness
- Internal and external communications and change management with respect to the merger
- Organisation structure and key management placements
- Design and implementation of integration plans for people, culture, network, IT, commercial, channels, customers, accounting & finance, procurement, and more
- Onboarding and training of relevant experts in Celcom and Digi for Day 1 preparations following all regulatory approvals

Integrating people and culture into the new organisation

We are now one & stronger together!

After 1 year, 7 months and 22 days, we completed the merger of Celcom and Digi on 30 November 2022. Through the merger, CelcomDigi is not only the largest mobile operator in the country, but also a talent powerhouse. We are steadfast in creating a conducive workplace, built on the best practices from both organisations, where our employees can thrive.

We are committed to supporting our employees through our people integration and transformation plans:

- Leaders will serve as role models in guiding CelcomDigi into the future.
- We will provide multiple platforms to engage, interact with, and support employees during the transition period.

Key highlights in December 2022 included:

CelcomDigi Leadership Sessions

Recognising that strong leaders are critical in driving CelcomDigi forward, several workshops were held prior to Day 1 as preparation for our CXOs and CXO-1s to lead and navigate their teams through the merger.

Meet-and-Greet Sessions

Meet-and-greet sessions with the Management were held at various CelcomDigi offices for employees to familiarise themselves with their new teams and working locations, prior to the official co-location planned for January 2023.

HR Roadshows

To support our employees during this transition period, multiple HR roadshows were held to equip employees with the right information on our policies. A digital HR Helpdesk was also set up as a one-stop-centre for all people-related inquiries.

CelcomDigi's DNA and Core Values Shared

The CelcomDigi DNA and Core Values were shared via multiple organisation-wide and divisional town halls as the first step in aligning and onboarding our employees to the new culture.

NATURAL CAPITAL

Our approach

Mapping to Our Strategy and Material Matters

G4 E1 S6

CelcomDigi is committed to achieving a low-carbon pathway in our operations and supply chain. The telecommunications sector is strategically positioned to fast-track information, communication and technological (ICT) enablement that will reduce global CO_2 emissions and resource use, and drive efficiencies *(Ref: GeSI SMARTer 2030 report).*

As Malaysia commits to advancing green growth, we shall steer ourselves to 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.

Key inputs in 2022

- Advocating climate priorities within our operations
- Strong governance and leadership oversight on environment
- Commitment to reducing emissions and setting targets in alignment with net zero pathway
- Ramping up network modernisation activities
- Maintaining LEED and GBI certification
- Environmental Management System (EMS)– ISO 14001:2015 recertification

Outputs

- Managing our environmental impacts positively
- Risks and opportunities aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Adopting whole-of-society approach to advance the climate agenda

Looking ahead

Climate change poses both physical and transition risks as well as opportunities for our business. Routine assessment of these risks and opportunities can maximise the long-term shared value we bring to our customers, investors, and the communities we operate in. The ICT sector has the potential to enable a 20% reduction in global CO_2 emissions by 2030, based on a 2015 baseline. ICT emissions as a percentage of global emissions will decrease over time to 1.97% of global emissions by 2030, compared to 2.3% in 2020 *(Ref: GeSI SMARTer 2030 report)*. We aspire to expedite efforts to positively contribute 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 2°C above pre-industrial levels.

- Strengthen governance of climate action
- Streamline climate reporting and data controls
- Company-wide climate materiality assessment
- Explore renewable options
- Resource management and technological advancements
- Develop sustainable procurement with supply chain partners

Managing our environmental impacts positively

CelcomDigi will continue to manage our environmental responsibilities systematically via the Environmental Management System (ISO 14001:2015 certification), which includes the management of energy sources, e-waste, water, and general waste. We foresee continuous and unprecedented growth in internet data, leading to incremental energy demand, which in turn will increase GHG emissions. We are committed to tackling these challenges by systematically transitioning into a low-carbon business model, driving holistic and systemic emissions reduction strategies and addressing our physical and transition risks. We shall continue to improve the standards of our climate reporting for greater transparency and accountability towards developing decision-useful and climate-related metrics.

Strengthened governance of climate action

The Board addresses climate change risks through its oversight of climate change and environmental management. At the organisational level, the Senior Management team takes charge of deliberation on climate risk assessments and guides mitigation strategies to ensure the exposure is within acceptable levels.

- **CelcomDigi's Sustainability policy** affirms our commitment to protecting the environment and contributing to climate change mitigation and adaptation
- **Development of guiding manuals** to better support new ESG ambitions for CelcomDigi

Establishment of

Climate Working Committee (CWC)

To improve cross-functional participation and oversight of matters pertaining to climate and environment moving forward, CelcomDigi has established a Climate Working Committee (CWC), represented by the Heads of Sustainability, Enterprise Risk Management, Network, Workspace & Facilities, and Procurement. The CWC will convene on a quarterly basis to monitor environmental performance and recommend new initiatives to the leadership team. It will be chaired by the CCAO, and the CFO and CTO will participate as required to provide advice on matters pertaining to environmental management.

Streamline climate reporting & data controls

The Climate Data Integrity exercise we conducted significantly improved the quality of data aggregation through a structured streamlining of assets, data flows, and reviews across different process owners.

- A similar exercise shall be conducted to assess new, expanded, or consolidated assets to realise a holistic assets inventory listing for CelcomDigi

Company-wide climate materiality assessment

A climate materiality assessment will be necessary to better guide the organisation in determining its asset inventories and value chain and to set realistic baselines.

- A deep dive shall be conducted into our upstream and downstream activities (and to prioritise among the 15 categories of scope 3 emissions), where we see immense opportunities to influence and improve as part of our environmental efforts

NATURAL CAPITAL

Managing our environmental impacts positively (Continued)

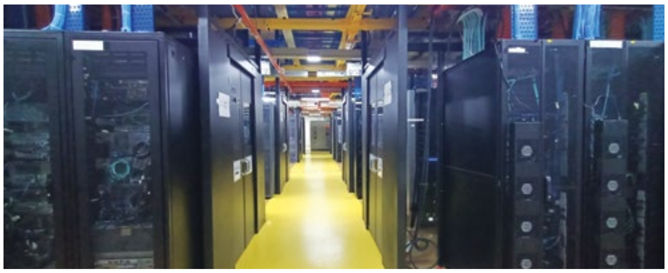
Adopting renewable options

CelcomDigi aspires to shift from fossil-based energy consumption to renewable and sustainable sources of energy. Over the years, we have deployed hybrid solar energy at our off-grid sites and buildings and converted sites powered by generators to grid to displace fuel dependency.

- CelcomDigi is transitioning towards renewable energy use under the Green Energy Tariff (GET) Programme of Tenaga Nasional Berhad (TNB)

Resource management and technological advancements

CelcomDigi is accelerating the adoption of climate solutions to address energy security, affordability, and environmental sustainability.



Precise cooling at our data centre to drive energy efficiencies

Modernising our network the climate-smart way

In 2022, we expanded the implementation of AI solutions, which enabled the automation of power-saving modes across our network sites.

- 3G Sunset – Shutdown of 30 core base stations control (BSC) and about 40 radio network controllers
- Centralised Self-Organising Network (CSON) AI Initiative

Implementation	No. of sites equipped
7,636 sites	**65%**

Average energy savings
5% per site

- Conversion to solar-powered gensets at remote sites

Implementation	Renewable energy generated
30 sites	**0.07 GWh**

Note:
a) Reported data for FY2022 limited to Digi only

- **Infrastructure Consolidation**
In parallel, CelcomDigi is undergoing a network and IS/IT consolidation exercise where we expect to see significant contributions to efficiencies and our environmental footprint.

Decommissioning, reusing, and upgrading of equipment is expected to significantly reduce our carbon emissions:

20% - 30%
Reduction in carbon footprint contributed by site decommissioning and equipment upgrades

Deployment of solar-powered gensets at remote sites

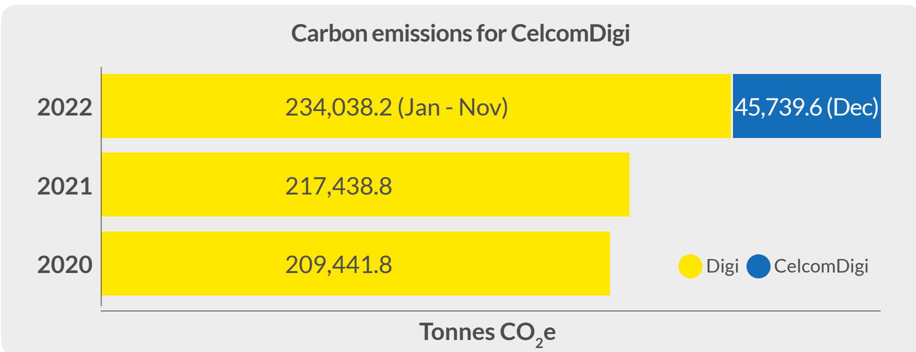
Managing our environmental impacts positively (Continued)

We have adopted proactive measures in strengthening the resilience of our network sites to ensure quality service experiences with minimal disruptions for our customers.

- Raised platform to protect network equipment against flooding

- Collaborated with the National Disaster Management Agency (NADMA) to send SMS alerts and early warning notifications to customers residing in flood-prone areas

Our annual greenhouse gas (GHG) emissions inventory, in accordance with the GHG Protocol Corporate Standard, is illustrated below.



Notes:

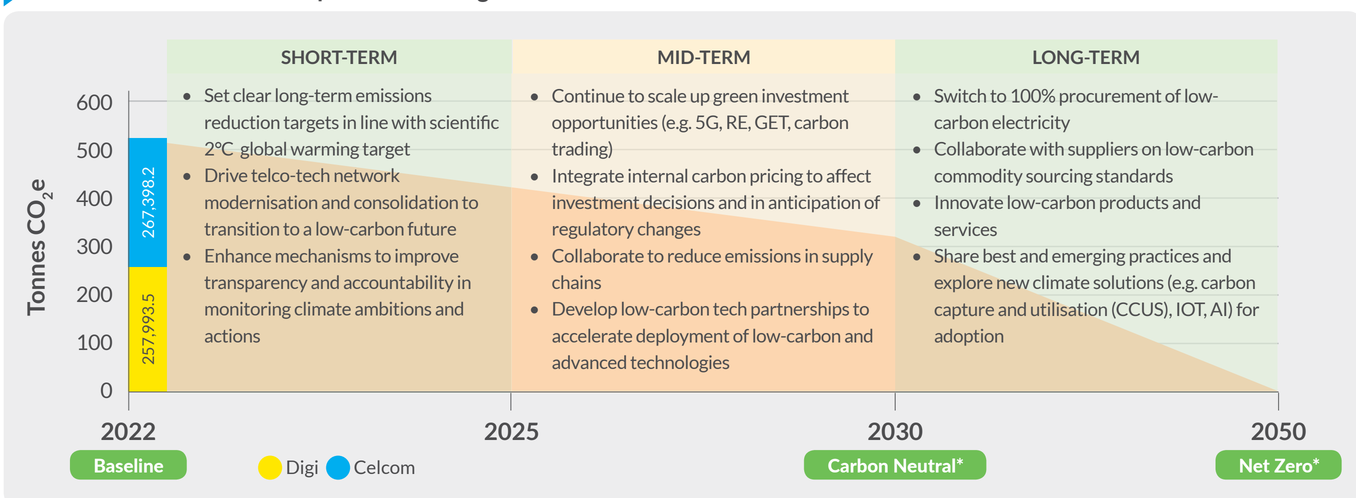
Scope, boundaries, and exceptions

a) Reported data for Digi (FY2020 - FY2022) refers to Scope 1, 2, and 3 (limited to land and air business travel data), while reported data for Celcom (FY2022) refers to Scope 1 and 2 only

b) Methodology: Common GHG Emission Factors (EFs) are applied, notwithstanding different data aggregation approaches used by Celcom and Digi. Digi's reported data (FY2020 - FY2021) is restated to be consistent with the EFs applied

c) EF references - Scope 1: DEFRA UK GHG Conversion Factors | Scope 2: MGTC CDM Electricity Baseline for Malaysia | Scope 3: Telenor Non-Financial Reporting Criteria

Carbon emissions roadmap for CelcomDigi



Notes:
a) Digi's emissions data (FY2022) is limited to Scope 1 and 2 only, and is independently assured by KPMG PLT
b) Celcom's emissions data (FY2022) is limited to Scope 1 and 2 only, and calculated in accordance with Digi's applied EFs
*c) *Ref: Definition as per GSMA's Mobile Net Zero State of the Industry on Climate Action Report*

NATURAL CAPITAL

Managing our environmental impacts positively (Continued)

Our environmental footprint

Direct Energy Consumption from Fuel (GWh)	Indirect Energy Consumption from Grid and Green Electricity (GWh)	Indirect Energy Consumption from Value Chain (GWh)*	Total Energy (GWh)
59.5	**379.2**	**3.6**	**442.3****
(2021: 40.2)	*(2021: 297.2)*	*(2021: 1.3)*	*(2021: 338.7)*
(2020: 41.7)	*(2020: 281.3)*	*(2020: 3.1)*	*(2020: 326.2)*

Scope 1 Carbon Emissions (Tonnes)	Scope 2 Carbon Emissions (Tonnes)	Scope 3 Carbon Emissions (Tonnes)*	Total Carbon Emissions (Tonnes)
16,005.8	**262,927.0**	**845.0**	**279,777.8**
(2021: 10,821.5)	*(2021: 206,284.5)*	*(2021: 332.8)*	*(2021: 217,438.8)*
(2020: 11,238.5)	*(2020: 197,468.6)*	*(2020: 734.7)*	*(2020: 209,441.8)*

Notes:
a) Reported data for FY2022:
Digi - January to November 2022, CelcomDigi - December 2022
b) Reported data for FY2020 - FY2021 limited to Digi only. Due to changes in reporting boundaries, FY2022 data should not be read comparatively to previous years
*c) *Reported data limited to Digi only*
*d) **Digi's total energy for FY2022 was 405.2 GWh, which has been independently assured by KPMG PLT*
e) Digi's reported energy (FY2020 - FY2021) is restated due to the change in EFs methodology

Customer Base (mil)	Energy Usage per Customer (kWh)	Carbon Intensity per Customer	Energy Usage per Data Terabyte (MWh)	Carbon Intensity per Data Usage (tCO_2e)
11.00	**36.83**	**0.024**	**0.17**	**0.11**
(2021: 10.32)	*(2021: 33.25)*	*(2021: 0.021)*	*(2021: 0.16)*	*(2021: 0.10)*
(2020: 10.44)	*(2020: 31.24)*	*(2020: 0.020)*	*(2020: 0.18)*	*(2020: 0.12)*

Note:
a) Reported data for FY2020 - FY2022 limited to Digi only

Managing our environmental impacts positively (Continued)

Our environmental footprint

General Waste

Waste Collected

76 tonnes
(FY2021: 148 tonnes)
(FY2020: 251 tonnes)

Waste Generated per Employee

51 KG
(FY2021: 103 KG)
(FY2020: 170 KG)

Waste Recycled

1.8 tonnes
(FY2021: 1.7 tonnes)
(FY2020: 2.0 tonnes)

Water Consumption

Water Consumed

103,388 m^3
(FY2021: 68,435 m^3)
(FY2020: 78,856 m^3)

Water Consumed per Employee

70 m^3
(FY2021: 48 m^3)
(FY2020: 54 m^3)

E-Waste (Obsolete Electrical and Electronic Waste)

E-waste Collected

248 tonnes
(FY2021: 162 tonnes)
(FY2020: 47 tonnes)

E-waste Resold and Recycled

245 tonnes
(FY2021: 162 tonnes)
(FY2020: 10 tonnes)

- *E-waste directly produced from our operations is managed under the Environment Quality (Scheduled Wastes) Regulation 2005 and our internal guidelines*
- *Decommissioned network equipment constitutes the largest amount of e-waste generated by tonnes. We reuse equipment, and send those that are obsolete to be recycled and disposed of safely by a licensed vendor*
- *Under our refreshed ESG guidelines, 'recycled' shall include e-waste treated by a professional service provider who has guaranteed that the waste is processed, sorted, resold, recycled, or disposed of in an environmentally sound manner*

Note:
a) Reported data for general waste, water, and e-waste for FY2020 - FY2022 limited to Digi only

Risks 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. We continue to drive ambitions towards our science-based targets for 2030 and Net Zero for 2050. In tandem, the Management shall continue to prioritise climate governance via policies and clear roles and responsibilities, building towards the medium- and long-term ambitions. 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

- Demand for development of new climate-friendly solutions and low-carbon digital services
- First mover advantage as climate thought leader
- Brand preference by customers as a responsible digital services provider

Transition Risks

- Carbon pricing
- Increased energy costs
- Indirect price increases
- Carbon target gaps
- Reputational damage leading to revenue loss

Physical Risks

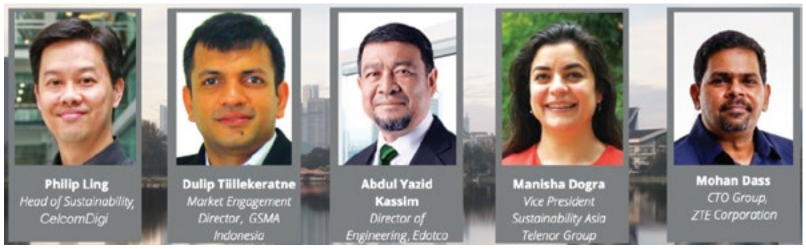
- Extreme weather conditions and flooding that damage infrastructure, and outages due to power disruptions

We aspire to publish a progressive TCFD report to deep dive further into these opportunities and risks, together with our planned mitigations.

NATURAL CAPITAL

Adopting whole-of-society approach to advance the climate agenda

In 2022, as part of the CEO Action Network (CAN), we moderated a panel session with representatives from within the telecommunications value chain. The panel discussed the active roles that representatives from within the sector can take in advancing SDG 9 (Industry, Innovation, and Infrastructure) and SDG 13 (Climate Action) collectively, to build and manage resilient and innovative infrastructure to drive the climate action agenda.



Subsequently, we co-organised a roundtable on 'Renewable Energy (RE) Pathway for the Telecommunications Sector' led by GSMA and UNGC Malaysia, bringing together mobile network operators (MNOs), relevant government departments, and electricity utility providers to discuss the country's changing policy and renewable energy landscapes.

We actively engage with our investors, analysts, and regulators in dialogues pertaining to our climate roadmap and alignment with the national Net Zero ambition. These discussions reinforced the need for public-private dialogues between the relevant government agencies, utility providers, and mobile operators to jointly achieve 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.

#CAREbazaar

To cultivate green habits among employees, we organised a two-day bazaar featuring eco-friendly social enterprises and NGOs who provided training and raised awareness on the importance of living sustainably and caring for the environment.

SOCIAL AND RELATIONSHIP CAPITAL

Our approach

Mapping to Our Strategy and Material Matters

G1 G3 S4 S5 S6

CelcomDigi places significant importance on strengthening relationships that we have nurtured with our diverse stakeholders— our customers, employees, suppliers, shareholders, and business partners.

These relationships are key levers to enhance CelcomDigi's abilities to tap into future growth opportunities. Our efforts to advance digitalisation are aligned with the Twelfth Malaysia Plan (2021 – 2025) aspiration to increase national productivity and advance the digital economy.

Key inputs in 2022

- Trusted brand
- Robust governance policies
- Responsible business practices across our value chain
- Culture of ethics and integrity
- Inclusive connectivity options and digital offerings

Outputs

- Trusted partner to the government, consumers, and businesses
- Strong governance and robust internal controls
- Upholding human rights across the value chain
- Adherence to regulatory requirements
- Managing our supply chain responsibly
- Empowering societies through nation-building initiatives
- Gearing up for a stronger digital nation

Looking ahead

We have observed how tackling ESG issues may often require a 'whole of society' approach to achieve significant improvements, including better public-private sector alignment. We will continue to deepen our engagements with different government bodies, policymakers, academic and research institutions, business partners, social purpose organisations, and communities as we advance and inspire society. Leveraging our core function as an enabler of connectivity and digitalisation, we aspire to:

- Strengthen the monitoring of governance risks across our value chain
- Drive advocacy of human rights
- Promote sustainable local procurement
- Deliver affordable and accessible connectivity for all
- Accelerate businesses and SME digitalisation
- Focus on capacity building programmes to raise responsible business standards

SOCIAL AND RELATIONSHIP CAPITAL

Trusted partner to the government, consumers, and businesses

CelcomDigi aspires to be the trusted partner to the government, consumers, and businesses. Our sustainability focus areas augment the potential to advance the nation towards becoming a digitally savvy society. 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 as CelcomDigi enable us to impact broader stakeholder groups and to deepen our engagements on topics that are most material to them. We aim to attract and retain the best talents through learning and development programmes while strengthening our commitment to building a diverse and inclusive workplace. We will continue to uphold and respect human and labour rights, including adopting best practices in health, safety, and security for our employees and partners, both within our operations and in our supply chain.

CelcomDigi's Sustainability Focus Areas

Vision	Guiding Principles	Pillars	Priorities	Mapping to SDGs
To be Malaysia's Trusted Business Institution	**Value Creation** Adopting best practices to deliver sustained value **Stakeholder Engagements** Effective & meaningful ESG dialogues **Materiality & Risks** Managing industry-specific material matters **Governance** Internal controls on decision-making	1 Equitable & Safe Access For All	• Affordable & Inclusive • Service Reliability & Quality • Digital Empowerment • Cybersecurity & Data Protection	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		2 Responsible Supply Chain	• Human Rights • Health, Safety, & Environment • Sustainable Procurement • Labour Standards	10 REDUCED INEQUALITIES 13 CLIMATE ACTION
		3 Manage Climate Risks & Impacts	• Emissions Reduction & Cleaner Energy Consumption • Tech-Enabled Solutions • Waste Reduction & Recycling • Disaster Response & Relief	13 CLIMATE ACTION
		4 Most Inspiring Company	• Compliance-First Mindset • Board Risk & Opportunity Oversight • Progressive Talent Pipeline • Equal, Engaged, & Empowered Workforce	10 REDUCED INEQUALITIES

Strong governance and robust internal controls

Governance is vital to foster a culture of integrity, ethical behaviour, and professionalism to ensure business excellence in the organisation. Our policies are aligned with applicable laws and regulations as good corporate governance is fundamental for sustainable value creation for our company's diverse 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 conflict 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.
- Establishes our integrity hotline to report incidents of misconduct in violation of our governance policies, including our Code of Conduct and Anti-Corruption Policy. These incidents are to be reported via our dedicated email integrity.hotline@celcomdigi.com.

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.

Strengthening the monitoring of governance risks across our value chain in 2022

- Conducted an Anti-Corruption Risk Assessment, identifying the top 10 potential corruption risks present within the operations
- Monitored our activities for the second line of defence (for sales, marketing, and business functions)
- Conducted Business Partner Risk Assessment (BPRA), implemented via the Coupa Risk Assess (CRA) platform, to effectively manage our supply chain risks

We uphold good corporate governance through our continuous efforts in raising awareness on the potential risks to our business:

- Conducted dilemma training for all fibre vendors with an emphasis on anti-bribery and anti-corruption
- As part of the Responsible Business Summit, we advocated for increased awareness of workplace human rights and the development of corporate culture based on trust and integrity
- Raised general awareness on insider trading and encouraged employees to embrace a speak up culture
- Conducted mandatory Health, Safety, and People Security quizzes

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 Nation's Guiding Principles on Business and Human Rights. Our Sustainability Policy and Business Partner Conduct Principles include clauses on the prohibition of child labour and forced labour for all partners and vendors intending to have a business relationship with CelcomDigi.

We conduct a human rights due diligence exercise every other year as part of our risk management process. During the last exercise, we evaluated the human rights risks posed in 19 areas of the business and ranked them High, Medium, and Low. Follow-through actions have been discussed with the respective teams to mitigate the potential human rights-related risks within their functions. The exercise involved two workshops and seven focus group meetings, with relevant personnel from 12 departments across the company.

Driving advocacy of human rights

UN Responsible Business and Human Rights Forum 2022

We shared our developments in the Human Rights Due Diligence as well as the Child Rights and Business Principles practices in CelcomDigi. Further discussions included conversations on evolving industry trends and the role digital businesses need to play in being responsible business partners.

Building the Digital World We Need: Bridging Tech and Policy

To address the growing concerns about human rights on the digital front, we participated in a summit hosted by The IO Foundation, where we shared our insights and principles for safeguarding our own customers' digital footprints and data points.

Managing our supply chain responsibly

All suppliers and business partners are required to comply with our Business Partner Conduct Principles. They are mandated to sign the Agreement of Responsible Business Conduct (ABC) to comply with our standards in the areas of Health, Safety, and Security (HSS), ethical conduct, human rights, and environmental management. They are also encouraged to act in accordance with our Code of Conduct and human rights principles.

We conduct periodic onsite physical inspections, and 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.

Managing our supply chain responsibly (Continued)

155*
New suppliers who signed the ABC
(FY2021: 179)
**The number of new suppliers signing the ABC in FY2022 has been independently assured by KPMG PLT*

2,245
Total suppliers who have signed the ABC to date
(FY2021: 2,090)

16,691
Total supplier training hours
(FY2021: 5,635)

Number of inspections conducted			Number of findings		Number of suppliers terminated
Unannounced	Announced	Total	Major	Minor	
504	**8**	**512**	**11**	**65**	**0**
(FY2021: 509)	*(FY2021: 1)*	*(FY2021: 510)*	*(FY2021: 16)*	*(FY2021: 45)*	*(FY2021: 2)*
(FY2020: 463)	*(FY2020: 48)*	*(FY2020: 511)*	*(FY2020: 5)*	*(FY2020: 194)*	*(FY2020: 3)*

Note:
a) Reported data for FY2020 - FY2022 limited to Digi only

Capacity building to raise standards

CelcomDigi conducts mandatory training sessions for our suppliers to improve awareness on mitigating risks related to governance, operations, and sustainability. Subsequently, we assess our suppliers' knowledge based on the training content via our 'Knowledge Assessment Tool' (KAT). This year, we upgraded the KAT by including more in-depth learning materials covering our services, controls, and process requirements. A mandatory online assessment was also included as part of the training requirements to ensure we work with low-risk business partners who understand and conform to high standards and expectations.

Looking ahead

We will continue to raise the standards of our suppliers by mandating them to adhere to good Environmental, Social, and Governance standards or practices. We have integrated these criteria within our Business Partner Risk Assessment procedures as part of the supplier selection process. Where possible, we will also prioritise local procurement to contribute back to Malaysia's economy.

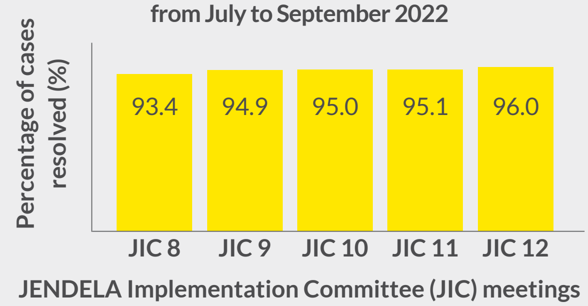
Adherence to regulatory requirements

Telecommunication providers in Malaysia are regulated by the Malaysian Communications and Multimedia Commission (MCMC). CelcomDigi complies with all regulatory requirements and reports on performance against set initiatives such as JENDELA, under the MCMC's purview. Customer complaints are addressed in accordance with the requirements and resolution timeframes provided by the Mandatory Standards of Quality of Service and General Consumer Code of Practice for the Communications and Multimedia Industry Malaysia. We provide numerous support and self-service channels for customers to escalate any issues they may face.

Pusat Ekonomi Digital Malaysia (PEDi)

PEDi, 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 PEDi internet centres across Malaysia for the purpose of providing internet access to support e-learning and the development of digital skills and digital entrepreneurship among local communities. CelcomDigi operates 307 PEDi centres nationwide.

Total complaints resolved by Digi from July to September 2022



We actively resolve consumer complaints lodged through the MCMC's *Aduan* portal. Progress is tabled fortnightly at the MCMC's JENDELA Implementation Committee (JIC) meetings, which review the progress and development of the JENDELA initiative. We have maintained a healthy resolution percentage, consistent with industry average standards.

SOCIAL AND RELATIONSHIP CAPITAL

Empowering societies through nation-building initiatives

Supported flood aid efforts

- Mobilised food relief and necessities for flood victims affected by the monsoon season. Aid worth RM500,000 was given to the Communications and Digital Ministry (KKD) for distribution.
- Shared a flood preparation toolkit targeting those in flood-prone areas.
- Collaborated with the Malaysian Relief Agency to mobilise rescue boats to aid stranded flood victims.
- WiFi units were deployed to relief centres to ensure optimum coverage.
- On the network front, we continued efforts to strengthen site resilience in high-risk areas, and set up power generators and mobile transceiver stations to reduce service disruptions.
- Together with the industry, we also ensured good coverage and capacity at all 465 identified relief centres, and where necessary, deployed wireless connectivity options.

Donated RM130,000 to MERCY Malaysia's ongoing COVID-19 Recovery & Response efforts, completing the final tranche of the RM1 million pledge. The donation was mobilised to support healthcare and rehabilitation services for former COVID-19 patients, especially vulnerable groups such as the elderly and those with chronic diseases or comorbidities (former category 4 and 5 patients).

Partnered with Harian Metro's *Titipan Kasih* CSR programme to provide laptops and internet access to students from low-income families in Negeri Sembilan.

Sponsored internet connectivity and devices to facilitate digital learning for a community-run social project, *Iskul Sama DiLaut Omadal* (school), in Sabah.

Gearing up for a stronger digital nation

Accelerating business and SME digitalisation

CelcomDigi continues to deliver new and innovative products and business solutions catering for micro and SMEs to facilitate further digitalisation of their operations. Our extensive range of offerings enables businesses to integrate digital solutions across different aspects of their operational activities, accelerating their overall productivity.

We facilitated the deployment of the PENJANA Digitalisation Grant, to help SMEs fast-track their digitalisation journey. We provided affordable digital solutions bundled with fibre, broadband, or mobile lines.

We were also one of the main sponsors of the Star Outstanding Business Awards (SOBA) 2022, marking our fifth year supporting this programme aimed at recognising SMEs' contributions towards the nation's economic growth. Our participation in SOBA Labs across the country enabled us to engage with a wide range of SMEs to understand their unique digitalisation challenges and needs and support them with the right digital solutions and consultations. We also deepened our commitment to supporting large enterprises in future-proofing their operations with a suite of advanced digital and connectivity solutions as well as 5G technology, focusing on sectors such as ports, oil and gas, financial services, logistics, and manufacturing.

Gearing up for a stronger digital nation (Continued)

Equipping Petronas' offshore platforms with connectivity

CelcomDigi collaborated with Petronas to equip its offshore platforms with wireless connectivity to meet the communication needs of its offshore workforce. This included deploying highly secure private long-term evolution (LTE) networks to all Petronas' offshore platforms as well as its data centres.

Affordable and accessible connectivity for all

CelcomDigi continues to work closely with the government to make connectivity and access to the internet a fundamental utility and accessible to all. In 2022, together with the industry, we introduced various affordable plans to benefit different segments of customers:

- **Jaringan Prihatin Rebate** – Eligible customers from low-income groups are entitled to enjoy subsidies on our wide range of postpaid and prepaid plans.
- **Pakej Data Khas Belia** – An affordable connectivity plan targeted at youths aged 12 to 24 to enjoy unlimited access to selected social platforms, along with 15 GB of high-speed internet data monthly.
- **Pakej Peranti & Remaja Keluarga Malaysia** – Affordable device and connectivity plan to facilitate the digital learning needs of students.

Empowering educators and the youth for the future

In 2022, our outreach programmes and initiatives were geared towards driving the digital empowerment agenda, with a focus on building digital competencies through online safety and future skills development.

The **Future Skills For All** initiative contributed significantly to new approaches to teaching and learning coding:

- ~37,500 enrolments registered to date
- New robotics module based on Primary 6 syllabus
- Sign language included in all module videos
- Introduced offline learning kits to facilitate coding learning
- Provided laptops and micro:bit starter kits to schools in rural parts of Sabah and Sarawak

Our decade-long **Safe Internet** programme has continuously helped to make the internet a safer place for all:

- > 91,000 engagements through online safety and scam awareness campaigns
- Scam awareness - Raising awareness on anti-scam and fraud among Malaysians. Developed simplified scam alert infographics and Safe Internet comic series in partnership with local comics artists

Responsible **& 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 impacts for the community and for everyone we engage with.


celcom
WE ARE ONE

Board of **Directors**

YM TENGKU DATO' SRI AZMIL ZAHRUDDIN RAJA ABDUL AZIZ

JØRGEN CHRISTIAN ARENTZ ROSTRUP

DR. SHRIDHIR SARIPUTTA HANSA WIJAYASURIYA

HAAKON BRUASET KJOEL

VIVEK SOOD

RITA SKJAERVIK

VIMALA V.R. MENON

TAN SRI ABDUL FARID ALIAS

DATUK IAIN JOHN LO

KHATIJAH SHAH MOHAMED

Board of Directors' Profiles

01

YM TENGKU DATO' SRI AZMIL ZAHRUDDIN RAJA ABDUL AZIZ

Chair of the Board,
Non-Independent Non-Executive Director

52	Male	Malaysian

Date of Appointment:
19 January 2023

Length of Service:
Less than a year

Meetings attended: N/A

Career History

Prior to this appointment, YM Tengku Dato' Sri Azmil Zahruddin was the Chief Investment Officer at Khazanah Nasional Berhad (Khazanah), responsible for Khazanah's investment portfolio. He also served Khazanah in various senior positions such as Deputy Managing Director and Executive Director of Investments since 2011. Tengku Azmil was also the Managing Director and Chief Executive Officer of Malaysia Airlines, and was previously Executive Director and Chief Financial Officer.

Prior to that, he held various leadership positions at Penerbangan Malaysia Berhad and PricewaterhouseCoopers in London and Hong Kong. He was previously Chairman of UEM Group and Themed Attractions Resorts & Hotels Sdn Bhd and has held directorships in Axiata Group Berhad, IHH Healthcare Berhad, and Malaysian Global Innovation & Creativity Centre Berhad (MaGIC).

Other Commitments

He is currently a board member of the Malaysian Accounting Standards Board.

Skills & Experience

YM Tengku Dato' Sri Azmil Zahruddin 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 the Institute of Chartered Accountants in England and Wales (ICAEW).

02

JØRGEN CHRISTIAN ARENTZ ROSTRUP

Deputy Chair,
Non-Independent Non-Executive Director

57	Male	Norwegian

Date of Appointment:
30 November 2022

Length of Service:
Less than a year

Meetings attended: 3/3

Career History

Mr Jørgen Rostrup is a senior business executive with more than 20 years of international experience.

Mr Rostrup has held a range of management positions in three of Norway's leading companies, including as President of Yara North America, Inc, Country Manager of Yara Ghana Ltd, and Chief Financial Officer (CFO) at Norsk Hydro AS. Mr Rostrup has held several board positions, including as Chair, in listed companies as well as smaller tech and private equity companies within the technology, oil and gas, investment banking, and telecom sectors.

In 2016, Mr Rostrup joined Telenor as CFO and a member of the company's global leadership team. He is currently Executive Vice President and Head of Telenor Asia, a role he has held since 2020. His key responsibilities include management and oversight of Telenor Group's regional portfolio of leading Asian telecom businesses.

Other Commitments

Mr Rostrup is the Chair of the Board of Grameenphone Ltd in Bangladesh, Chair of the Board for Telenor Pakistan (Pvt.) Limited, and Vice-Chair of the Board of True Corporation Public Company.

Skills & Experience

Mr Rostrup holds a Master's degree in Economics and Business Administration from the Norwegian School of Economics.

03

DR. SHRIDHIR SARIPUTTA HANSA WIJAYASURIYA

Non-Independent
Non-Executive Director

54	Male	Sri Lankan/British

Date of Appointment: 30 November 2022

Length of Service: Less than a year

Meetings attended: 3/3

Career History

Dr. Wijayasuriya is a Chartered Engineer who has decades of experience in the telecommunications industry across South Asia and Southeast Asia. He joined Dialog Axiata PLC's founding management team in 1994 and later served as its CEO for 19 years. He has also held several leadership positions at Axiata, including setting up Axiata's pan-region digital services business as the founding CEO of Axiata Digital Services. In his current role as the CEO of Telecommunications Business, he oversees the Group's Telecommunications Businesses in Malaysia, Indonesia, Cambodia, Sri Lanka, Bangladesh, and Nepal, as well as the Group's Enterprise and International Wholesale Businesses. In 2016, Dr. Wijayasuriya was honoured by the GSMA Association, the apex body of the global mobile industry, as the first recipient of the "Outstanding Contribution to the Asian Mobile Industry" Award. He is also the past Chair of GSMA Asia Pacific and is currently the nominee of Axiata on the Board of the GSMA.

Other Commitments

Dr. Wijayasuriya is the Group Executive Director and CEO of Telecommunications Business of Axiata Group Berhad. He also sits on the boards of various subsidiaries of Axiata, including Dialog Axiata PLC, Axiata Digital & Analytics Sdn Bhd, Ncell Axiata Ltd, Robi Axiata Ltd, Smart Axiata Co Ltd, and PT XL Axiata Tbk.

Skills & Experience

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

04

HAAKON BRUASET KJOEL

Non-Independent Non-Executive Director, Board Governance and Risk Management Committee member

51	Male	Norwegian

Date of Appointment: 11 July 2017

Length of Service: 5 years 8 months

Meetings attended: 18/18

Career History

Mr Kjoel is a senior corporate and public affairs professional with extensive experience in the European and Asian telecom and digital industries. He joined Telenor Group in 1995 and started his career in mobile operations in Norway. Since then, he has gained extensive international experience through his involvement in Telenor's international activities in Europe and for the last 22 years, in Asia. During this period, he has held senior global and regional leadership roles in the areas of regulatory and public affairs, government and public relations, corporate communications, sustainability, and strategy development.
Mr Kjoel was recently the Senior Vice President and Head of External Relations for Asia at Telenor Asia, from May 2020 until the end of August 2022, where he was responsible for the company's Asia-focused sustainability, reputation and brand management, and stakeholder management initiatives. He is currently the Senior Vice President and Head of Investment Management for Malaysia, a role he has held since September 2022, where he is overseeing Telenor Asia's investment activities in Malaysia.

Other Commitments

Mr Kjoel has more than a decade of experience on the Board. He currently serves on the boards of several Telenor Group companies in Singapore, and of Grameenphone Ltd in Bangladesh. He is also a Non-Executive director of the international architecture and design company Snøhetta AS, headquartered in Oslo, Norway.

Skills & Experience

Mr Kjoel holds a Master's degree in Business Administration from BI Norwegian Business School, Oslo and studied marketing and public relations at the same institution.

05

VIVEK SOOD

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

59	Male	Indian

Date of Appointment: 19 January 2023

Length of Service: Less than a year

Meetings attended: N/A

Career History

Vivek has led several multidisciplinary and multicultural teams as Joint Acting Group Executive Officer and Group Chief Financial Officer (CFO) of Axiata Group Berhad, Executive Vice President (EVP) and Group Chief Marketing Officer of Telenor, Chief Executive Officer (CEO) of Grameenphone Bangladesh, CEO of Telenor India, CFO of Telenor India, and Chief Operating Officer (COO) and CFO of Tata AIA Life Insurance.

He has been on the boards of Axiata and listed and unlisted subsidiaries, and has been instrumental in handling finances for Axiata, including funding, capital management, portfolio rebalancing, and operational excellence. He has acted as a change agent by leading a large telco's transformation into a digital services provider and developing new services. He has gained diverse global knowledge through his responsibilities across Asian and European markets, leading teams from various cultures and backgrounds.

Other Commitments

Mr Vivek is currently Axiata Group Berhad's Group CEO and Managing Director. He is also currently a Director of Axiata SPV2 Berhad.

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 in PricewaterhouseCoopers.

06

RITA SKJAERVIK

Non-Independent Non-Executive Director

49	Female	Norwegian

Date of Appointment: 30 November 2022

Length of Service: Less than a year

Meetings attended: 3/3

Career History

Ms Skjaervik began her career as a political advisor in the Workers' Youth League (AUF) between 1996 and 1998, responsible for environmental and educational issues, as well as top management advisory. She subsequently joined the Labour Party Parliamentary Group as a political advisor and has held various positions in the government, including as the State Secretary and later, as the Deputy Chief of Staff for the Prime Minister of Norway from 2009 to 2013. In 2014, she joined the Governmental Relations team in Telenor Norway AS.

She has since held multiple roles in Telenor, including Group Public Affairs and later, as the Senior Vice President (Head of CEO Office) from 2017 to 2020. She was also the head of the secretariat and supported the President and CEO, as well as Telenor Group governing bodies, where she was responsible for ensuring the quality of the decision-making processes. More recently, she was the Senior Vice President and Head of Group Strategy and External Relations at Telenor from 2020 to 2021. From December 2021, she was appointed Executive Vice President (Strategy and External Relations) and a member of the Group Executive Management.

Other Commitments

Ms Skjaervik is currently part of the Telenor Group Leadership Team as the company's Executive Vice President – People, Sustainability, and External Relations.

Skills & Experience

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

07

VIMALA V.R. MENON

Independent Non-Executive Director, Board Audit Committee member, Board Nomination and Remuneration Committee member

68	Female	Malaysian

Date of Appointment:
1 July 2015

Length of Service:
7 years 8 months

Meetings attended: 18/18

Career History

Ms Menon was the Senior Independent Non-Executive Director and Chair of the Audit and Risk Committee at Digi.Com Berhad until the completion of the merger on 30 November 2022. She continues her duties as an Independent Non-Executive Director under CelcomDigi Berhad.

Ms Menon is a Chartered Accountant with more than 30 years of experience in finance and general management. She has held various executive positions 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.

Ms Menon has 15 years of board experience as an Independent Non-Executive Director and Audit Committee Chair in 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).

08

TAN SRI ABDUL FARID ALIAS

Independent Non-Executive Director, Chair of the Board Audit Committee, Board Nomination and Remuneration Committee member

55	Male	Malaysian

Date of Appointment:
30 November 2022

Length of Service:
Less than a year

Meetings attended: 3/3

Career History

Tan Sri Abdul Farid has accumulated over 30 years of working experience in the banking and financial services industry, particularly in the areas of investment banking, commercial banking, and capital markets. He has worked for several merchant and investment banks in various capacities, such as Aseambankers Malaysia Berhad, Schroders Malaysia (L) Ltd, Malaysian International Merchant Bankers Berhad, and JP Morgan Malaysia/Singapore. Tan Sri Farid joined Malayan Banking Berhad in 2009 and held several senior roles before taking up the position of Executive Director/Group President & Chief Executive Officer from August 2013 until his retirement in April 2022.

Other Commitments

Tan Sri Farid currently serves on the boards of Bursa Malaysia Berhad and CapitaLand Investment Ltd as an Independent Non-Executive Director. He is also 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 the Pennsylvania State University. He also completed the Advanced Management Programme at Harvard Business School and is a Fellow Chartered Banker with the Asian Institute of Chartered Bankers.

09

DATUK IAIN JOHN LO

Independent Non-Executive Director, Chair of Board Nomination and Remuneration Committee, Board Governance and Risk Management Committee member

61	Male	Malaysian

Date of Appointment:
24 May 2021

Length of Service:
1 year 10 months

Meetings attended: 17/18

Career History

Datuk Lo started his career in 1987 as a civil engineer with an engineering consultancy firm, Konsortium Malaysia, in the city of Kuching in Sarawak, Malaysia. In 1990, he joined Sarawak Shell Berhad as a field engineer, and has held several senior positions in Malaysia and Singapore. He also took on the role of Asia Pacific Regional Advisor to Shell's Executive Committee at Shell International in The Hague between 2004 and 2006.

Datuk Lo retired as the Country Chair of Shell Malaysia Ltd in March 2021 and brings with him a wealth of knowledge and experience gained over 30 years with Shell, both in Malaysia and abroad.

Other Commitments

Datuk Lo is currently an Independent Non-Executive Director of RHB Bank Berhad and RHB Investment Bank Berhad. He also serves as a member of the Board Nomination & Remuneration Committee and the Board Audit Committee. He is also the Chair of RHB Bank Berhad's Board Sustainability Committee.

Skills & Experience

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

10

KHATIJAH SHAH MOHAMED

Independent Non-Executive Director, Board Audit Committee member, Board Governance and Risk Management Committee member

67	Female	Malaysian

Date of Appointment:
30 November 2022

Length of Service:
Less than a year

Meetings attended: 3/3

Career History

Puan Khatijah began her career with International Business Machines Corporation (IBM) in 1978 where she served for 15 years in Sales and Marketing, Business Development, and General Management across Hong Kong and the USA. In 1994, Puan Khatijah served as the Managing Director of Oracle Systems Malaysia, and was later the Managing Director of SAP Malaysia, responsible for the Malaysia, Brunei, and Pakistan markets, in 1999. In 2005, she was appointed the General Manager of SAP AG in Dubai, overseeing the company's business across 15 countries. Puan Khatijah started her real estate business in Dubai under Engel & Voelkers Franchise, a global German real estate company.

Puan Khatijah has previous board experience as an Independent Non-Executive Director, Chair of the Board Risk and Compliance Committee and Board Audit Committee, and Chair and member of the Board IT Steering Committee and Board Dispute Resolution Committee at Celcom.

Other Commitments

Puan Khatijah is currently a Director of Sanicare Hygiene Services Sdn Bhd since 2017.

Skills & Experience

Puan Khatijah holds a Diploma in Computer Science from Institute Technology MARA (now known as Universiti Teknologi MARA).

Save as disclosed, none of the Board members has any:

1. Family relationship with any Director and/or major shareholder of the company;
2. Conflict of interest with the company; or
3. Conviction of an offence within the past five years or public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

CelcomDigi's **Management**

Erik Marell, Joachim Rajaram, Afizulazha Abdullah
Azmi Ujang, Kesavan Sivabalan
Praveen Rajan, Cheng Weng Hong
Chee Loo Fun, Datuk Kamal Khalid, Albern Murty
Tan Moi Tsu (Lucy), Datuk Idham Nawawi

Management's Profiles

01

DATUK IDHAM NAWAWI

Chief Executive Officer

55 | Male | Malaysian

Date of Appointment:

30 November 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.

Skills & Experience

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

02

ALBERN MURTY

Deputy Chief Executive Officer

51 | Male | Malaysian

Date of Appointment:

30 November 2022

Career History

Albern was previously the Chief Executive Officer (CEO) of Digi Telecommunications Sdn Bhd and has over 20 years of experience in the telecommunications industry. Since joining Digi in 2002, he has held roles in Project Planning and Controls and Product Management and Product Development, and served as Head of Strategy and New Business, Chief Marketing Officer, and Chief Operating Officer. Before Digi, his previous experience includes business and commercial management roles in Lucent Technologies across the Asian region.

Skills & Experience

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

03

TAN MOI TSU (LUCY)

Chief Financial Officer

64 | Female | Malaysian

Date of Appointment:

1 December 2022

Career History

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

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

04

AZMI UJANG

Chief Human Resources Officer

63 | Male | Malaysian

Date of Appointment:

1 December 2022

Career History

Azmi was previously the Chief Human Capital Officer of Celcom where he provided leadership for 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 Senior Vice President and Head of Regulatory, Compliance, and Government Relations.

Azmi started his career as a Dealer's Representative for Seagrott & Campbell and joined Standard Chartered Bank as a Management Trainee, where he subsequently became a National Officer in banking operations and human resources.

Skills & Experience

Azmi holds a Bachelor of Science in Finance and a Master of Business Administration, both 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.

05

KESAVAN SIVABALAN

Chief Technology Officer

54 | Male | Malaysian

Date of Appointment:

1 December 2022

Career History

Kesavan was previously the Chief Technology Officer of Digi Telecommunications Sdn Bhd 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 company, including Chief Network Officer and Head of Technology Operations. Before that, he was General Manager of Access Network at Vodafone Australia. Kesavan has more than 20 years of experience 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.

Skills & Experience

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.

Management's Profiles

06

DATUK KAMAL KHALID

Chief Transformation Officer

51 | Male | Malaysian

Date of Appointment:
1 December 2022

Career History

Datuk Kamal was previously the Chief Corporate and Transformation Officer of 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 has held various leadership positions, including Group Managing Director of Media Prima Berhad and Head of Communications for the Prime Minister's Office of Malaysia.

Skills & Experience

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

07

JOACHIM RAJARAM

Chief Corporate Affairs Officer

46 | Male | Malaysian

Date of Appointment:
1 December 2022

Career History

Prior to the merger, Joachim held the same role at Digi Telecommunications Sdn Bhd with overall responsibility for the company's legal and governance, regulatory, privacy, government affairs, corporate communications, and business sustainability functions. He was with Digi and Telenor for almost 14 years, previously serving as 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.

Skills & Experience

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.

08

CHEE LOO FUN

Chief Home & Fibre Officer

58 | Female | Malaysian

Date of Appointment:
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, and Head of Consumer Marketing at Globe Telecom in the Philippines, as well as various leadership positions at Maxis Communications.

Skills & Experience

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

09

PRAVEEN RAJAN

Chief Consumer Business Officer

44 | Male | Malaysian

Date of Appointment:
1 December 2022

Career History

Praveen was previously the Chief Marketing Officer of Digi Telecommunications Sdn Bhd. He joined Digi in 2007 and has over 20 years of experience in the internet and mobile industries. He has held multiple leadership positions during his 15-year stint with Digi which include Chief Digital Officer, Head of Advanced Data Services, Head of Products – Internet & Services, and Head of Postpaid & Digital Services. Prior to joining Digi, Praveen co-founded a social networking startup called LifeLogger in 2003, where he served as the Chief Technology Officer.

Skills & Experience

Praveen holds a Bachelor of Engineering (BEng), Electronics and Computing from Nottingham Trent University, UK.

10

AFIZULAZHA ABDULLAH

Chief Enterprise Business Officer

56 | Male | Malaysian

Date of Appointment:
1 December 2022

Career History

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 13 years at IBM Malaysia, where he became the General Manager for Public Sector and was part of the company's senior management team and business council. He joined Maxis Berhad in 2006 as the Head of Broadband and was promoted to Vice President of Maxis Home Services in 2010. He then joined Celcom and held 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.

Skills & Experience

Afiz holds a Bachelor of Science in Computer Science from the California State University, Fresno, USA.

11

CHENG WENG HONG

Chief Sales & Retail Officer

44 | Male | Malaysian

Date of Appointment:

1 December 2022

Career History

Cheng was previously the Chief Sales Officer of Digi Telecommunications Sdn Bhd 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 in a variety of 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

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

12

ERIK AXEL SIGURD MARELL

Chief Strategy Officer

54 | Male | Swedish

Date of Appointment:

1 December 2022

Career History

Erik was previously the Chief Strategy Officer and Head of CEO Office of 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 in Asia and Europe. The senior leadership roles he has held include Regional Director of Southeast Asia for British Telecom's Telconsult and Managing Director of Swedtel Southeast Asia Sdn Bhd.

Skills & Experience

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

13

KUGAN THIRUNAVAKASARU

Chief Innovation Officer

57 | Male | Malaysian

Date of Appointment:

1 December 2022

Career History

Kugan was previously the Chief Emerging Business Officer of Celcom, with 20 years of extensive experience in the telecommunication 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 returning home to Malaysia and joining Digi and Maxis shortly thereafter.

Skills & Experience

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.

Save as disclosed, none of the Senior Management team has any:

1. Family relationship with any Director and/or major shareholder of the company;
2. Conflict of interest with the company; or
3. Conviction of an offence within the past five years or public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

Corporate Governance Overview Statement

The Board of Directors (Board, Directors) recognises that strong and robust corporate governance is integral for CelcomDigi Berhad (formerly known as Digi.Com Berhad) (CelcomDigi) to succeed. Through good governance, we believe creating long-term sustainable value can be achieved with a clear governance structure and processes that enable the Board to govern effectively. As we transit and adjust to the recently established Corporate Governance Framework following the completion of the Celcom and Digi merger on 30 November 2022, the Board envisions that the renewed framework for CelcomDigi will enable all Directors to demonstrate strong leadership, while responding effectively to any environmental, economic, social, and governance matters.

Key features of our new Corporate Governance Framework include:

A diverse and transformed Board

Supporting and promoting the race and gender diversity policy to establish a strong foundation for overall diversity and inclusion development for the Company

Skills and experience for the future

Keen and future-focused leaders to shape and govern the Company in a complex and swiftly changing telecommunications sector

Focused and informed discussions

Dedicated Board Committees operating under clear terms of reference and oversight

Independent thinking and integrity

Enabling the Senior Management team to operate at its full capability and potential through good governance processes and an effective governance reporting model

Lastly, our framework provides role clarity by clearly delineating roles and areas of accountability and recognising the independent roles and duties required to govern the Company effectively.

CelcomDigi's framework complies with the following laws and regulations:

- Malaysian Code on Corporate Governance 2021 (MCCG)
- Companies Act 2016 (the Act)
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) (MMLR)

In addition, the Corporate Governance Overview Statement (CG Overview Statement) is to be read with the Corporate Governance Report (CG Report) which contains details on the application of each of the Practices as well as the departures and alternative measures established within the Company. The CG Report is available on our website at http://www.celcomdigi.com.

As of 31 December 2022, CelcomDigi has applied all Practices of the MCCG 2021 within our Corporate Governance Framework, save for Practice 5.2 (at least half of the board comprises independent directors; for large companies, the board comprises a majority of independent directors) and Practice 8.2 (the board discloses, on a named basis, the top five Senior Management's remuneration component including salary, bonus, benefits-in-kind, and other emoluments in bands of RM50,000).

An overview of our departures from the aforementioned Practices is as follows:

Practice 5.2

CelcomDigi acknowledges the intention of this practice of having a majority of Independent Directors to ensure objective Board decisions. Although less than half of the current Board is represented by Independent Directors, our robust framework, policies, and procedures promote strong principles of integrity to ensure decisions made by the Board are not influenced by any internal or external factors.

Furthermore, with the current composition of 60% Non-Independent Directors and 40% Independent Directors, the Board has an appropriate balance in terms of skills, knowledge, and experience to protect the interests of all shareholders and to govern CelcomDigi effectively. This is to ensure independence and objectivity when the Board makes decisions in the best interests of the Company. CelcomDigi is undertaking reasonable efforts to achieve this Practice within three years, subject to the progress of the integration and the overall aim of securing a board composition that seeks an optimal balance of competencies, diversity, and independence on the Board of CelcomDigi.

Practice 8.2

We understand the recommendation of this Practice as an aspect of transparent reporting. CelcomDigi currently does not disclose the top five Senior Management's remuneration information in our annual reports due to personal security concerns on the part of the personnel involved. Furthermore, such detailed disclosure is not favourable to the Group as talent poaching is common in this industry. However, we will consider adopting this practice within three years, subject to market readiness and potential implications on the interests and competitiveness of CelcomDigi.

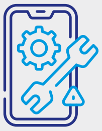
Statement by the Board on Corporate Governance

As a newly merged company, CelcomDigi's Board of Directors seeks to continue building upon the existing strong leadership and effective governance culture previously seen in Celcom and Digi. Our diverse Board members are veterans in numerous industries, bringing fresh perspectives and depth of insight to the Company to strengthen and solidify our position as the leading telecommunications provider in Malaysia.

The Board is led by Tengku Dato' Sri Azmil Zahruddin, the new Chair of the Board, whose depth of experience will steer and drive the Company's strategy and business direction, guided by our purpose of Advancing and Inspiring Society. Supporting the Chair is Jørgen Christian Arentz Rostrup, the Deputy Chair, who will assist the Chair in his duties and chair the Board Meetings in the Chair's absence.

Moving forward, CelcomDigi's Board has outlined a series of key priorities to be realised in 2023, as follows:

Business



- Increase CelcomDigi's market share to stay ahead of the competition
- Expand into new geographical areas
- Integrate synergies arising from the merger into business operations

Corporate Governance

- Maintain compliance with regulatory requirements, including the Act, MMLR, etc., to discharge duties as Directors effectively
- Provide a platform enabling continuous engagement with our stakeholders
- Review Environmental, Social, and Governance (ESG) matters

Corporate Governance Overview Statement

Embracing Values and Principles of Good Governance

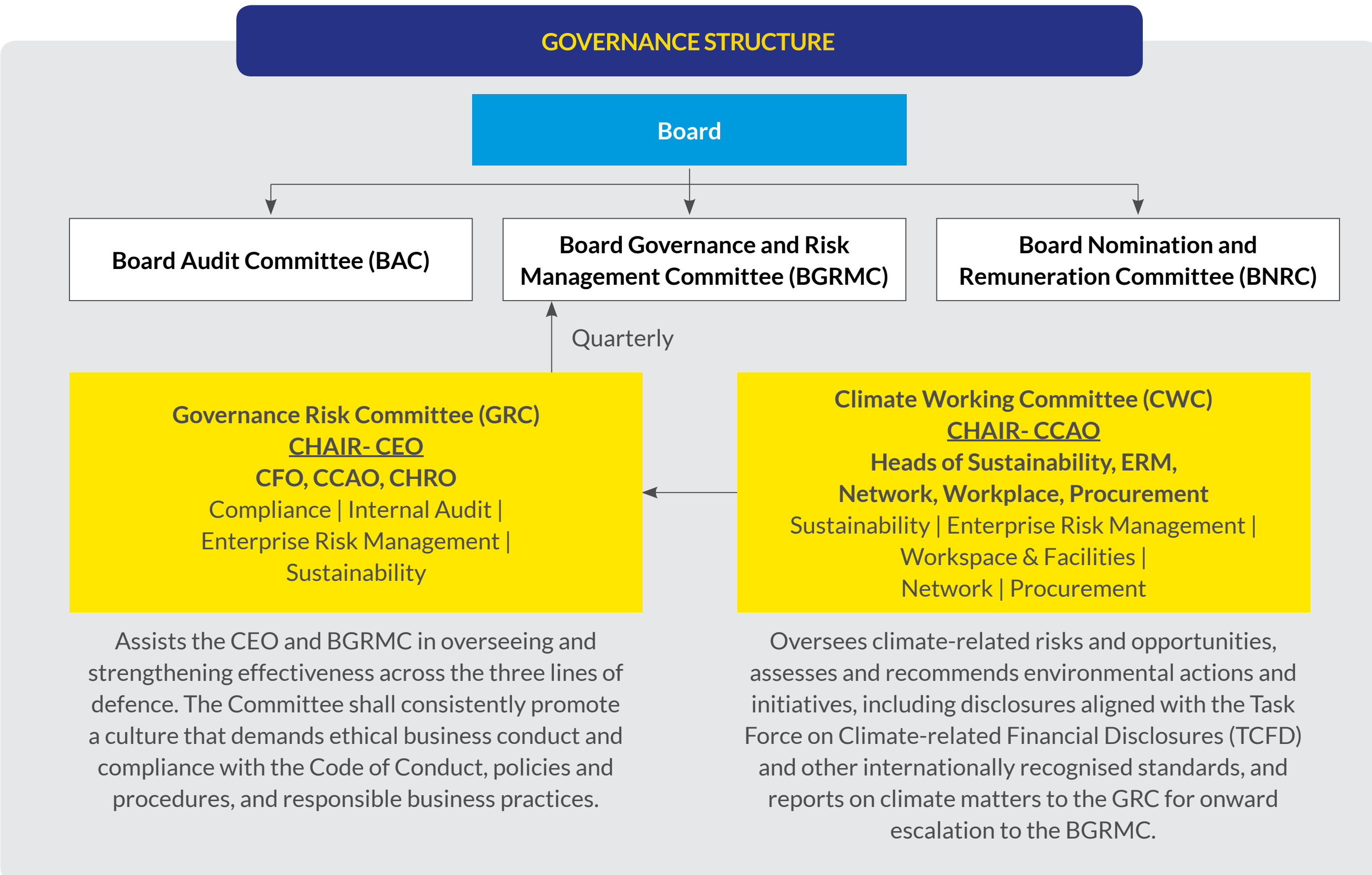
During the year under review, Digi was recognised as a winner in the ASEAN Asset Class category at the 2021 ASEAN Corporate Governance Scorecard Awards organised by the Minority Shareholders Watch Group (MSWG) for demonstrating consistent and steady improvements in corporate governance disclosure. CelcomDigi is committed to continuing our efforts in upholding good corporate governance, providing transparency and accountability to our stakeholders.

Embedding Sustainability

CelcomDigi believes that sustainability is directly related to our future performance as we align our material ESG matters with our purpose and values. We are committed to strengthening and embedding sustainability-related matters in our governance framework and practices; hence, the Board continues to prioritise the monitoring of existing and emerging sustainability risks and opportunities closely.

Looking ahead to 2023, the Board's role and focus will be to provide guidance on the following sustainability practices for implementation in CelcomDigi:

i. Planning and integration of sustainability-related priorities into Company-wide strategies and decision-making
ii. Setting and tracking measurable ESG performances
iii. Improvements to disclosures of material matters that are highly prevalent in the telecommunications sector, guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits (3rd Edition)



The Board Governance and Risk Management Committee (BGRMC) is the governing committee for sustainability-related matters in CelcomDigi. It oversees the Group's sustainability priorities, processes, standards, and performance. The Governance and Risk Committee (GRC) assists the BGRMC in strengthening the effectiveness of implementing CelcomDigi's sustainability policies and procedures at the management level.

Under the new Sustainability Governance structure, a Climate Steering Committee (CSC) has been formed and tasked with overseeing climate-related risks and opportunities in CelcomDigi. The CSC also deliberates on and recommends environmental actions and initiatives to the GRC for further escalation to the BGRMC.

The CSC and GRC are chaired by the Chief Corporate Affairs Officer (CCAO) and the Chief Executive Officer (CEO), respectively. Both committees comprise CelcomDigi's Senior Management team. In the GRC, the Head of Compliance and Head of Enterprise Risk Management jointly act as the Secretariat, with representation from the leaders of the governance and sustainability-related functions, including but not limited to:

Regulatory	Sustainability
Human Rights	Cybersecurity
Supply Chain Management	Privacy
Climate	Health and Safety

The GRC will convene on matters pertaining to governance, risk, compliance, and other non-financial performance for escalation to the Board via the BGRMC, on a quarterly basis.

Principle A – Board Leadership and Effectiveness

Our Board plays a crucial role in realising our purpose of Advancing and Inspiring Society. In other words, the Board is the overall custodian of good corporate governance and is fully committed to instilling an ethical culture that promotes integrity, effective internal controls, and robust decision-making processes.

Board Charter

The Board is guided by its Charter which contains the Terms of Reference (TOR) of the Board's and the Board Committees' roles and responsibilities. It is a comprehensive guide for the Board members to not only to understand their roles and responsibilities, but also the intentions and expectations as to how the Board should discharge its duties and responsibilities.

The Board, at its meeting on 1 December 2022, approved the review of its Charter. The review was to ensure that CelcomDigi remains competitive with our industry peers and maintains compliance with the latest rules and regulations of the relevant authorities.

Please click on this link to read more about our Board Charter: https://celcomdigi.listedcompany.com/corporate_governance.html.

Code of Conduct

As a result of the merger, CelcomDigi has updated its Code of Conduct, harmonising the elements of Celcom's and Digi's past Code of Conduct clauses. The Code of Conduct is crucial to establish the business culture and conduct that is expected of all CelcomDigi's Board members and employees. This will also nurture a strong corporate culture throughout the Company, upholding our commitment to performing our duties and responsibilities with integrity. It is meant to empower our every decision by providing clarity and setting expectations of our day-to-day conduct. The Board strongly abides by the Code of Conduct as we cement trust and reputation in our brands in line with our promise to our customers.

The Code of Conduct is accessible on CelcomDigi's website at: https://corporate.celcomdigi.com/company/governance.

Board Composition

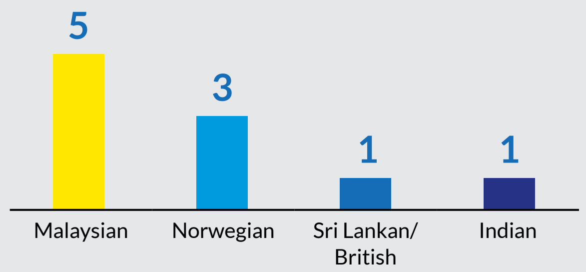
CelcomDigi's Board composition has the right balance of objectivity and diversity to effectively discharge its collective responsibilities in upholding good corporate governance and delivering holistic strategic business decisions. In this regard, the Board Nomination and Remuneration Committee (BNRC) is responsible for reviewing the Board composition periodically and making the necessary recommendations to the Board. Further activities of the BNRC are provided in the BNRC Report.

Board Balance and Composition

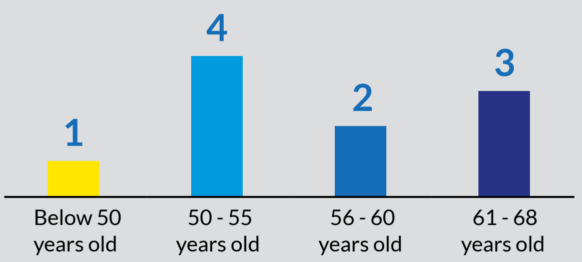
6 Non-Independent Non-Executive Directors (NINEDs)

4 Independent Non-Executive Directors (INEDs)

Ethnic Diversity



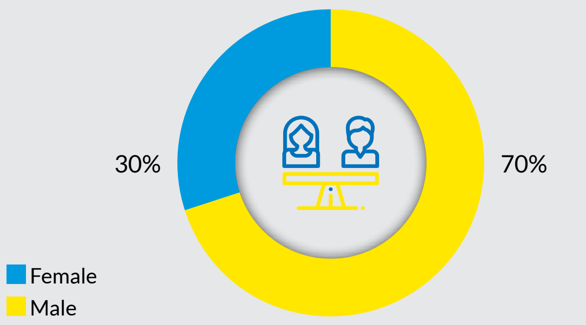
Age



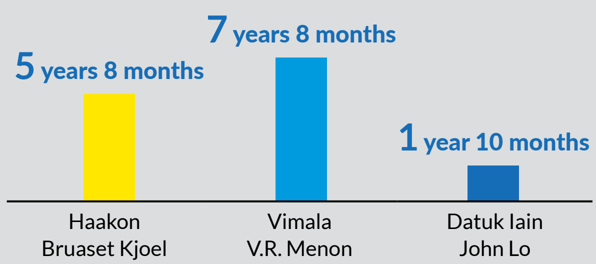
Areas of Expertise

- Information Technology
- Oil and Gas
- Banking
- Investment
- Business Development
- Real Estate
- Regulatory and Political Advisory
- Accounting and Finance
- Leadership

Gender



Length of Service



Haakon, Vimala, and Datuk Iain retained their positions as Non-Executive Directors; hence, their length of service includes pre-merger years. All other CelcomDigi Board members have less than a year of service

Board Roles and Responsibilities

The Board is entrusted with the responsibility of promoting the success of the Company by directing and supervising the Company's affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed, controlled, and operated.

An effective Board is crucial to the long-term prospects and strategic aims of the Company. This is achieved through strong and open working relationships between the Directors. Additionally, the Board practises a clear demarcation of duties and responsibilities between the Chair and Chief Executive Officer (CEO) to ensure a balance of power and authority on the Board. The responsibilities of the Chair and the CEO are clearly defined and separated, as set out in the Board Charter. The separation of responsibilities is designed to ensure that no single person or Company can have unrestricted powers and that an appropriate balance of power and authority exists on the Board.

The Chair provides thoughtful and effective leadership for the Board, whereas the CEO heads the Senior Management team in the day-to-day management of the business and leads the implementation of the financial, strategic, and organisational performance policies and strategies across the Company. The CEO is also responsible for providing leadership guidance and building corporate culture throughout CelcomDigi.

The Deputy CEO is accountable to the CEO for the effective day-to-day operations of the Company's business in accordance with the strategic plan and operating and capital expenditure budgets as approved by the Board. The Deputy CEO leads initiatives and programmes to drive transition, efficiencies, productivity improvements, and resource allocation to mitigate uncertainties in the Company's business activities in order to achieve its corporate objective and strategic plan.

As part of its efforts to ensure the effective discharge of its duties, the following Board Committees have been established upon the formation of CelcomDigi to assist the Board in its oversight function, with reference to specific areas of responsibility:

Board Audit Committee (BAC)

Board Nomination and Remuneration Committee (BNRC)

Board Governance and Risk Management Committee (BGRMC)

The Chairs of the BAC, BNRC, and BGRMC report to the Board on the deliberations, discussions, and outcomes of their respective Committee meetings.

The Board Committees review matters within their TOR and make appropriate recommendations to the Board for approval, where relevant. The Board is kept apprised of the activities of the Board Committees through the circulation of the minutes of the meetings of the Board Committees and updated on meeting deliberations and outcomes by the respective chairpersons of the Board Committees.

Overview of the Roles of Our Board

Roles and Responsibilities	
1. **Chair of the Board**	• Responsible for the orderly conduct and function of the Board; • Leads and manages the Board's effectiveness with a keen focus on strategy, governance, risk, and compliance; • Leads Board meetings, sets the agenda and promotes a culture of open debate among the Directors; • Regularly engages with the CEO and the Senior Management team to stay informed on operational matters; and • Ensures effective communication with shareholders.
2. **Deputy Chair of the Board**	• Assists the Chair; and • Chairs the Board Meetings in the Chair's absence.
3. **Senior Independent Non-Executive Director (Pre-merger only)**	• Provides a sounding board to the Chair; • Acts as intermediary for other Directors on matters that may be deemed sensitive and is available for confidential discussions with other Non-Executive Directors, if needed; and • Acts as an alternative communication channel for shareholders and stakeholders to convey their concerns and raise issues so that these can be channelled to the relevant parties.
4. **Independent Non-Executive Directors**	• Bring independent objectivity to the oversight function of the Board and unique perspectives, which allow them to challenge the Senior Management team in a relatively unbiased manner; and • Are free of any relationships that could materially interfere with their ability to exercise independent judgement and protect the interests of minority shareholders.
5. **Non-Independent Non-Executive Directors**	• Contribute to the development of management strategies and monitor the activities of the Senior Management team; • Objectively act in the interests of the Company, independent of Management, on any issues; and • Scrutinise and constructively challenge the performance of the Senior Management team in the execution of CelcomDigi's strategies.

Matters Reserved for the Board

- Focusing on merger exercises by reviewing merger materials to ensure stakeholders' value is protected;
- Reviewing, approving, and adopting CelcomDigi's strategic plans and annual targets;
- Overseeing and evaluating the conduct and performance of CelcomDigi's business;
- Declaration of dividends, approval of financial statements and annual and quarterly reports of CelcomDigi, and ensuring the integrity of financial and non-financial reporting;
- Reviewing and approving strategic investments, mergers and acquisitions, divestments, and any corporate exercises;
- Material acquisitions and disposition of assets not in the ordinary course of business;
- Reviewing the adequacy and integrity of CelcomDigi's internal control system;
- Changes in CelcomDigi's policies, procedures, and limits of authority; and
- Identifying and managing principal risks affecting CelcomDigi.

Key Features of the Board

- Separation of roles between the Chair of the Board and CEO;
- The Chair of the Board is not a member of the BNRC, BAC or BGRMC;
- Meeting Board diversity requirements, in particular gender diversity, with three women serving as members of the Board (30% female representation); and
- The Senior Management team does not sit on the Board.

To further strengthen our Board governance, we have ensured that the Chair of the Board is not a member of any Board Committees, to maintain the Chair's independence. This is to avoid self-review and the risk of impairing objectivity in Boardroom deliberations on the observations and recommendations made by the Board Committees.

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

The Board has direct access to the Senior Management team so as to arrive at informed decisions with unrestricted and immediate access to information relating to CelcomDigi's business affairs.

The Company Secretaries are qualified to act as company secretaries under Section 235 of the Act. Our Board also has full access to our Company Secretaries, who have years of experience. Our Company Secretaries are equipped with the necessary skills and expertise to provide comprehensive support, appropriate governance, and advice, to ensure adherence to corporate governance issues and compliance with relevant policies and regulations. The duties of the Company Secretaries include attending Board and Board Committee meetings, preparation of minutes, and providing advice to the Board on regulations such as the Act, MMLR, and other regulatory requirements for the Directors to discharge their duties.

Meeting materials are provided to the Board and Board Committees via a secure electronic Board portal at least 12 days prior to the meetings to accord the Directors sufficient time to assess and review the proposals or information. Any circulation less than 12 days shall be consented by the Board and Board Committees. Our previous practice of providing meeting materials before the merger was seven days prior to the meetings. Materials are disseminated digitally and instantly. Board calendars and structured agendas are set in advance and all Board members are expected to attend the scheduled Board meetings and relevant Board Committee meetings in addition to the General Meetings.

Where there is an urgent need for ad hoc meetings, the Company Secretaries, in consultation with the Chair and Deputy Chair of the Board, will arrange for such meetings as and when necessary. Other than the aforesaid internal resources, the Board and Board Committees have at their disposal access to external information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in facilitating the performance of their duties. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.

The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate governance through continuous training. During the year under review, the Company Secretaries attended several training programmes conducted internally and by external parties.

Board Meetings

The Directors have shown full commitment to their duties and responsibilities and this was reflected by their attendance at Board meetings during the financial year. Prior to the merger, the previous Board held a total of 15 meetings in 2022. CelcomDigi held three Board meetings in December 2022, including one Special Board meeting. The agendas of the post-merger meetings were mainly related to post-merger activities while the Special Board meeting related to 5G updates.

Similarly, the BAC, BGRMC, and BNRC meetings were held in December 2022 and attended by all Board Committee members.

Corporate Governance Overview Statement

Current Directors	Board Meetings	
	Attendance	%
Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz[1] (Chair of the Board)	Newly appointed Board member	N/A
Jørgen Christian Arentz Rostrup[2] (Deputy Chair of the Board)	3/3	100
Dr. Shridhir Sariputta Hansa Wijayasuriya[2]	3/3	100
Haakon Bruaset Kjoel	3/3	100
Vivek Sood[1]	Newly appointed Board member	N/A
Rita Skjaervik[2]	3/3	100
Vimala V.R. Menon	3/3	100
Tan Sri Abdul Farid Alias[2]	3/3	100
Datuk Iain John Lo	2/3	67
Khatijah Shah Mohamed[2]	3/3	100
Former Directors:		
Tan Sri Halim Shafie[3]	3/3	100
Thayaparan S Sangarapillai[3]	3/3	100
Pre-merger (Before 30 November 2022):		
Haakon Bruaset Kjoel (Chair)	15/15	100
Vimala V.R. Menon	15/15	100
Datuk Iain John Lo	15/15	100
Wenche Marie Agerup[4]	14/15	93
Yasmin Aladad Khan[4]	13/15	87
Lars Erik Tellmann[4]	12/15	80

Notes:
1. *Appointed on 19 January 2023*
2. *Appointed on 30 November 2022 upon completion of the merger*
3. *Appointed on 30 November 2022 and resigned on 19 January 2023*
4. *Resigned on 30 November 2022 upon completion of the merger*

Board Activities

During the year under review, the Board of the Company had a fruitful year as it continued its focus on five specific areas as outlined in the table below. The Board activities are categorised into pre- and post-merger periods to clearly distinguish activities that were executed by outgoing Directors prior to the merger completion.

	Pre-Merger	Post-Merger (CelcomDigi)
Strategy	• Reviewed and approved Digi's Company Strategy plan, ambitions, and targets • Oversaw the implementation of Digi's Company strategy and business plan through quarterly updates with the CEO • Reviewed the proposed merger exercise between Digi and Celcom Axiata Berhad • Reviewed and discussed the Safety Advance Project Health, Safety, and Security Roadmap for employees	• Reviewed and approved CelcomDigi's five-year strategy and business plan
Financial Performance	• Approved Digi's quarterly Company performance • Approved the Quarterly Financial Results • Approved the Quarterly Interim Dividend and solvency position • Approved the Audited Financial Statements for FYE 31 December 2021 • Reviewed and approved Digi's Company capital expenditure • Approved Recurrent Related Party Transactions (RRPTs) by Digi • Approved and recommended the reappointment of EY as external auditors	• Approved CelcomDigi's 2023 financial and capex plans
Risk and Internal Controls	• Reviewed the Enterprise Risk and Opportunities status update • Reviewed Digi's risk assessment encompassing financial and non-financial aspects • Reviewed the implementation of appropriate internal controls and mitigation measures • Reviewed the risk oversight of the Senior Management team's implementation of risk management policies and procedures • Reviewed the Audit Status Report • Approved the Internal Audit Plan 2022 • Approved the Statement on Risk and Internal Control for the Integrated Annual Report 2021	

Corporate Governance Overview Statement

	Pre-Merger	Post-Merger (CelcomDigi)
Governance	• Reviewed Digi's compliance with the MCCG, the Act, and the MMLR • Approved the 2021 IAR • Approved the CG Report to Bursa Malaysia • Approved the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for RRPT and amendments of the Articles of Association for shareholders' approval • Notation on new Board composition and appointment of Senior Management team upon merger • Analysed the Performance Evaluation for Board and Board Committee members • Reviewed Digi's anti-corruption and compliance updates • Approved Digi's Board Calendar and Meeting Plans 2022 • Reviewed and approved Digi's CEO Short-Term Incentive 2021 payout • Reviewed and approved Digi's 2022 Short-Term Incentive Scorecard of CEO • Approved allowance and short-term incentive plan of Acting CEO • Approved 2022 salary of CEO • Reviewed and approved Digi's CEO & Acting CEO Short-Term Incentive 2022 payout • Received the Minutes of Meeting of the Board Committees • Recommended the payment of Directors' fees and benefits payable to INEDs for shareholders' approval • Approved the convening of the 25th Virtual Annual General Meeting (AGM) • Recommended the Directors standing for re-election at the AGM • Reviewed the tenure of Directors and recommended Yasmin Aladad Khan to be retained and continue to act as an INED beyond nine years • Approved Governance Work Programme Policies • Notation on Compliance Plan 2022 • Approved the Fit & Proper Policy • Approved the revision of cost allocation agreement & charge back cost pertaining to the Proposed Merger and execution of supplemental agreements in relation thereto • Reviewed, discussed, and approved, in regard to the Proposed Merger, regulatory compliance (Bursa Malaysia, Securities Commission Malaysia, Malaysian Communications and Multimedia Commission (MCMC), and the Act) and submission of documents	• Approved CelcomDigi's Board Calendar 2023 and cadence • Approved the TOR of the BAC, BGRMC, & BNRC, Board Charter, CEO Charter, Fit & Proper Policy, and other policies and manuals • Approved the Board Remuneration Framework and NED Remuneration Policy • Approved the appointment of the Senior Management team • Approved the remuneration structure of the Senior Management team including CEO and Deputy CEO • Approved the change of directors in subsidiaries and associates • Approved statutory reporting to the Board • Approved the Authority Matrix • Reviewed the proposed mandate for RRPTs • Approved the merger integration plan, focusing on the post-merger day-1 readiness plan, portfolio optimisation, and change of management • Approved the update on 5G and equity subscription pertaining to Digital Nasional Berhad • Notation on the appointment of the Head of Internal Audit, Head of Compliance & Monitoring, Head of Enterprise Risk Management, and Company Secretary

	Pre-Merger	Post-Merger (CelcomDigi)
Governance	• Approved the Circular to Shareholders in relation to Proposed Merger & Proposed Exemption • Approved the convening of the virtual Extraordinary General Meeting (EGM) • Approved the execution of the conditional share subscription agreement and access agreement with Digital Nasional Berhad in regard to 5G	
Sustainability	• Reviewed Digi's 2022 ESG performance, including discussions on future outlook and setting priorities for 2023 • Reviewed Digi's 2022 material matters as part of the Materiality Assessment exercise conducted with external and internal stakeholders • Discussed short-, medium-, and long-term climate action and roadmap	No activities post-merger as of 2022

Board Appointment Process

During the months leading up to the merger, the Company engaged with Spencer Stuart for its expertise in the leadership appointment and assessment of the proposed Board nominees for the merged company. Moving forward, the Board and the BNRC have reinforced the previous Board Appointment Process as stated in CelcomDigi's Fit and Proper (F&P) Policy for the appointment and re-election of Director(s). The F&P Policy details the guidelines and procedures necessary to determine the selection and nomination of the most qualified prospective candidates, prior to their appointment as Board members of CelcomDigi.

Our process for identifying and nominating new candidates for appointment as Directors, as well as existing Directors for reappointment, is outlined below:

1. Identification of skills required or which are relevant
2. Selection/assessment of candidates/ Directors
3. 'Fit and suitable' assessment based on the criteria set out in the F&P Policy
4. Interaction with candidates(s)/ Director(s)
5. BNRC's deliberation on and confirmation that the recommended candidate/ Director is fit and suitable for the Board in the new/existing role
6. Recommendation by the BNRC for the Board's approval
7. Decision by the Board on the recommended appointment/reappointment

Board Re-election and Reappointment

The BNRC ensures that Directors retire and are re-elected in accordance with the relevant laws and regulations in Malaysia and the Constitution of the Company. The BNRC considers the performance of Directors who are due to retire at the next AGM before making recommendations on their re-election to the Board. Pursuant to the Constitution of the Company, at least one-third of the Directors will have to retire by rotation at least once in every three years and their re-election held at the forthcoming AGM. On the other hand, new Directors appointed during the year are obligated to stand for re-election at CelcomDigi's next AGM.

In assessing the candidates' eligibility for re-election, the BNRC evaluates and recommends Directors' re-election and reappointment based on: (i) the findings of the Board Effectiveness Assessment 2022 and the Director's performance and contributions during the financial year, as well as the fulfilment of the F&P Policy; (ii) the Director's level of contribution to Board deliberations by way of their skills, experience, and strengths; and (iii) the level of independence demonstrated by the Director and their ability to act in the best interests of CelcomDigi.

Board Performance Evaluation

It is imperative for the Board members to be assessed and evaluated based on their performance to ensure effective Board governance while maintaining the competitiveness of the Company. As CelcomDigi is a newly merged company, there was a change in the Board evaluation questionnaires. Hence, our Board Effectiveness Evaluation (BEE) of the Board members for 2022 was facilitated by the Company Secretaries. The BEE took into account the Board's performance post-merger and expectations moving forward. To ascertain the independence of our INEDs, they were required to submit an annual self-assessment on independence.

Achievement of 2022 Priorities

The 2022 priorities listed in Digi's Integrated Annual Report 2021 have been fulfilled and we are proud to announce our achievements in:

5G technology and Networks

- Soft launch of 5G services in Q4
- #1 network position with higher download speeds and consistency

Growth and Performance

- Successfully merged with Celcom Berhad (formerly known as Celcom Axiata Berhad)
- Returned to service revenue growth, excluding temporary *Jaringan Prihatin* impact on Prepaid

Corporate Purpose

- Complied with the MMLR, Capital Markets and Services Act 2007, MCMC, & the Act during the process of merger

Induction and Continuous Professional Development

Our BNRC is in charge of the facilitation and review of the internal and external training programmes for the Directors annually, assuring our Directors are equipped with the latest knowledge and skills and most importantly, kept abreast with the latest industry trends and business developments beyond the telecommunications industry, as well as new statutory and regulatory requirements, to enable them to fulfil their responsibilities.

All the Directors have completed the Mandatory Accreditation Programme. During the financial year 2022, our Directors attended the training programmes below:

Name of Director	Training Programmes Attended
Tan Sri Halim Shafie[1]	• MIA AccTech Conference 2022 – Digital Agility: Stay Ahead of the Curve, organised by Malaysian Institute of Accountants (MIA) • Axiata Company Risk and Compliance Conference 2022 – Thriving in a VUCA (Volatility Uncertainty Complexity Ambiguous) World, organised by Axiata Company Risk and Compliance • Briefing on Corruption Risk Assessment by Trident Integrity Solutions • Briefing hosted by Axiata Company Sustainability on 'Task Force on Climate-related Financial Disclosures (TCFD) Awareness Briefing' by PwC Malaysia • IIC-SIDC Corporate Governance Conference 2022: Investment Stewardship in Times of Heightened Sustainability Demands, organised by Securities Industry Development Corporation (SIDC) • Axiata Board Retreat (Part-1): i. Sustainability and Climate Action for Telcos in Asia by GSMA ii. Telco to TechCo: Transforming to unlock growth by TM Forum • Onboarding Board Workshop for MergeCo Directors (Session 1) • Onboarding Board Workshop for MergeCo Directors (Session 2)
Jørgen Christian Arentz Rostrup	• Bursa Malaysia Mandatory Accreditation Programme • Onboarding Board Workshop for MergeCo Directors (Session 1) • Onboarding Board Workshop for MergeCo Directors (Session 2)
Dr. Shridhir Sariputta Hansa Wijayasuriya	• Mobile World Congress MWC Barcelona by GSMA • Section 17A MACC Act – Adequate Procedures and ISO37001 Anti Bribery Management System: PNB • Sustainable & Responsible Investment – Preserving the Climate Through Sustainable Business & Living by SIDC • Axiata Company Risk and Compliance Conference 2022 – Thriving in a Volatility Uncertainty Complexity Ambiguous World, organised by Axiata Company Risk and Compliance • Bursa Malaysia Mandatory Accreditation Programme • Briefing on Corruption Risk Assessment • Axiata Workshop on Strategic Direction in Indonesia & Other Engagements, organised by Axiata Company Strategy and Marketing • BRCC Chairman Conference by Axiata Company Risk and Compliance • Axiata Integrity Month 2022 (AXIM 2022) Presentation on Building Winning Culture Ethically • AI Summit 2022 by Axiata Company Analytics and ACE Community • Onboarding Board Workshop for MergeCo Directors (Session 1) • Onboarding Board Workshop for MergeCo Directors (Session 2)
Haakon Bruaset Kjoel	• Digi Workshop on Integrated Annual Report 2021 and Materiality Assessment by KPMG • Mobile World Congress Barcelona by GSMA • Digi Workshop on Digital Nasional Berhad update, organised by Digi • SID Directors Conference 2022, Singapore Institute of Directors • International Directors Summit 2022, Kuala Lumpur, Institute of Corporate Directors Malaysia • International Directors Program (IDP47), Singapore, INSEAD • Onboarding Board Workshop for MergeCo Directors (Session 1) • Onboarding Board Workshop for MergeCo Directors (Session 2)

Corporate Governance Overview Statement

Name of Director	Training Programmes Attended
Thayaparan S Sangarapillai[1]	• PNB Knowledge Forum 2022 – Sustainable Investing – ESG at the Forefront • Developing Malaysia's Roadmap to Net Zero, organised by MICPA – KPMG • The Rise of ESG And Sustainability In The Boardroom by ICDM • ISSB-MASB Outreach Session on IFRS Sustainability Disclosure Exposure Drafts, organised by Malaysian Accounting Standards Board (MASB) • Axiata Company Risk and Compliance Conference 2022 – Thriving in a VUCA (Volatility Uncertainty Complexity Ambiguous) World, organised by Axiata Company Risk and Compliance • PNB Knowledge Forum 2022 – Tall Buildings and Living In The Space Age – The Enigma And Convergence Of Science And Art by PNB • Briefing on Corruption Risk Assessment • Briefing hosted by Axiata Company Sustainability on 'Task Force on Climate-related Financial Disclosures (TCFD) Awareness Briefing' by PwC Malaysia • Petronas Board Conversation Series: A session with John Marisson, Chief Executive, Institute for Human Rights & Business (IHRB) • Axiata Board Retreat (Part-1): i. Sustainability and Climate Action for Telcos in Asia by GSMA ii. Telco to TechCo: Transforming to unlock growth by TM Forum
Rita Skjaervik	• Bursa Malaysia Mandatory Accreditation Programme • A new tomorrow – Full-day annual conference with The Confederation of Norwegian Enterprise (NHO) • The value of zero – Half-day business conference on preventing climate change by DNB, Norway's largest financial services company • Onboarding Board Workshop for MergeCo Directors (Session 1) • Onboarding Board Workshop for MergeCo Directors (Session 2)
Tan Sri Abdul Farid Alias	• Induction Programme for newly appointed Directors by Bursa Malaysia • Invest Malaysia KL Series 1: 'Building Resilience Amidst Volatility' • Maybank Investment Bank Economic Outlook & Lookout – 'Withdrawal Syndrome' After 'Sugar Rush?' • Malaysia Equity Strategy 'How will KLCI Fare in the Growth Vs Inflation Tug-of-War' by Nomura Securities Malaysia Sdn Bhd • 'The Art of Cyber Defence' by EC Council • 'Anti-Bribery Management Systems' by Asia School of Business (ASB) • Invest Malaysia KL Series 2: 'The Road to Electrical Vehicles' • Onboarding and INED Board Workshop for MergeCo Directors (Session 1) • Onboarding and INED Board Workshop for MergeCo Directors (Session 2) • FIDE Forum: 'Thought Leadership Forum' • CapitaLand Investment Singapore – Induction Programme for newly appointed Directors
Vimala V.R. Menon	• Digi Workshop on Integrated Annual Report 2021 and Materiality Assessment by KPMG • Sustainability and Its Impact on Organizations: What Directors Need to Know by Asia School of Business (ASB) • Governance in Companies by ASB • Digi Workshop on Digital Nasional Berhad update, organised by Digi • Audit Committee: The Megatrends & Priorities for Boards by Institute of Corporate Directors Malaysia • Onboarding and INED Board Workshop for MergeCo Directors (Session 1) • Onboarding and INED Board Workshop for MergeCo Directors (Session 2)

Name of Director	Training Programmes Attended
Datuk Iain John Lo	• Digi Workshop on Integrated Annual Report 2021 and Materiality Assessment by KPMG • Interbank Transactions and Counterparty Limit by RHB Bank • Dialogue on Climate Risk Management by BNM-FIDE Forum • Overview on Corruption Risk Management and Organisational Anti-Corruption Plan by Graymatter Forensic Advisory • Setting the Pace for Future Energy by OTC Asia • Digi Workshop on Digital Nasional Berhad update, organised by Digi • RMIT Sharing Insights and Discussion on the Strategic Aspects of IT Risks by ASB Iclif Executive Education Centre • ESG Oversight - Role of the Board by ICDC • Conference Charting the Future of Oil, Gas and Energy in the Region by MOGSEC • CGI Global Summit 2022: Ambition to Action by Climate Governance Initiative • Oversight Conversation with BACs by Securities Commission • Bursa Malaysia's Enhanced Sustainability Reporting Framework by ICDM • Accelerating Implementation of Climate Strategies by ERM • COP27 C Suite Takeaways for Malaysia by ERM • Advocacy Dialogue on Bursa's Enhanced Sustainability Reporting by ICDM • Onboarding and INED Board Workshop for MergeCo Directors (Session 1) • Onboarding and INED Board Workshop for MergeCo Directors (Session 2)
Khatijah Shah Mohamed	• Celcom Board Risk Compliance Committee Chairman Conference • Axiata Company Board Awareness Session: Anti-Bribery and Anti-Corruption Laws and Corruption Risk Assessment • Bursa Malaysia Mandatory Accreditation Programme • Preserving the Climate through Sustainable business and living (SIDC) • Onboarding and INED Board Workshop for MergeCo Directors (Session 1) • Onboarding and INED Board Workshop for MergeCo Directors (Session 2) • INSEAD Global Leadership

Note:
1. Resigned on 19 January 2023

Board Nomination and Remuneration Committee (BNRC) Report

Committee membership	Meetings attended
Datuk Iain John Lo (Chair of BNRC)	1/1
Tan Sri Abdul Farid Alias	1/1
Vimala V.R. Menon	1/1
Pre-merger (before 30 November 2022)	
Nomination Committee (NC) membership:	Meetings attended
Yasmin Aladad Khan (Chair)	2/2
Haakon Bruaset Kjoel	2/2
Datuk Iain John Lo	2/2
Remuneration Committee (RC) membership:	Meetings attended
Haakon Bruaset Kjoel (Chair)	4/4
Yasmin Aladad Khan	4/4
Wenche Marie Agerup	3/4

The BNRC is a newly formed committee post-merger and replaces the previous NC and RC of the Company. The BNRC comprises three INEDs and is chaired by Datuk Iain John Lo.

The principal duties of our BNRC are to:

(i) Lead succession planning and the appointment of Board members in CelcomDigi;

(ii) Oversee the development of a diverse pipeline for Board and Senior Management team succession; and

(iii) Lead the annual review of Board effectiveness, ensuring that the performance of the Board, each individual Director and the Chair of the Board is independently assessed.

Our main activities in 2022 are a consolidation of the activities of Celcom and Digi and post-merger.

Main Activities in 2022	
Pre-Merger	**Post-Merger**
• Annual assessment and review of the composition of the Board and Board Committees • Facilitated the 2021 BEE and validated the results thereof • Reviewed the tenure of the INEDs and the retention of Yasmin Aladad Khan as an INED who had served more than nine years • Reviewed the Directors' training requirements • Reviewed the Board's Skills and Experience Matrix • Assessed the independence and time commitment of each INED • Conducted the annual review on the NC's Terms of Reference and Board Diversity Policy • Reviewed the Performance Planning and Key Performance Indicators for CEO • Assessed and recommended to the Board the re-election of Directors • Reviewed the NC Report for inclusion in the 2021 Integrated Annual Report • Reviewed the F&P Policy • Reviewed the nomination of the Senior Management team for MergeCo • Reviewed the proposed nominee Directors for MergeCo • Discussed the proposed fees and benefits payable to INEDs • Conducted the annual review of the RC's TOR and Non-Executive Directors' Remuneration Policy • Recommended the proposed remuneration package of the CEO • Recommended the 2022 Short-Term Incentive Scorecard of CEO • Reviewed the RC Report for inclusion in the 2021 Integrated Annual Report • Recommended the 2021 short-term incentive achievement and payout of the CEO • Recommended the Acting CEO's allowance and change in 2022 short-term incentive • Recommended the 2022 salary review of the CEO • Recommended the 2022 short-term incentive achievement of the CEO and Acting CEO	• Reviewed the TOR of the BNRC • Reviewed the F&P Policy • Reviewed the Board remuneration framework and policy • Reviewed the change of board composition in subsidiaries and associates • Reviewed the appointment of the Senior Management team • Reviewed the remuneration of the Senior Management team • Reviewed the remuneration of the CEO and Deputy CEO • Conducted the BEE

Remuneration of Directors and Senior Management

The Board remuneration structure is designed by benchmarking the Directors' remuneration against peer companies to ensure competitiveness in attracting and retaining high-calibre and qualified NEDs on the Board (who are not employees of our joint majority shareholders, Axiata and Telenor), as well as to ensure that the remuneration is commensurate with their responsibilities and duties.

To align our best practices with our joint majority shareholders, CelcomDigi's Directors are paid fees and benefits which include medical and insurance coverage, telecommunications devices/facilities, and other claimable benefits payable. Meeting allowance is not claimable as this is part of the Directors' fees.

Pre-Merger				
	Directors' Fees (RM)		Benefits-in-kind (RM)	TOTAL
Non-Executive Directors	Company	Subsidiaries	Company	
Haakon Bruaset Kjoel	Nil	Nil	Nil	Nil
Vimala V.R. Menon	252,083	29,326	300	281,709
Datuk Iain John Lo	247,500	Nil	300	247,800
Yasmin Aladad Khan[1]	293,333	Nil	5,300	298,633
Lars Erik Tellmann[1]	Nil	Nil	Nil	Nil
Wenche Marie Agerup[1]	Nil	Nil	Nil	Nil
Total	**792,916**	**29,326**	**5,900**	**828,142**

Post-Merger				
	Directors' Fees (RM)		Benefits-in-kind (RM)	TOTAL
Non-Executive Directors	Company	Subsidiaries	Company	
Jørgen Christian Arentz Rostrup[2]	Nil	Nil	Nil	Nil
Dr. Shridhir Sariputta Hansa Wijayasuriya[2]	Nil	Nil	Nil	Nil
Haakon Bruaset Kjoel	Nil	Nil	Nil	Nil
Rita Skjaervik[2]	Nil	Nil	Nil	Nil
Tan Sri Abdul Farid Alias[2]	39,525	Nil	1,000	40,525
Vimala V.R. Menon	32,949	Nil	1,000	33,949
Datuk Iain John Lo	37,613	Nil	1,000	38,613
Khatijah Shah Mohamed[2]	34,342	Nil	1,000	35,342
Tan Sri Halim Shafie[3]	45,833	Nil	1,000	46,833
Thayaparan S Sangarapillai[3]	34,325	Nil	1,000	35,325
Total	**224,587**	**Nil**	**6,000**	**230,587**

Notes:
1. *Resigned on 30 November 2022 upon completion of the merger*
2. *Appointed on 30 November 2022 upon completion of the merger*
3. *Appointed on 30 November 2022 and resigned on 19 January 2023*

We want our Senior Management team to be on an equal footing with our industry peers. To remain competitive, our Senior Management team's remuneration is dependent on a balanced scorecard consisting of three Key Performance Indices (KPIs): Financial KPI, Operational & Strategic KPI, and People KPI.

Focus Areas and Key Matters

The BNRC aims to focus on merger-related areas such as the appointment and remuneration of new Directors and the Senior Management team.

The BNRC has determined the priorities for 2023:
- Remuneration of Directors from 30 November 2022 until the next AGM in 2023 to be approved by CelcomDigi's shareholders
- Remuneration of Senior Management team including CEO and Deputy CEO
- Short-term incentives for Senior Management team
- Long-term incentives for Senior Management team
- Succession planning for Senior Management team
- 2023 Corporate Scorecard (KPIs of employees and the Senior Management team)

Principle B – Effective Audit and Risk Management

Board Audit Committee (BAC) Report

Committee membership	Meetings attended
Tan Sri Abdul Farid Alias (Chair of BAC)	1/1
Khatijah Shah Mohamed	1/1
Vimala V.R. Menon	1/1
Pre-merger (before 30 November 2022)	
Audit and Risk Committee (ARC) membership:	Meetings attended
Vimala V.R. Menon (Chair)	11/11
Yasmin Aladad Khan	11/11
Datuk Iain John Lo	11/11
Lars Erik Tellmann	10/11

CelcomDigi has restructured the previous Audit and Risk Committee (ARC) into two different Board Committees, namely the Board Audit Committee (BAC) and the Board Governance and Risk Management Committee (BGRMC). This structural change is vital in promoting better and clearer governance design within the Board Committees and allows for more focused deliberations within the respective Board Committee's purview.

The BAC assists the Board with independent review and enhancement of the overall efficiency of the Company's financial, operating, and compliance controls. In addition, the BAC assesses the effectiveness of the internal and external auditors, thus playing a critical role in upholding the integrity of the Company's Audited Financial Statements and related external reports.

The BAC is led by Tan Sri Abdul Farid Alias and comprises three INEDs who collectively equip themselves with the necessary financial literacy, skills, and experience to perform their roles and functions.

In line with the requirement of Paragraph 15.09(1)(c)(i) of the MMLR, which requires at least one member of the BAC to be a qualified accountant, BAC member, Vimala V.R. Menon is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Malaysian Institute of Accountants (MIA).

The BAC also fulfils the requirement of Paragraph 15.09(2) of the MMLR of not having an alternate director in the committee given the absence of such a director in the BAC.

The BAC's roles and responsibilities are thoroughly explained in the BAC's TOR which can be viewed at https://celcomdigi.listedcompany.com/corporate_governance.html.

Summary of BAC Activities

The BAC's activities conducted in 2022 have been categorised into pre- and post-merger periods, as below:

Pre-Merger	Post-Merger
Risk Management and Internal Control a) Reviewed Digi's top risk profiles and deliberated on significant threats and opportunities on a quarterly basis, including the progress and adequacy of mitigation strategies b) Discussed improvements to the Enterprise Risk Management process to ensure proactive and holistic risk identification and monitoring of mitigation actions to reduce risk impacts to an acceptable level c) Evaluated the overall adequacy and effectiveness of internal controls through review of the work performed by both internal and external auditors, other assurance providers within Digi, and discussions with the Senior Management team **Internal Audit** a) Deliberated on and provided input to the risk-based Internal Audit Plan to ensure adequate scope and coverage of Digi's strategic ambitions, goals, and activities prior to recommending to the Board for approval. Monitored the progress of the approved Internal Audit Plan and approved changes to the Internal Audit Plan, if any, in response to changes in the Company's business, risks, operations, systems, and controls b) Reviewed and deliberated on internal audit reports, audit recommendations, and the adequacy of the Senior Management team's response to these recommendations. Significant issues were discussed at length with the presence of relevant Senior Management team members to ensure satisfactory and timely remediation actions had been implemented by the Senior Management team to address identified risks c) Monitored the implementation of action plans agreed upon by the Senior Management team on outstanding audit findings on a quarterly basis, to ensure that all actions had been implemented based on the committed timelines until the ARC was satisfied that adequate controls were in place d) Provided guidance on ad hoc matters arising from ongoing internal audit activities e) Evaluated the effectiveness of the Internal Audit function through evaluation of its performance and competencies, as well as monitoring the sufficiency of resources and total costs, to ensure that it had the required expertise to discharge its duties f) Reviewed and deliberated on investigation findings and the Senior Management team's recommendations on remedial actions covering disciplinary and/or corrective actions. Extensive discussions were conducted with the Senior Management team on the root cause of the incidents and risk exposure before the remedial actions were endorsed. Periodic updates were furnished to the then ARC to ensure adequate and timely resolution of the remedial actions	The BAC conducted the following activities: • Reviewed the recurrent related party transactions (RRPTs) • Discussed the 4th Quarter 2022 audit results • Reviewed the content of the Integrated Annual Report (IAR) 2022 • Reviewed the proposed bad debts write-off • Enquired about non-audit services • Received Internal Audit (IA) updates

Pre-Merger (Continued)

Compliance Programme

a) Monitored the status of internal misconduct cases reported to the Board and the ARC on a quarterly basis, including ongoing investigations, in accordance with Digi's Code of Conduct and Governing documents
b) Deliberated on the results of compliance cases and directed the Senior Management team to implement and/or enhance controls to prevent recurrence, including conducting education programmes to increase awareness
c) Reviewed the status of the planned mitigation actions developed from the results of the compliance risk assessment performed in 2022
d) Reviewed the annual compliance programme which included risk assessment activities, monitoring activities, policy review initiatives, and training and awareness programmes for Digi employees
e) Reviewed the revised Compliance department structure, which comprises three units: Governance, Risk & Monitoring, and Knowledge
f) Reviewed and deliberated on the compliance monitoring activities, risk assessment activities, and case resolutions undertaken by the Compliance department and ensured timely implementation of proposed remediation and control measures by the Senior Management team across functions in Digi

Financial Reporting

a) Reviewed Digi's unaudited quarterly financial results, audited annual financial statements, and related announcements, before recommending them for the Board's approval, including:
   i. Deliberation on significant audit and accounting matters which comprised the Senior Management team's judgements, estimates or assessments made, and sufficiency of disclosures in the financial statements; and
   ii. Discussion of significant financial matters at length to ensure compliance with internal accounting policies and Malaysian Financial Reporting Standards (MFRS), focusing on MFRS 16.

External Audit

a) Reviewed the scope of work of the external auditors, confirming their independence and objectivity
b) Reviewed the external auditors' Management Letter together with the Senior Management team's responses, to ensure that appropriate actions had 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 the external auditors' independence and objectivity. The amount incurred by Digi and on Company basis in respect of audit and non-audit-related fees for services rendered by the external auditors is disclosed in Note 7 of the financial statements and in the Additional Compliance Information in this Integrated Annual Report
d) Met privately with the external auditors at the ARC meetings to ensure there were no restrictions on the scope of their audit and to discuss significant matters that arose during the course of the audit
e) Evaluated the performance of the external auditors and made recommendations to the Board on their reappointment, subject to the approval of Digi's shareholders at the general meeting

Related Party Transactions

a) Reviewed the annual 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 Digi's policies and procedures
c) Reviewed and deliberated on any new related party transactions to ensure that the terms and conditions of the transactions were commercially based and at arm's length

Other Activities

a) Reviewed and recommended to the Board the ARC Report, Directors' Responsibility Statement, and Statement on Risk Management and Internal Control, for inclusion in the Integrated Annual Report
b) Reviewed and recommended the revised TOR of the ARC for the Board's approval
c) Reviewed the proposed dividend payout on a quarterly basis, taking into consideration the cash flow requirements before recommending for the Board's approval

Board Governance and Risk Management Committee (BGRMC) Report

Committee membership	Meetings attended
Vivek Sood[1] (Chair of BGRMC)	Newly appointed Board member
Thayaparan S Sangarapillai[2]	1/1
Haakon Bruaset Kjoel	1/1
Khatijah Shah Mohamed	1/1
Datuk Iain John Lo	1/1

Notes:
1. *Appointed on 19 January 2023*
2. *Thayaparan S Sangarapillai, who was the previous Chair of this Committee, resigned on 19 January 2023*

The BGRMC focuses on governance, compliance, and risk management-related matters, including sustainability. This allows the BGRMC to oversee the risk management, compliance and monitoring, and governance framework, as well as integrating sustainability risks and opportunities considerations to assist the Board in CelcomDigi's long-term strategy plans. The BGRMC comprises two INEDs and two NINEDs. The BGRMC is currently led by Vivek Sood who is a NINED.

The details of the BGRMC's roles and responsibilities are in the BGRMC's TOR which can be viewed at https://celcomdigi.listedcompany.com/corporate_governance.html.

Summary of Activities

The BGRMC conducted the following activities in 2022:
- Reviewed and approved the notation on the appointment of the Head of Compliance and Head of Enterprise Risk Management
- Reviewed statutory reporting to the Board
- Reviewed the following policies and procedures:

Board Charter	Business Partner Management Policy	Insider Manual	Technology Policy
CEO Charter	Code of Conduct	Finance Policy	Information Security Policy
BGRMC TOR	Enterprise Risk Management Policy	Procurement Policy	Privacy Policy
Anti-Corruption Policy	Business Continuity Management Policy	People Policy	Brand Policy
Whistleblowing Policy	Sustainability Policy	Legal Policy	Limits of Authority Policy and Matrix
Corporate Disclosure Policy	Related Party Transaction Manual	Health, Safety, and People Security Policy	

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

Our Corporate Reporting Integrity

CelcomDigi is committed to upholding our corporate reporting integrity by implementing stringent efforts to ensure the information presented in this report is truthful, reliable, and complete. One of the efforts is the formation of the Reporting Committee, which comprises the Investor Relations (IR), Sustainability, Company Secretaries, Corporate Strategy, and Corporate Communications teams. The Reporting Committee has reviewed this report to assure its compliance with the International Integrated Reporting Council Framework and that it is a fair representation of CelcomDigi's performance against relevant international standards such as the Global Reporting Initiative indices.

This report has further been reviewed by the BAC, and subsequently submitted to the Board for its final approval, as per our governance practices.

Our Approach in Communicating with Stakeholders

The Board recognises the importance of stakeholder engagement within a company as it is fundamental for good corporate governance. Our stakeholders provide great perspectives and insights on how our business strategies and direction may impact them. Hence, we have developed meaningful relationships with our stakeholders through open and transparent two-way communications that are effective and beneficial to both parties. This also enables us to evaluate their views, feedback, and concerns when making disclosures. The Board believes its practices in this area are consistent with both the MCCG provisions concerning dialogue with shareholders.

Our IR team, led by the Head of IR, acts as the bridge between CelcomDigi and the stakeholders, particularly the investment community. As the team represents the Senior Management team in IR events, it maintains the highest standards of corporate disclosure when communicating with analysts and fund managers. The team is committed to ensuring credibility and transparency when providing information relating to CelcomDigi's financial performance, business direction, and strategic development to the investment community.

CelcomDigi's IR corporate website at https://celcomdigi.listedcompany.com/home.html is a dedicated platform that offers the latest corporate information and financial statements to the public. We also welcome feedback and enquiries from our stakeholders and the public concerning CelcomDigi. The contact details can be found on the corporate website, or alternatively, we can be reached via email at invesrel@celcomdigi.com.

Further details on how we engage with our stakeholders can be found in Section 3: Our Key Relationships on pages 24 to 26.

Conduct of General Meetings

CelcomDigi's General Meetings, including the AGM and EGM, serve as the principal avenue for shareholders to engage with the Board and Senior Management team in an open and constructive two-way dialogue. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedback to the Board and Senior Management team.

Thanks to the lessons learned during the pandemic over the last two years, both the AGM and EGM were conducted virtually with great success. Our stakeholders appreciated the efficiency and transparency of the virtual general meetings. These meetings also increased opportunities for shareholder engagement through the use of interactive features such as live Q&A, online polling, and chat rooms.

Moving forward, we may consider adopting a hybrid model that will benefit both the shareholders and us by enabling greater accessibility, convenience, cost savings, and improved transparency.

CelcomDigi is pleased to announce our inaugural AGM on 23 May 2023, as highlighted in the notice of the AGM that that has been issued to shareholders 28 days prior to the meeting. This will provide shareholders with sufficient time to review the Company's financial and operational performance as well as the resolutions that will be tabled during the inaugural AGM.

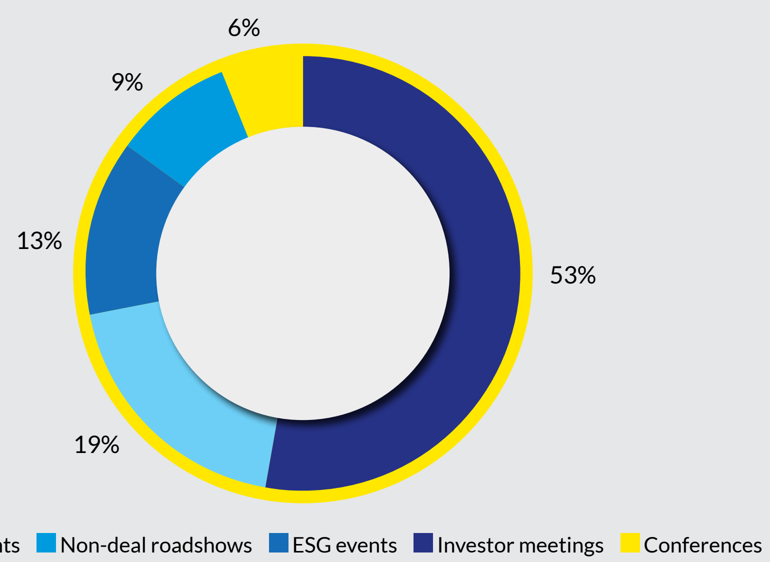
The AGM minutes and summary of Q&A dialogues will be published on https://celcomdigi.listedcompany.com/agm.html for public viewing following the conclusion of the inaugural AGM.

2022 Investor Calendar

CelcomDigi held investor relations events throughout 2022 to keep the IR stakeholders informed and updated on the Company's financial, operational, and strategic developments. Throughout the year, the IR team worked closely with our stakeholders to address their concerns and feedback in consultation with various departments. We are grateful to and appreciative of our stakeholders who took the time and effort to attend these events.

The summary of investor engagement activities is illustrated below. The full details of the IR calendar can be found at https://celcomdigi.listedcompany.com/financial_calendar.html.

Event Frequency



Corporate Governance Overview Statement

Summary of Investor Discussions

Over the past year, various key topics and concerns have been raised by our stakeholders during the engagements held by the IR team. Summarised below are the key topics of discussion with the appropriate responses:

Discussion Topic	Key Discussion Points
FY2022 financial performance	Both Celcom and Digi standalone entities performed well in FY2022, setting a strong foundation for growth and enabling the Company to maintain good momentum into 2023. Looking ahead, the investors are monitoring our strategic focus on strengthening core revenue and growing new segments, while investing in new synergistic platforms and new operating models.
Industry competition	The telecommunications market in Malaysia is highly competitive, with several players vying for market share. CelcomDigi faces intense competition from other telecom providers, particularly in terms of pricing, network quality, and innovation.
Merger integration and synergy	CelcomDigi is well placed to serve the diverse needs of Malaysian consumers and businesses with its enhanced strength and economies of scale. The investment community is focused on the Company's ability to accelerate integration planning activities and secure the realisation of net synergies of over RM8 billion in net present value, alongside the execution of the entire integration process of Celcom and Digi, which is a rigorous and complex activity.
Revenue growth post-merger	The Company's ability to grow its revenue and maintain profitability in a highly competitive market is a concern for investors.
Capital expenditure	Building and maintaining a robust telecommunications network requires significant capital expenditure. Investors are concerned about CelcomDigi's ability to fund the necessary investments in infrastructure and technology while remaining financially sustainable.
Market saturation	The telecommunications market in Malaysia is relatively saturated, with a high level of penetration of mobile and internet services. As a result, there may be limited room for growth, which could impact CelcomDigi's revenue and profitability.
Impact on shareholders	There may be concerns about how the merger will impact the value of shares in both companies and how the merger will be structured, including whether there will be any changes to dividends or share buyback programmes.
Financial strength	Post-merger, investors are concerned about the debt levels of CelcomDigi given the increase in debt levels post-consolidation. This may raise concerns about the financial stability of the enlarged entity and its ability to service debt payments and fund future growth.

Statement by the Board

The Board has reviewed, deliberated on, and approved this Statement on 23 March 2023. The Board is pleased to report that, to the best of its knowledge, CelcomDigi has complied with and shall remain committed to attaining the highest possible standards of corporate governance through the continuous adoption of the principles and best practices of the MCCG, MMLR, and all other applicable laws and regulations.

Statement on Risk Management and Internal Control

Pursuant to Paragraph 15.26 (b) of the MMLR of Bursa Malaysia, the Board of Directors of listed companies is required to include in their annual report, a statement about the state of risk management and internal control of the listed issuer as a group. CelcomDigi's Board of Directors (the Board) is pleased to provide the following statement which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Malaysia. The Statement outlines the nature and scope of risk management and internal control within CelcomDigi during the financial year under review. Upon completion of the merger in November 2022, significant progress has been made towards harmonising key policies, procedures and processes. CelcomDigi remains committed to continuously review and improve the system of internal controls.

RESPONSIBILITIES AND ACCOUNTABILITIES

The Board acknowledges its responsibility for the establishment as well as oversight of CelcomDigi's risk management framework and internal control systems. The risk management framework and internal control systems are designed to identify, assess, and manage risks that may impede the achievement of business objectives and strategies. The Board also acknowledges that the internal control systems are designed to manage and minimise, rather than eliminate, occurrences of material misstatement, financial loss, or fraud.

The Board, through the BGRMC, periodically reviews the effectiveness and adequacy of the risk management framework and internal controls by identifying, assessing, monitoring, and reporting key business risks with the objective of safeguarding shareholders' investments and CelcomDigi's assets.

The Senior Management team is responsible for implementing Board approved policies and procedures on risk management and internal controls by identifying and evaluating risks faced and monitoring the achievement of business goals and objectives within the risk appetite parameters.

RISK MANAGEMENT

CelcomDigi's risk management framework provides the foundation and process for managing risks across the Group. Our process is broadly based on ISO 31000:2018.

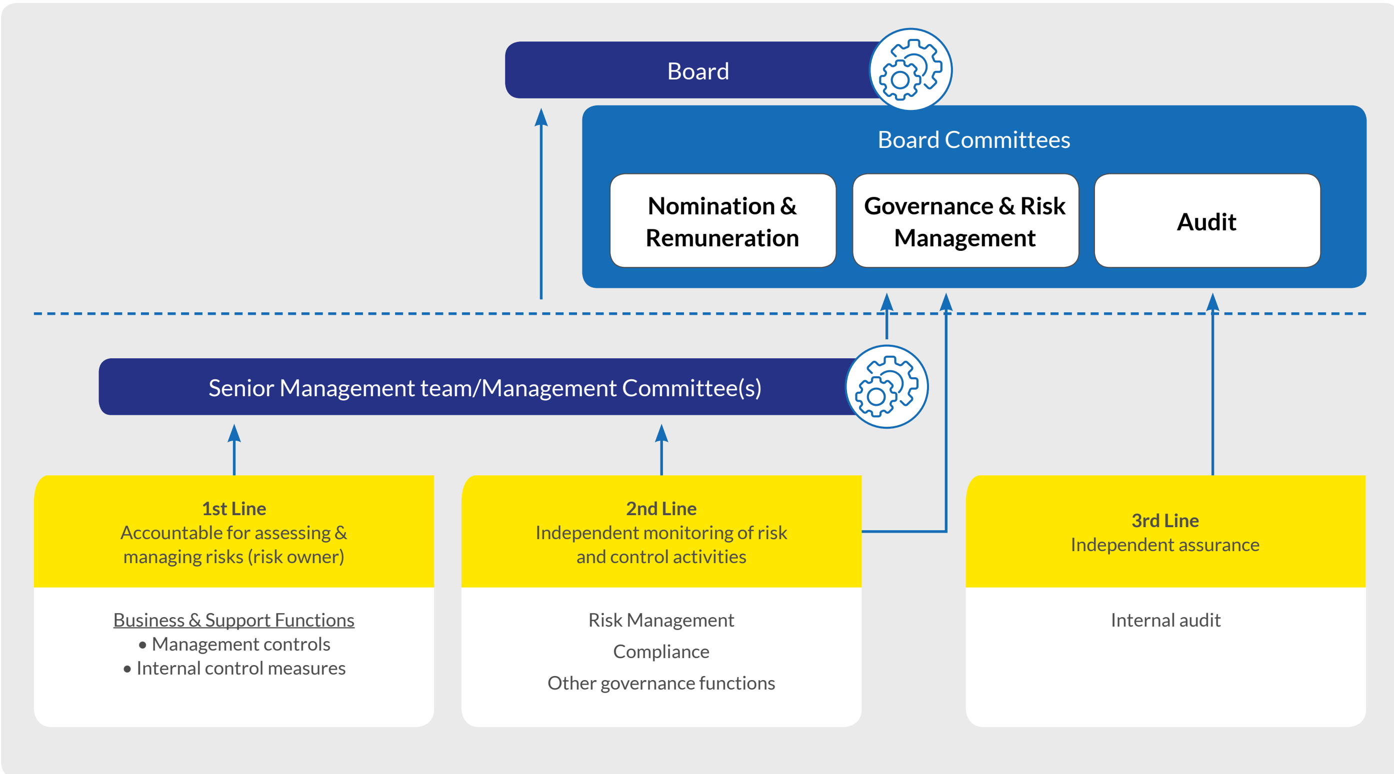
Risk management responsibilities within CelcomDigi are defined in the framework where the Risk Management function is responsible for implementing the enterprise risk management process.

Our Senior Management team's key role is to identify significant threats, evaluate the risk profiles, and drive mitigation strategies on a regular basis. All line managers are responsible for managing risks within their respective functions and for ensuring that risk management is embedded in the day-to-day business and decision-making processes.

Statement on Risk Management and Internal Control

The diagram below illustrates the roles and responsibilities of risk management practices across CelcomDigi.

Roles & Responsibilities of Managing Risks



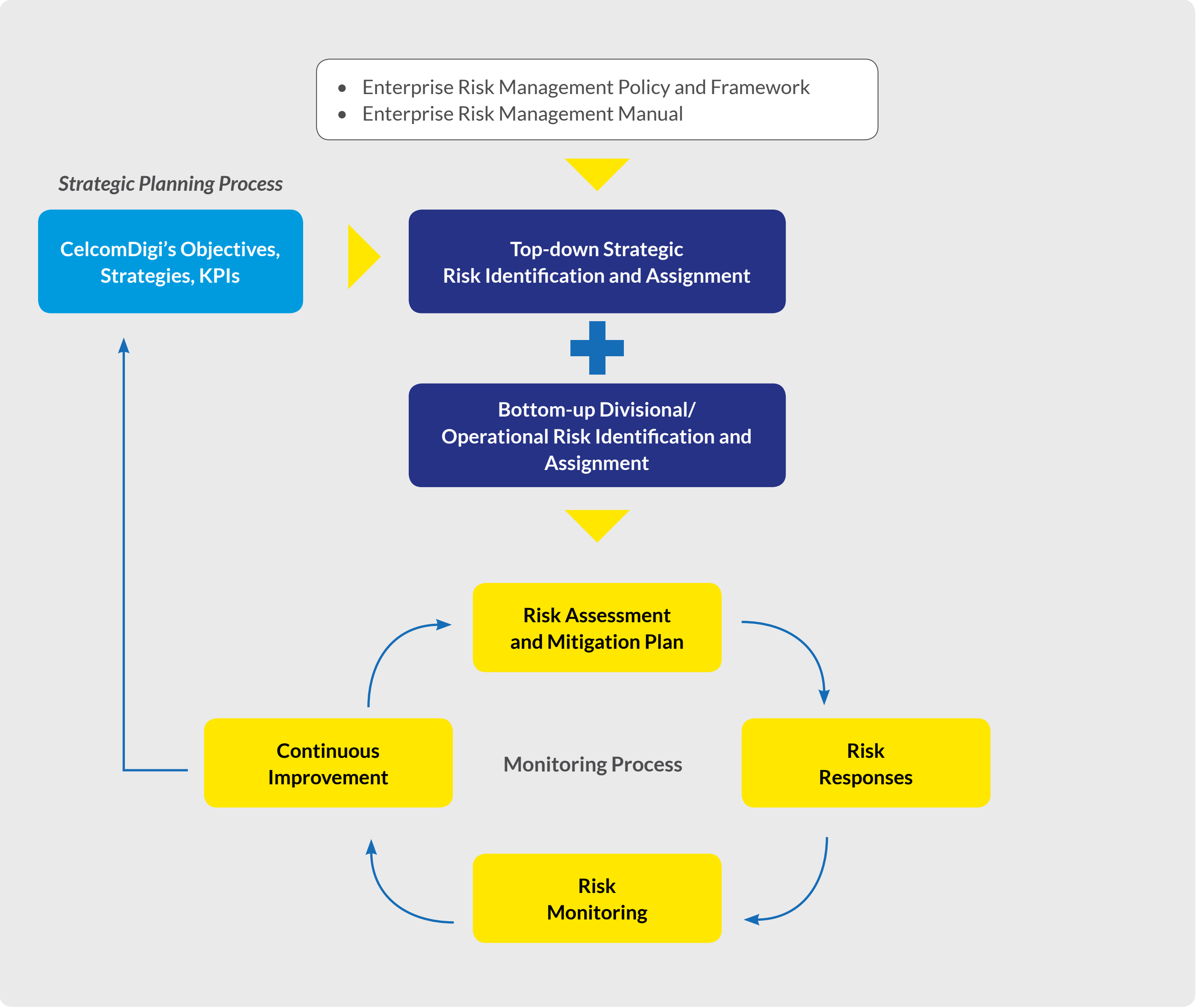
CelcomDigi's risks are identified based on risk assessments performed relative to the Company's ambitions and objectives in our strategic plan. The identified risks are assessed, delibrated on by the Senior Management team, and mitigated through strategies which are monitored for progress to maintain the risk exposure within an acceptable level.

The Senior Management team reports CelcomDigi's top enterprise risks to the Board and BGRMC in a risk heat map on a quarterly basis. The movement and mitigation status of material risks is reviewed and deliberated on to ensure oversight and adequate risk governance.

To strengthen our risk management framework, we continuously seek improvements to enhance our risk management practices across CelcomDigi.

Refer to the diagram below for an overview of the risk management framework and processes of CelcomDigi:

Risk Management Framework



Statement on Risk Management and Internal Control

A summary of key risks identified by the Senior Management team and reported to the Board and BGRMC during the year is captured below. The monitoring of emerging risks and mitigation activities is on-going and continuous to ensure risk exposures are within acceptable levels. Please refer to Our Key Risks in Section 3 for the full description of these risks.

Risks

1 Integration Risk

Risk exposure in relation to the fulfilment of our objectives to capture the expected synergy targets.

2 People and Culture Integration Risk

Potential people risk related to cultural harmonisation, as well as negative employee sentiment regarding role and work style uncertainty.

3 Regulatory Risk

Shifts in the regulatory framework and policies that govern the industry, protect customers and advance Malaysia's digital and 5G ambitions.

4 Governance and Compliance Risk

Risk related to compliance with applicable industry requirements and integrity standards to maintain our promise of being a leading responsible business.

5 Critical Systems Migration Risk

Potential service disruptions and adverse customer experiences caused by planned systems migration.

6 Data Protection Risk

Risk related to safeguarding customers' data and compliance with various security, privacy and data quality requirements to protect against theft, leakage and loss.

7 Cybersecurity Risk

Threats from malicious attacks in the evolving technology landscape and vulnerabilities in cybersecurity.

8 Supply Chain Risk

Supply chain risk in relation to rising concerns about the cost implications of inflation, supply disruptions due to global crises or sanctions affecting our critical operations.

9 Sustainability Risk

Concerns about climate and sustainability management in light of rising expectations and requirements to achieve a net zero carbon economy.

10 Health and Safety Risk

Employee health and safety risk, as well as hazard and safety risk faced by business partners at operational sites.

INTERNAL CONTROL SYSTEMS

The key elements of the internal control systems established by the Board to provide effective governance and oversight of internal controls include:

Policies and Operating Procedures

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

Profitability Assurance

This function minimises revenue leakage by implementing adequate controls and processes through an optimal revenue management framework. It covers the cycle of identification, assessment, mitigation, and monitoring. CelcomDigi has instituted automated controls to ensure that usage and profile integrity between the network, mediation, rating, and billing are assured and adequately controlled. Key issues and mitigation actions are reported to the Senior Management team monthly. The effectiveness and efficiency of processes and controls within the revenue cycle are reviewed regularly. In addition to assuring minimal revenue leakage, the team also works on automation and dashboards for efficient business monitoring.

Security

CelcomDigi is committed to reducing the impact of service disruptions by ensuring its infrastructure is protected and services are not interrupted, thereby enabling continuous services to our customers.

The Cyber Security and Physical Security functions are responsible for ensuring confidentiality, integrity and availability of information and information processing facilities, including telecommunications systems, and infrastructure, and for protecting against cyber-attacks, fraudulent activities, information loss and other security risks and threats arising internally and externally.

The Fraud Management function manages and mitigates the risk of fraud and related losses. Its key activities include developing and designing internal fraud controls which are regularly reviewed to ensure relevance and effectiveness. Fraud awareness activities, measures and continuous action plans are implemented to ensure telecommunications fraud is minimised and the requirement for preventive controls is embedded in business processes.

Security Assurance and Maturity Assessment activities in accordance with Information Security Forum standards are performed to ensure network security protection. This includes conducting security awareness sessions, running vulnerability management and security posture assessments, and continuous security monitoring and governance through security compliance audits and risk management. CelcomDigi complies with ISO 27001:2013 – Information Security Management System.

Periodic meetings are held with CelcomDigi's Senior Management team and the Chief Technology Officer to discuss and approve security initiatives, activities, policies, and projects driven by the Security department.

Business Continuity Management (BCM)

CelcomDigi recognises the importance of providing uninterrupted mission-critical and time-sensitive products and services to our customers. Hence, disruptive incidents are handled and responded to effectively to ensure a structural recovery that safeguards the interests of our stakeholders as well as protects the credibility and reputation of CelcomDigi.

CelcomDigi complies with ISO 22301: Business Continuity Management. The Management continuously leads the drive to enhance CelcomDigi's business continuity processes which encompass emergency response, crisis management, crisis communication, business continuity, and Network and IT disaster recovery. In addition, CelcomDigi has an annual BCM programme which includes awareness, training, review and validation of the efficiencies and effectiveness of BCM.

Controls over Financial Reporting

The Controls over Financial Reporting (CFR) 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 Internal Control over Financial Reporting 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 the Senior Management team and the BAC on the status of controls over the financial reporting processes.

Organisational Structure

CelcomDigi has established an organisational structure with clearly defined lines of responsibility and accountability, proper 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. 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. These Senior Management Committees established pre-merger, are in the process of being enhanced and aligned with the governance structure of CelcomDigi.

The Risk Management Forum has been replaced with the Governance, Risk and Compliance Committee (GRC) and the Responsible Business Forum is incorporated as part of GRC.

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 risk assessment and internal control, including responsible 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 performances.

Vendor and Investment Committee (VIC)

- Chaired by the Investment Controller with the VIC members as assigned / depicted in the Investment Approval Manual, in accordance with the Company'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, operating expenditure, vendor evaluation criteria, and vendor selection, in accordance with the Company's Authority Matrix.

Regulatory Steering Committee (RSC)

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

Assignment of Authority

The Authority Matrix provides a framework of authority and accountability and outlines approval authority for strategic, capital, and operational expenditure. The Authority Matrix is reviewed and approved by the Board in line with changes in business needs.

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

The Code and ABC are vital and integral part 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 members of the Board and employees while the ABC and the Code apply to those acting on behalf of the Company. 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.

Compliance

The Compliance Officer supports the CEO and the Board in ensuring that:

- The Code and ABC lay out good business practices, the relevant laws and regulations, and widely recognised treaties.
- The Code and ABC are implemented consistently and effectively through the sharing of knowledge and measures for quality assurance.
- Compliance incidents are consistently managed and resolved.
- The conflict of interest and asset declarations are automated, for effective documentation and management.
- Gift, entertainment, events, arrangement, and hospitality records are diligently maintained and tracked.

- Reports on material breaches of the Code and ABC were made to the then Compliance Committee (comprising members of the Management), the Board, and the then Audit and Risk Committee on a quarterly basis.
- Training and awareness programmes for employees and business partners are carried out on the topics of the Code and ABC.
- Monitoring and follow-up activities performed on the status of Compliance's resolution and recommendations identified are effectively implemented in a timely manner.
- Compliance, anti-corruption, and business partner risk assessments are conducted annually to prevent incidents from occurring through effective remediation and mitigation steps.
- Background screening of new business partners is conducted via the implementation of a new 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.
- The 'three lines of defence' system is formalised to strengthen risk management capabilities across the Company.
- Training is conducted across the areas of governance, risk, and compliance for appointed representatives from the first line of defence.
- Compliance Risk Monitoring activities are conducted to ensure the implementation of corrective actions across the Company.
- 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.

Management and Board Meetings

Management meetings are held weekly to identify, discuss, approve, and resolve strategic, operational, financial, and key management issues pertaining to CelcomDigi's day-to-day business. Significant changes in the business and the external environment are reported by the Senior Management team to the Board on an ongoing basis and/or during Board meetings.

Internal Audit

The Internal Audit (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 Management. To maintain impartiality, proficiency, and due professional care, the Internal Audit 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. If deemed necessary, 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 Internal Audit Charter, which is reviewed and approved by the BAC annually. The IA function's 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 Internal Audit, reporting directly to the BAC, is responsible for enhancing the quality assurance and improvement programme of the internal audit 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 is conducted every five years.

On an annual basis, the IA staff declare adherence to the Code of Ethics, and 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 Internal Audit or to the Chair of the BAC.

CONCLUSION

The Board has received assurance from the CEO 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' investment, 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 Malaysia Securities Berhad 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 2022 are as follows:

	Company (RM)	Group (RM)
EY		
Audit Services	835,550	1,451,050
Non-Audit Services	603,000	797,500
Total fees to EY	1,438,550	2,248,550
EY affiliated firms		
Non-Audit Services	-	1,019,820
Total fees to EY and EY affiliated firms	**1,438,550**	**3,268,370**

The non-audit services comprised of the following assignments:

(a) Review of regulatory compliance reporting
(b) Review of quarterly and yearly reporting packages
(c) Review of Statement on Risk Management and Internal Control
(d) Performance of agreed-upon procedures
(e) Reporting Accountant with respect to financial information relating to Digi for the proposed merger exercise
(f) Performance of advisory services

2. Material Contracts

Conditional Share Subscription Agreement with DNB dated 7 October 2022

On 7 October 2022, Digi Telecommunications Sdn Bhd (Digi Tel) and Celcom Mobile Sdn Bhd (Celcom Mobile) had each entered into a conditional share subscription agreement with Digital National 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.

Under the terms of the conditional share subscription agreements entered into by Digi Tel and Celcom Mobile respectively with DNB, their collective equity interest in DNB shall not be more than 25% of the aggregate issued ordinary shares in DNB and granted DNB's rights to allotment.

3. **Recurrent Related Party Transactions of a Revenue or Trading Nature**
   At the Annual General Meeting and Extraordinary General Meeting held on 13 May 2022 and 24 February 2023, respectively, 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 2022 is set out in the Integrated Annual Report on pages 233 to 235.

4. **Utilisation of Proceeds from Corporate Proposals**
   There were no proceeds raised from corporate proposals during the financial year ended 31 December 2022.

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 2022.

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 (formerly known as Digi.Com 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 2022 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.

Audited Financial Statements

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 2022.

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.

CHANGE OF NAME

The Company changed its name from Digi.Com Berhad to CelcomDigi Berhad with effect from 24 February 2023 following the conclusion of the Extraordinary General Meeting held on 24 February 2023 and Notice of Registration of New Name issued by the Companies Commission of Malaysia on 24 February 2023, pursuant to Section 28 of the Companies Act 2016.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	763,669	1,010,876
Attributable to:		
Owners of the Company	763,497	1,010,876
Non-controlling interests	172	-
	763,669	1,010,876

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 acqusition of Celcom Berhad (formerly known as Celcom Axiata 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 2021:	
Fourth interim single-tier dividend of 3.9 sen per ordinary share, declared on 28 January 2022 and paid on 25 March 2022	303,225
In respect of the financial year ended 31 December 2022:	
First interim single-tier dividend of 2.9 sen per ordinary share, declared on 29 April 2022 and paid on 24 June 2022	225,475
Second interim single-tier dividend of 2.8 sen per ordinary share, declared on 15 July 2022 and paid on 30 September 2022	217,700
Third interim single-tier dividend of 3.4 sen per ordinary share, declared on 20 October 2022 and paid on 16 December 2022	264,350

DIVIDENDS (CONT'D.)

The board of directors had on 24 February 2023, declared a fourth interim single-tier dividend of 3.1 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM363.7 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 2023.

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	(Appointed on 30 November 2022)
Khatijah Shah Mohamed	(Appointed on 30 November 2022)
Jørgen Christian Arentz Rostrup	(Appointed on 30 November 2022)
Dr. Shridhir Sariputta Hansa Wijayasuriya	(Appointed on 30 November 2022)
Rita Skjaervik	(Appointed on 30 November 2022)
YM Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz	(Appointed on 19 January 2023)
Vivek Sood	(Appointed on 19 January 2023)
Tan Sri Halim Shafie	(Appointed on 30 November 2022 and resigned on 19 January 2023)
Thayaparan S Sangarapillai	(Appointed on 30 November 2022 and resigned on 19 January 2023)
Lars Erik Tellmann	(Resigned on 30 November 2022)
Wenche Marie Agerup	(Resigned on 30 November 2022)
Yasmin Aladad Khan	(Resigned on 30 November 2022)

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:

Albern Murty	
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	
Kesavan Sivabalan	
Datuk Maureen Lind @ Zarina Abdullah	
Loy Kuang Haow	(Appointed on 23 July 2022)
Chee Loo Fun	(Appointed on 31 August 2022)
Datuk Mohamad Idham Nawawi	
Tan Moi Tsu @ Lucy Chin Moi Tsu	(Appointed on 1 December 2022)
Cheng Weng Hong	(Appointed on 1 December 2022)
Afizulazha Abdullah	
Foo Chen Dah	(Appointed on 1 December 2022)
Gopakumar Kurup	(Appointed on 16 February 2022 and resigned on 30 November 2022)
Wong Chui Fen	(Resigned on 31 August 2022)

DIRECTORS (CONT'D.)

Chung Shan Shan	(Appointed on 31 August 2022 and resigned on 30 November 2022)
Pang Cheng Hing	(Resigned on 16 February 2022)
Queenie Lee Wei Ling	(Resigned on 16 February 2022)
Dato' Mohd Izzaddin Idris	(Resigned on 31 May 2022)
Roy Ong Soo Koon	(Resigned on 1 July 2022)
Allan Boke	(Resigned on 31 August 2022)
Foo Pooi Ling	(Resigned on 30 November 2022)
Yap Chee Sun	(Resigned on 30 November 2022)
Thomas Hundt	(Resigned on 30 November 2022)
Himanshu Kapania	(Resigned on 30 November 2022)
Mohamed Adlan Ahmad Tajudin	(Resigned on 30 November 2022)
T Kugan K Thirunavakarasu	(Resigned on 30 November 2022)
Danny Chew Kar Wai	(Resigned on 30 November 2022)
Otto Magne Risbakk	(Resigned on 1 December 2022)

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.

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	1,047	1,018
Benefits-in-kind	12	12
	1,059	1,030

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 2022 was RM29,126 (2021: RM11,524). 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

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in the shares of the Company or its related corporations during the financial year were as follows:

	Number of ordinary shares			
Name of director	1 January 2022/date of appointment	Acquired	Sold	31 December 2022
Deemed interest:				
Ordinary shares of the Company				
Tan Sri Halim Shafie*	5,000*	-	-	5,000*

* Deemed interest through spouse's holding, Datin Sri Zaleha Jamaluddin.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUANCE OF ORDINARY SHARES

During the financial year, 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, as disclosed in Note 15 to the financial statements.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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 is disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the statutory audit for the financial year ended 31 December 2022 for the Group and the Company are disclosed in Note 7 to the financial statements.

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 2022.

Signed on behalf of the board in accordance with a resolution of the directors dated 23 March 2023.

YM Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz
Director

Tan Sri Abdul Farid Alias
Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, YM Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz and Tan Sri Abdul Farid Alias, being two of the directors of CelcomDigi Berhad (formerly known as Digi.Com Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 134 to 225 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 2022 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 23 March 2023.

YM Tengku Dato' Sri Azmil Zahruddin 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 (formerly known as Digi.Com Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 134 to 225 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 23 March 2023

Tan Moi Tsu @
Lucy Chin Moi Tsu

Before me,

Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

to the members of CelcomDigi Berhad (formerly known as Digi.Com Berhad) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CelcomDigi Berhad (formerly known as Digi.Com Berhad), which comprise the statements of financial position as at 31 December 2022 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 significant accounting policies, as set out on pages 134 to 225.

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 2022 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 – Revenue from contracts with customers and Note 5 – Revenue

The Group recognised total revenue of RM6.8 billion during the financial year ended 31 December 2022. 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

a) Revenue recognition (cont'd.)

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 (formerly known as Celcom Axiata 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 – Significant accounting policies – Basis of consolidation - Business combinations, Note 2.3 – Significant Accounting Policies – Investment in subsidiaries, Note 2.7 – Significant Accounting Policies – Impairment of non-financial assets, Note 4.2 – Significant accounting estimates and judgements and key sources of estimation uncertainty – Impairment assessment of goodwill and trademark, Note 15 – Investment in subsidiaries and Note 12 – Intangible assets

i. Acquisition of Celcom Group

The Company had on 30 November 2022 completed the acquisition of Celcom Group for a purchase consideration of approximately 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 exercise. A provisional goodwill of RM15.4 billion was recognised in the Group's financial statements on the date of acquisition.

Management engaged external valuer 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.

Independent Auditors' Report

to the members of CelcomDigi Berhad (formerly known as Digi.Com Berhad) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matters (cont'd.)

b) Acquisition of Celcom Berhad (formerly known as Celcom Axiata 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.)

We performed, amongst others, the following audit procedures:

- 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 valuation expert;
- Obtained the valuation reports and discussed with the external valuation expert on the methodologies and key assumptions used;
- Involved our internal valuation expert 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
- Checked 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 2022, the Group's provisional goodwill arising from the acquisition of Celcom Group was RM15.4 billion, which represented 41% 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.

We performed, amongst others, the following audit procedures:

- 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report and annual 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.

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.

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.

Independent Auditors' Report

to the members of CelcomDigi Berhad (formerly known as Digi.Com 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.)

(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.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

Tseu Tet Khong @ Tsau Tet Khong
03374/06/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
23 March 2023

Statements of Comprehensive Income

For the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	5	6,773,311	6,335,674	1,025,500	1,135,500
Other income		29,153	25,775	6,620	3,493
Cost of materials and traffic expenses		(1,748,556)	(1,753,764)	-	-
Sales and marketing expenses		(398,397)	(376,675)	-	-
Operations and maintenance expenses		(246,689)	(164,079)	-	-
Rental expenses		(104,491)	(57,253)	-	-
Staff expenses	7(b)	(314,297)	(244,569)	-	-
Depreciation expenses		(1,412,058)	(1,180,305)	-	-
Amortisation expenses	12	(97,334)	(83,160)	-	-
Other expenses		(1,013,804)	(771,715)	(21,271)	(6,626)
Finance costs	6	(282,563)	(245,585)	(145)	-
Interest income		34,082	30,541	220	70
Profit before tax and zakat	7	1,218,357	1,514,885	1,010,924	1,132,437
Taxation and zakat	8	(454,688)	(352,780)	(48)	(19)
Profit for the financial year		763,669	1,162,105	1,010,876	1,132,418
Other comprehensive income, net of tax					
Item that may be reclassified to profit or loss in subsequent periods					
Foreign currency translation differences		103	-	-	-
Other comprehensive income for the financial year, net of tax		103	-	-	-
Total comprehensive income for the financial year, net of tax		763,772	1,162,105	1,010,876	1,132,418
Profit for the financial year, attributable to:					
Owners of the Company		763,497	1,162,105	1,010,876	1,132,418
Non-controlling interests		172	-	-	-
		763,669	1,162,105	1,010,876	1,132,418
Total comprehensive income for the financial year, attributable to:					
Owners of the Company		763,600	1,162,105	1,010,876	1,132,418
Non-controlling interests		172	-	-	-
		763,772	1,162,105	1,010,876	1,132,418
Earnings per share attributable to owners of the Company (sen per share)					
- Basic	9	9.4	14.9		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current assets					
Property, plant and equipment	11	6,408,848	2,863,675	-	-
Intangible assets	12	18,694,727	284,057	-	-
Right of use assets	13	7,253,141	2,828,720	-	-
Investments in subsidiaries	15	-	-	19,121,561	773,361
Investment in a joint venture	16	-	-	-	-
Investment in an associate	17	139,943	-	-	-
Other investments	18	78	78	-	-
Trade and other receivables	20	642,760	320,862	-	-
Contract costs	14	112,102	71,687	-	-
Contract assets	5	73,470	21,757	-	-
Derivative financial assets	21	43,342	26,365	-	-
Deferred tax assets	24	116,080	-	-	-
		33,484,491	6,417,201	19,121,561	773,361
Current assets					
Inventories	19	164,358	116,568	-	-
Trade and other receivables	20	2,424,002	1,050,392	47,117	5
Contract assets	5	148,325	51,127	-	-
Other investments	18	22	-	-	-
Tax recoverable		97,241	-	-	-
Cash and short-term deposits	22	1,220,798	204,527	4,072	670
		4,054,746	1,422,614	51,189	675
Total assets		37,539,237	7,839,815	19,172,750	774,036

Statements of Financial Position

As at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current liabilities					
Loans and borrowings	23	10,747,919	3,835,854	2,422,645	-
Deferred tax liabilities	24	1,730,623	303,027	-	-
Other liabilities	25	371,512	136,053	-	-
Contract liabilities	5	15,298	-	-	-
Derivative financial liabilities	21	2,024	-	-	-
		12,867,376	4,274,934	2,422,645	-
Current liabilities					
Trade and other payables	26	3,521,961	1,444,024	66,267	3,882
Contract liabilities	5	571,314	346,088	-	-
Derivative financial liabilities	21	640	183	-	-
Loans and borrowings	23	4,139,288	1,123,421	87,500	-
Income tax payable		124,221	18,354	31	5
		8,357,424	2,932,070	153,798	3,887
Total liabilities		21,224,800	7,207,004	2,576,443	3,887
Equity					
Share capital	27	16,595,687	769,655	16,595,687	769,655
Reserve	28	103	-	-	-
(Accumulated losses)/retained earnings	30	(384,097)	(136,844)	620	494
Equity attributable to owners of the Company		16,211,693	632,811	16,596,307	770,149
Non-controlling interests		102,744	-	-	-
Total equity		16,314,437	632,811	16,596,307	770,149
Total equity and liabilities		37,539,237	7,839,815	19,172,750	774,036

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 2022

Group	Note	Share capital RM'000	Accumulated losses RM'000	Reserve RM'000 (Note 28)	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		← Attributable to owners of the parent →					
At 1 January 2021		769,655	(163,799)[1]	-	605,856	-	605,856
Total comprehensive income		-	1,162,105	-	1,162,105	-	1,162,105
Transaction with owners:							
Dividends on ordinary shares	10	-	(1,135,150)	-	(1,135,150)	-	(1,135,150)
At 31 December 2021		769,655	(136,844)[1]	-	632,811	-	632,811
Profit for the financial year		-	763,497	-	763,497	172	763,669
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		16,595,687	(384,097)[1]	103	16,211,693	102,744	16,314,437

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.

Company	Note	Share capital RM'000	Distributable retained earnings RM'000 (Note 30)	Total equity RM'000
At 1 January 2021		769,655	3,226	772,881
Total comprehensive income		-	1,132,418	1,132,418
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,135,150)	(1,135,150)
At 31 December 2021		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

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 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Profit before tax and zakat		1,218,357	1,514,885	1,010,924	1,132,437
Adjustments for:					
Amortisation of intangible assets	12	97,334	83,160	-	-
Depreciation					
- property, plant and equipment	11	837,330	697,383	-	-
- right of use assets	13	574,728	482,922	-	-
Allowance for expected credit loss on trade receivables, deposits contract assets	34.2	79,523	54,506	-	-
Amortisation of contract cost	14	90,639	83,439	-	-
Inventories written down/(back)		3,995	(1,141)	-	-
Dividend income		-	-	(1,025,500)	(1,135,500)
Finance costs	6	282,563	245,585	145	-
Loss on disposal of property, plant and equipment		26,306	13,681	-	-
Loss on disposal of intangible assets		-	2,012	-	-
Gain on termination of leases		(716)	(384)	-	-
Loss of lease modification		1,794	-	-	-
Write-off of property, plant and equipment		240	1,041	-	-
Write-off of intangible assets		8,781	-	-	-
Interest income		(34,082)	(30,541)	(220)	(70)
Waiver of debt		-	-	(6,620)	(3,493)
Employee benefits					
- share-based payment		1,155	1,357	-	-
- defined benefit plan	25.1	67	67	-	-
Fair value loss/(gain) on foreign currency forward contracts		457	(211)	-	-
Unrealised foreign exchange loss/(gain)		1,313	(1,435)	-	-

Statements of Cash Flows

For the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities (cont'd.)					
Operating cash flows before changes in working capital		3,189,784	3,146,326	(21,271)	(6,626)
Changes in working capital:					
Inventories		33,035	21,780	-	-
Trade and other receivables		(152,409)	(326,633)	(47,112)	(1)
Contract asset		(97,761)	22,439	-	-
Contract costs		(98,532)	(97,239)	-	-
Trade and other payables		67,290	11,383	69,005	6,646
Contract liabilities		(19,104)	39,805	-	-
Cash flows from operations		2,922,303	2,817,861	622	19
Interest paid		(257,948)	(202,387)	(145)	-
Proceeds from government grants		230,463	239,133	-	-
Defined benefit paid	25.1	(48)	(27)	-	-
Income taxes and zakat paid		(335,499)	(248,650)	(22)	(19)
Net cash flows from operating activities		2,559,271	2,605,930	455	-
Cash flows from investing activities					
Purchase of property, plant and equipment		(724,109)	(681,817)	-	-
Purchase of intangible assets		(164,027)	(121,537)	-	-
Acquisition of a subsidiary, net of cash acquired		(1,546,746)	-	(2,468,900)	-
Other payments arising from investments		-	-	(65,123)	-
Dividends received from a subsidiary	10	-	-	1,025,500	1,135,500
Interest received		10,227	8,572	220	70
Proceeds from disposal of property, plant and equipment		3,080	1,113	-	-
Proceeds from disposal of intangible assets		-	344	-	-
Net cash flows (used in)/from investing activities		(2,421,575)	(793,325)	(1,508,303)	1,135,570
Cash flows from financing activities					
Repayment of loans and borrowings		(1,175,000)	(375,000)	-	-
Drawdown of loans and borrowings		3,550,000	-	2,522,000	-
Payment of lease liabilities		(485,325)	(401,415)	-	-
Dividends paid	10	(1,010,750)	(1,135,150)	(1,010,750)	(1,135,150)
Net cash flows from/(used in) financing activities		878,925	(1,911,565)	1,511,250	(1,135,150)

Statements of Cash Flows

For the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Net increase/(decrease) in cash and cash equivalents		1,016,621	(98,960)	3,402	420
Effect of exchange rate changes on cash and cash equivalents		(350)	634	-	-
Net increase in restricted and cash equivalents		(2,506)	-	-	-
Cash and cash equivalents at beginning of financial year		204,527	302,853	670	250
Cash and cash equivalents at end of financial year	22	1,218,292	204,527	4,072	670

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the Financial Statements
- 31 December 2022

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. SIGNIFICANT 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.

2. SIGNIFICANT 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.

2. SIGNIFICANT 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 Company does not expect repayment are considered as quasi-investment as part of the Company's investments in the subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Intangible assets (cont'd.)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial assets (cont'd.)

2.9.2 Subsequent measurement (cont'd.)

(a) Financial assets at amortised cost (debt instruments) (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Financial assets (cont'd.)

2.9.2 Subsequent measurement (cont'd.)

(c) Financial assets at fair value through profit or loss (cont'd.)

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.

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).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Impairment of financial assets and contract assets (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Provision for liabilities (cont'd.)

(a) Site decommissioning and restoration costs (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Financial liabilities (cont'd.)

2.13.2 Subsequent measurement (cont'd.)

(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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Leases (cont'd.)

Group as a lessee (cont'd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Employee benefits (cont'd.)

(c) Defined benefit plan (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Income taxes (cont'd.)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Revenue recognition (cont'd.)

2.20.1 Revenue from contracts with customers (cont'd.)

(a) Telecommunication revenue (cont'd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Revenue recognition (cont'd.)

2.20.1 Revenue from contracts with customers (cont'd.)

(c) Contract balances (cont'd.)

(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.

(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 expendient 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.

Notes to the Financial Statements
- 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Revenue recognition (cont'd.)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 34.6.

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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 36.

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 2022, the Group and the Company adopted the following amended MFRS mandatory for annual financial periods beginning on or after 1 January 2022.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

3.1 Adoption of new and amended MFRSs and interpretation (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Leases - Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 1, MFRS 9 and MFRS 141:	
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

The adoption of the above amendments did not have any significant effect on the financial statements of the Group and of the Company.

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
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: 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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and 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 (formerly known as Celcom Axiata Berhad) and its subsidiaries ("Celcom Group") has indefinite useful life because it is supported by ongoing marketing activites 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.

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 evidence 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.4 Provision for expected credit losses of trade receivables and contract assets (cont'd.)

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 34.2.

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 1.8% (2021: 0.1%) increase or 1.0% (2021: 0.1%) 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.

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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.8 Revenue recognition - determining stand-alone selling price ("SSP") (cont'd.)

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.

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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

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 ongoing legal claims and disputes of the Group as at reporting date are disclosed in Note 38.

5. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers (Note 5.1)	6,676,437	6,240,422	-	-
Lease income (Note 5.3)	96,874	95,252	-	-
Dividend income from a subsidiary	-	-	1,025,500	1,135,500
	6,773,311	6,335,674	1,025,500	1,135,500

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	2022 RM'000	2021 RM'000
Major products/service lines			
Telecommunication revenue	(a)	5,770,327	5,341,404
Sales of devices	(b)	906,110	899,018
Total revenue from contracts with customers		6,676,437	6,240,422

5. REVENUE (CONT'D.)

5.1 Disaggregation of revenue from contracts with customers (cont'd.)

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

	Note	Group 2022 RM'000	Group 2021 RM'000
Non-current assets/(liabilities)			
Trade receivables	20	262,592	122,247
Contract assets		73,470	21,757
Contract liabilities		(15,298)	-
Current assets/(liabilities)			
Trade receivables	20	1,103,073	437,374
Contract assets		148,325	51,127
Contract liabilities		(571,314)	(346,088)

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 2022, the Group has contract assets of RM221.8 million (2021: RM72.9 million) which is net of an allowance for expected credit losses of RM22.3 million (2021: RM4.5 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 resulted in an increase in trade receivables, contract assets and contract liabilities of RM1.8 billion, RM123.2 million and RM262.1 million, respectively in 2022 (2021 : RM Nil).

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 (2021: one to six years). Lease income recognised by the Group during the financial year is RM96.9 million (2021: RM95.3 million).

5. REVENUE (CONT'D.)

5.3 Group as a lessor (cont'd.)

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	2022 RM'000	2021 RM'000
Within one financial year	66,258	85,967
After one financial year but not more than five financial years	150,665	182,956
More than five financial years	20,867	24,431
	237,790	293,354

6. FINANCE COSTS

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:					
- Loans and borrowings		108,509	85,306	145	-
- Others		11,310	8,822	-	-
Unwinding of discount:					
- Lease liabilities	13	132,684	112,269	-	-
- Site decommissioning and restoration costs	25.1	4,195	3,825	-	-
Net change in fair value of derivative financial instruments:					
- Interest rate swaps		25,865	35,363	-	-
		282,563	245,585	145	-

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7. PROFIT BEFORE TAX AND ZAKAT

Profit before tax and zakat is derived after deducting/(crediting):

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Allowance for expected credit losses on trade receivables, other receivables, deposits and contract assets	34.2	79,523	54,506	-	-
Depreciation		1,412,058	1,180,305	-	-
- property, plant and equipment	11	837,330	697,383	-	-
- ROU asset	13	574,728	482,922	-	-
Amortisation of:					
- intangible assets	12	97,334	83,160	-	-
- contract cost	14	90,639	83,439	-	-
Auditors' remuneration:					
- statutory audit					
- auditors of the Company (Ernst & Young PLT)		1,451	558	836	37
- other auditors		107	-	-	-
- other services					
- auditors of the Company (Ernst & Young PLT)	7(a)	798	1,086	603	832
- Ernst & Young PLT affliated firms		1,020	-	-	-
Staff expenses	7(b)	314,297	244,569	-	-
Non-executive directors' remuneration excluding benefits-in-kind	7(c)	1,047	893	1,018	89
Transmission facilities services		237,620	188,848	-	-
Inventories written down/(back)		3,995	(1,141)	-	-
Rental of land and buildings		79,029	36,614	-	-
Rental of equipment and others		30,260	25,204	-	-
Realised foreign exchange loss/(gain)		1,907	(469)	-	-
Unrealised foreign exchange loss/(gain)		1,313	(1,435)	-	-
Fair value loss/(gain) on foreign currency forward contracts		457	(211)	-	-
Loss on disposal of property, plant and equipment		26,306	13,681	-	-
Loss on disposal of intangible assets		-	2,012	-	-
Gain on termination of leases		(716)	(384)	-	-
Loss on lease modification		1,794	-	-	-
Write-off of property, plant and equipment		240	1,041	-	-

7. PROFIT BEFORE TAX AND ZAKAT (CONT'D.)

Profit before tax and zakat is derived after deducting/(crediting): (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Write-off of intangible asset		8,781	-	-	-
Bad debts recovered		(27,063)	(21,946)	-	-
Waiver of debt		-	-	(6,620)	(3,493)
Interest income from deposits with licensed banks		(10,261)	(8,600)	(220)	(70)
Unwinding of significant financing component of revenue contracts with deferred payment scheme		(23,821)	(21,941)	-	-

(a) Fees for other services were incurred in connection with reporting accountant services, performance of agreed upon procedures and regulatory compliance reporting.

(b) Staff expenses incurred by the Group net of capitalisation of employee benefits expense in property, plant and equipment during the financial year comprise:

	Note	Group 2022 RM'000	Group 2021 RM'000
Salaries and bonuses		249,927	195,411
Defined contribution plan		35,780	30,117
Defined benefit plan	25.1	67	67
Share-based payment		1,155	1,357
Other staff related expenses		27,368	17,617
		314,297	244,569

7. PROFIT BEFORE TAX AND ZAKAT (CONT'D.)

(c) Non-executive directors' remuneration during the financial year comprises:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-executive:				
Fees	1,047	893	1,018	89
Benefits-in-kind	12	10	12	-
Total	1,059	903	1,030	89

The number of non-executive directors of the Company whose total remuneration during the financial year falls within the following band is analysed below:

	Number of directors	
Non-executive directors:	**2022**	**2021**
Nil	6	4
RM1 - RM50,000	4	-
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	3	1
RM300,001 - RM350,000	-	1

(d) During the financial year, the Group incurred stamp duty, professional and legal expenses in relation to the acquisition of subsidiaries amounting to RM141.4 million which are one-off in nature. Please refer to Note 15 for further details on the acquisition of subsidiaries.

8. TAXATION AND ZAKAT

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2022 and 2021 are:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	470,432	366,046	51	19
- Over provision in prior financial years	(36,193)	(47,366)	(3)	-
Total current income tax	434,239	318,680	48	19
Deferred taxation (Note 24):				
- Relating to origination and reversal of temporary differences	(3,705)	6,101	-	-
- Under provision in prior financial years	22,805	27,999	-	-
Total deferred tax	19,100	34,100	-	-
Total taxation	453,339	352,780	48	19
Zakat	1,349	-	-	-
Taxation and zakat	454,688	352,780	48	19

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	2022 %	2022 RM'000	2021 %	2021 RM'000
Profit before tax and zakat		1,218,357		1,514,885
Taxation at Malaysian statutory tax rate	24.0	292,406	24.0	363,572
Effect of different tax rate(1)	11.2	136,415	(1.1)	(16,687)
Effect of expenses not deductible for tax purposes	3.4	41,214	1.7	25,262
Effect of income not subject to tax	(0.3)	(3,308)	-	-
Over provision of income tax expense in prior financial years	(3.0)	(36,193)	(3.1)	(47,366)
Under provision of deferred tax expense in prior financial years	1.9	22,805	1.8	27,999
Effective tax rate/income tax expense recognised in profit or loss	37.2	453,339	23.3	352,780
Zakat expenses		1,349		-
Taxation and Zakat		454,688		352,780

(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.)

	2022		2021	
Company	**%**	**RM'000**	**%**	**RM'000**
Profit before tax and zakat		1,010,924		1,132,437
Taxation at Malaysian statutory tax rate	24.0	242,622	24.0	271,785
Income not subject to tax	(24.0)	(242,574)	(24.0)	(271,766)
Effective tax rate/income tax expense recognised in profit or loss	0.0	48	0.0	19

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 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	
	2022	**2021**
Profit attributable to owners of the Company (RM'000)	763,497	1,162,105
Weighted average number of ordinary shares in issue ('000)	8,121,872	7,775,000
Basic earnings per share (sen)	9.4	14.9

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the financial year.

10. DIVIDENDS

	Group/Company	
	2022 RM'000	**2021 RM'000**
Recognised during the financial year:		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2021: 3.9 sen; 2020: 3.6 sen)	303,225	279,900
First interim single-tier dividend (2022: 2.9 sen; 2021: 3.4 sen)	225,475	264,350
Second interim single-tier dividend (2022: 2.8 sen; 2021: 3.6 sen)	217,700	279,900
Third interim single-tier dividend (2022: 3.4 sen; 2021: 4.0 sen)	264,350	311,000
	1,010,750	1,135,150

	Group/Company	
	2022 RM'000	**2021 RM'000**
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 (2022: 3.1 sen; 2021: 3.9 sen)	363,677	303,225

The board of directors had on 24 February 2023, declared a fourth interim single-tier dividend of 3.1 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM363.7 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 2023.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations 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)	17,135	41,468	-	126,482	14,486	3,301,259	128,316	3,629,146
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	46,202	185,371	18,972	251,546	138,038	10,762,118	410,789	11,813,036
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 (Note 7)	-	2,931	526	24,208	17,448	792,217	-	837,330
Disposals	-	-	(5,497)	(134,034)	(82,260)	(305,409)	-	(527,200)
Write offs	-	-	-	(11)	(28)	(23,039)	-	(23,078)
At 31 December 2022	-	38,602	18,278	86,880	109,379	5,151,049	-	5,404,188
Net carrying amount								
At 31 December 2022	46,202	146,769	694	164,666	28,659	5,611,069	410,789	6,408,848

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-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2021	29,067	143,903	24,007	228,331	194,885	6,664,181	170,267	7,454,641
Additions	-	-	-	-	2	46,526	647,222	693,750
Disposals	-	-	-	(7)	(2,247)	(148,424)	-	(150,678)
Write offs	-	-	-	-	(25)	(15,836)	(1,041)	(16,902)
Transfers	-	-	462	26,572	8,053	617,364	(652,451)	-
At 31 December 2021	29,067	143,903	24,469	254,896	200,668	7,163,811	163,997	7,980,811
Accumulated depreciation								
At 1 January 2021	-	32,850	22,176	175,730	157,053	4,183,689	-	4,571,498
Depreciation expenses for the financial year (Note 7)	-	2,821	1,073	20,991	19,400	653,098	-	697,383
Disposals	-	-	-	(4)	(2,209)	(133,671)	-	(135,884)
Write offs	-	-	-	-	(25)	(15,836)	-	(15,861)
At 31 December 2021	-	35,671	23,249	196,717	174,219	4,687,280	-	5,117,136
Net carrying amount								
At 31 December 2021	29,067	108,232	1,220	58,179	26,449	2,476,531	163,997	2,863,675

(a) The Group acquired property, plant and equipment with an aggregate cost of RM783.0 million (2021: RM693.8 million) of which RM58.9 million (2021: RM11.9 million) relates to the provision for site decommissioning and restoration costs, as disclosed in Note 25.1.

(b) Government grants of RM292.0 million (2021: RM230.8 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 2022.

(c) The freehold building of one of the subsidiaries of RM3.5 million (2021: RM Nil) 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 2022	846,476	-	-	-	846,476
Acquisition of subsidiaries (Note 15)	71,076	1,149,877	1,759,421	15,372,384	18,352,758
Additions	164,027	-	-	-	164,027
Write offs	(334,637)	-	-	-	(334,637)
At 31 December 2022	746,942	1,149,877	1,759,421	15,372,384	19,028,624
Accumulated amortisation					
At 1 January 2022	562,419	-	-	-	562,419
Amortisation expenses for the the financial year (Note 7)	87,811	9,523	-	-	97,334
Write offs	(325,856)	-	-	-	(325,856)
At 31 December 2022	324,374	9,523	-	-	333,897
Net carrying amount					
At 31 December 2022	422,568	1,140,354	1,759,421	15,372,384	18,694,727

12. INTANGIBLE ASSETS (CONT'D.)

Group	Computer software and total RM'000 (Note a)
Cost	
At 1 January 2021	746,251
Additions	121,537
Disposals	(21,300)
Write offs	(12)
At 31 December 2021	846,476
Accumulated amortisation	
At 1 January 2021	498,215
Amortisation expenses for the financial year (Note 7)	83,160
Disposals	(18,944)
Write offs	(12)
At 31 December 2021	562,419
Net carrying amount	
At 31 December 2021	284,057

(a) Computer software

Included in the cost of computer software are computer software not yet available for use of RM185.2 million as at 31 December 2022 (2021: RM49.7 million).

(b) Customer relationship

Refers to the customer relationship acquired through business combination during the financial year. 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 9.9 years.

(c) Trademark

Refers to Celcom's trademark acquired through business combination during the financial year which has an indefinite useful life.

(d) Goodwill

The goodwill arose from the acquisition of equity interest in Celcom Berhad (formerly known as Celcom Axiata Berhad) and its subsidiaries during the financial year. Further information relating to the acquisition is disclosed in Note 15.

12. INTANGIBLE ASSETS (CONT'D.)

(d) Goodwill (cont'd.)

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	1.5% to 2.4%
Terminal growth rate	1.5%
Pre-tax discount rate	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.

13. RIGHT OF USE ASSETS

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 2022	18,914	1,506,618	4,792	1,290,850	7,546	2,828,720
Acquisition of subsidiaries (Note 15)	408,880	2,633,410	-	1,650,135	79,262	4,771,687
Additions	-	238,400	-	109,947	11,417	359,764
Depreciation expense for the financial year (Note 7)	(2,282)	(425,293)	(2,755)	(136,167)	(8,231)	(574,728)
Lease modification	-	-	-	(28,581)	-	(28,581)
Termination	-	(103,721)	-	-	-	(103,721)
At 31 December 2022	425,512	3,849,414	2,037	2,886,184	89,994	7,253,141
At 1 January 2021	19,275	1,588,426	6,389	1,407,030	10,758	3,031,878
Additions	-	267,306	1,911	14,803	4,855	288,875
Depreciation expense for the financial year (Note 7)	(361)	(340,417)	(3,094)	(130,983)	(8,067)	(482,922)
Termination	-	(8,697)	(414)	-	-	(9,111)
At 31 December 2021	18,914	1,506,618	4,792	1,290,850	7,546	2,828,720

The Group's lease arrangements are mainly in relation to telecommunication network sites, transmission faciltlies 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.

13. RIGHT OF USE ASSETS (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:

		Group	
	Note	2022 RM'000	2021 RM'000
At 1 January		2,458,860	2,580,895
Additions		359,764	288,875
Acquisition of subsidiaries		3,808,393	-
Unwinding of discount	6	132,684	112,269
Lease modification		(26,787)	-
Payments		(618,009)	(513,684)
Termination		(104,437)	(9,495)
At 31 December		6,010,468	2,458,860
Analysed as:			
Current	23	1,012,307	448,421
Non-current	23	4,998,161	2,010,439
		6,010,468	2,458,860

The maturity analysis of lease liabilities are disclosed in Note 34.4.

The following are amounts recognised in profit or loss:

	Group	
	2022 RM'000	2021 RM'000
Depreciation expense of right of use assets	574,728	482,922
Interest expense on lease liabilties (Note 6)	132,684	112,269
Expenses included in sales and marketing expenses:		
- short-term leases	4,557	4,565
Rental expenses presented separately on statement of comprehensive income:		
- short-term leases	104,491	57,110
- leases of low value assets	241	143
	816,701	657,009

The Group has total cash outflow for leases amounting to RM666.4 million (2021: RM515.5 million).

14. CONTRACT COSTS

	Group 2022 RM'000	Group 2021 RM'000
Capitalised costs, net of amortisation	112,102	71,687
Amortisation recognised in operating expenses (Note 7)	90,639	83,439

15. INVESTMENTS IN SUBSIDIARIES

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares at cost		
At 31 December	19,121,561	773,361

Details of the subsidiaries are as follows:

Name of company	Percentage of ownership interest 2022 (%)	Percentage of ownership interest 2021 (%)	Country of incorporation	Principal activities
Celcom Berhad (formerly known as Celcom Axiata Berhad)*^	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 (formerly known as Celcom Axiata Berhad)				
Celcom Mobile Sdn. Bhd.*^	100	-	Malaysia	Mobile communications, network and application services and content
Celcom Networks Sdn. Bhd.*^	100	-	Malaysia	Network communications, capacity and services
Celcom Properties Sdn. Bhd.*^	100	-	Malaysia	Property investment
Celcom Escape Sdn. Bhd. (formerly known as Escape Axiata Sdn. Bhd.)*^	100	-	Malaysia	Dormant
Celcom Retail Holding Sdn. Bhd.*^	100	-	Malaysia	Strategic and business development, management, administrative support services and investment holding
Celcom Intelligence Sdn. Bhd.*^	100	-	Malaysia	Dormant

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of company	Percentage of ownership interest 2022 (%)	2021 (%)	Country of incorporation	Principal activities
Subsidiaries held through Celcom Berhad (formerly known as Celcom Axiata Berhad) (cont'd.)				
Celcom Timur (Sabah) Sdn. Bhd.*^	80	-	Malaysia	Fibre optic transmission network
Celcom eCommerce Sdn. Bhd.*^	100	-	Malaysia	Dormant
Celcom Resources Berhad*^	100	-	Malaysia	Investment holding
Infront Consulting Group (M) Sdn. Bhd.*^	60	-	Malaysia	Business management and integration system
Bridgenet Solutions Sdn. Bhd.*^	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	-	Malaysia	Dealings in marketable securities
Subsidiary held through Celcom Retail holding Sdn. Bhd.				
Celcom Retail Sdn. Bhd.*^	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	-	Singapore	Software consultancy services

* *Audited by firm of auditors other than Ernst & Young PLT*

^ *Subsidiary acquired during the financial year*

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.

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Acquisition of Celcom Berhad (formerly known as Celcom Axiata Berhad)

On 30 November 2022, the Company had 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.

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.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Celcom Berhad as at the date of acquisition were:

Assets	Fair value recognised on acquisition RM'000
Property, plant and equipment	3,629,146
Intangible assets	2,980,374
Right of use assets	4,771,687
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	14,752,244

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Acquisition of Celcom Berhad (formerly known as Celcom Axiata Berhad) (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
Liabilities	
Loans and borrowings	(7,847,789)
Deferred tax liabilities	(1,403,104)
Other liabilities	(172,371)
Trade and other payables	(2,013,391)
Contract liabilities	(262,149)
Income tax payable	(28,320)
Total liabilities	(11,727,124)
Total identifiable net assets at fair value	3,025,120
Non-controlling interest measured at fair value	(102,572)
Goodwill arising on acquisition	15,372,384
Purchase consideration	18,294,932

The fair value of the trade and other receivables amounted to RM1.8 billion. The gross amount of trade and other receivables is RM2.4 billion and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The goodwill of RM15.4 billion relates to expected synergies arising from the acquisition. Any changes to the purchase consideration and the fair values of the identifiable net assets acquired will require adjustments to the goodwill in the financial year ending 31 December 2023, as permitted under MFRS 3. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Celcom Berhad contributed RM564.0 million of revenue and loss of RM71.0 million to profit after tax from operations of the Group. If the combination had taken place at the beginning of the financial year, revenue from operations would have been RM12.9 billion and profit after tax from operations for the Group would have been RM2.1 billion.

15. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Acquisition of Celcom Berhad (formerly known as Celcom Axiata Berhad) (cont'd.)

Assets acquired and liabilities assumed (cont'd.)

	RM'000
Purchase consideration	
Shares issued, at fair value	15,826,032
Cash consideration	2,468,900
Total purchase consideration	18,294,932

The effect of the acquisition on cash flows is as follows:	
Cash consideration	(2,468,900)
Cash and cash equivalents of subsidiaries acquired	922,154
Net cash outflow on the acquisition	(1,546,746)

The Company issued 3,956,507,988 ordinary shares as part of the consideration for the 100% equity interest in Celcom Berhad. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was RM4.00 per share. The fair value of the share consideration given was therefore RM15.8 billion.

The purchase price allocation was based upon a preliminary valuation, and the estimates and assumptions used are subject to change within the one-year measurement period as permitted under MFRS 3.

16. INVESTMENT IN A JOINT VENTURE

	Group	
	2022 RM'000	2021 RM'000
In Malaysia:		
Unquoted shares, at cost	-	-

Details of the joint venture incorporated in Malaysia are as follows:

Name of company	Percentage of ownership interest 2022 (%)	2021 (%)	Principal activities
Joint venture held through Celcom Mobile Sdn. Bhd.			
Tune Talk Sdn. Bhd.^	35	-	Mobile communications services

^ Acquired during the financial year

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16. INVESTMENT IN A JOINT VENTURE (CONT'D.)

The Group's share of losses in investment in Tune Talk Sdn. Bhd. not recognised:

	Group 2022 RM'000	2021 RM'000
Share capital	15,000	-
Accumulated losses	(33,000)	-
Net liabilities	(18,000)	-
Share of net liabilities not recognised	(6,300)	-
Share of current financial year profit not recognised	9,025	-

The Group has not recognised share of losses related to Tune Talk Sdn. Bhd. beyond its investment of RM5.25 million since the Group has no obligation in respect of these losses and the carrying value of the investment is Nil.

17. INVESTMENT IN AN ASSOCIATE

	Group 2022 RM'000	2021 RM'000
In Malaysia:		
Unquoted shares, at cost	139,943	-

Details of the associate incorporated in Malaysia are as follows:

Name of company	Percentage of ownership interest 2022 (%)	2021 (%)	Principal activities
Associate held through Celcom Berhad (formerly known as Celcom Axiata Berhad)			
Sacofa Sdn. Bhd.^	15.12	-	Telecommunications infrastructure and services company including all its related businesses

^ Acquired during the financial year

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	
	2022 RM'000	2021 RM'000
Assets and liabilities		
Non-current assets	683,511	-
Current assets	527,519	-
Current liabilities	(156,355)	-
Non-current liabilities	(129,129)	-
Net assets	925,546	-
Group's share of net assets	139,943	-

The Group has not recognised the share of results of Sacofa Sdn. Bhd. for the financial year, as it is regarded as not material in the view of the directors.

18. OTHER INVESTMENTS

	Group	
	2022 RM'000	2021 RM'000
Non-current		
Financial asset at fair value through OCI		
Unquoted shares	78	78

The investment was previously made in relation to a programme initiated by the Group to fund new digital start-ups in Malaysia.

	Group	
	2022 RM'000	2021 RM'000
Current		
Financial asset at fair value through profit or loss		
Quoted shares, at cost, representing assets acquired via acquisition of subsidiaries	22	-

During the 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.

19. INVENTORIES

	Group 2022 RM'000	Group 2021 RM'000
Merchandise:		
At cost	76,473	102,785
At net realisable value	87,885	13,783
	164,358	116,568

During the financial year, the amount of inventories recognised as an expense in cost of materials of the Group was RM992.1 million (2021: RM971.0 million).

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Trade receivables (Note 20.1)	262,592	122,247	-	-
Deposits and prepayments (Note 20.2)	484,135	198,615	-	-
	746,727	320,862	-	-
Allowance for expected credit loss on trade receivables (Note 34.2)	(25,485)	-	-	-
Allowance for expected credit loss on deposits (Note 34.2)	(78,482)	-	-	-
	642,760	320,862	-	-
Current				
Trade receivables (Note 20.1)	1,310,086	466,414	-	-
Other receivables	1,317,132	408,560	-	-
Deposits and prepayments (Note 20.2)	515,664	204,458	5	5
Amount owing by subsidiaries (Note 20.3)	-	-	47,112	-
	3,142,882	1,079,432	47,117	5
Allowance for expected credit loss on trade receivables (Note 34.2)	(207,013)	(29,040)	-	-
Allowance for expected credit loss on other receivables (Note 34.2)	(415,699)	-	-	-
Allowance for expected credit loss on deposits (Note 34.2)	(96,168)	-	-	-
	2,424,002	1,050,392	47,117	5
Total trade and other receivables	3,066,762	1,371,254	47,117	5

20. TRADE AND OTHER RECEIVABLES (CONT'D.)

20.1 Trade receivables

The Group's trade receivables include receivables on deferred payment schemes amounting to RM402.6 million (2021: RM257.8 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 (2021: 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 RM424.6 million (2021: RM126.1 million) for provision of connectivity services for a period of 10 years and non-current and current deposits given to local city councils of RM140.8 million (2021: RM103.8 million) for public infrastructure works which are refundable upon completion.

20.3 Amount owing by subsidiaries

Amounts owing by subsidiaries are unsecured, interest bearing and repayable on demand.

20.4 Foreign currency exposures

As at 31 December 2022, the Group's trade receivables balances included exposure to foreign currency denominated in United States Dollar ("USD") and Special Drawing Rights ("SDR") amounting to RM40.4 million (2021: RM5.2 million) and RM32.0 million (2021: RM22.5 million) respectively.

21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Note	Group 2022 RM'000	Group 2021 RM'000
Non-hedging derivative financial assets/(liabilities)			
Non-current			
- Convertible warrants in an associate	21.1	43,342	-
- Interest rate swaps	21.2	(2,024)	26,365
Current			
- Foreign currency forward contracts	21.3	(640)	(183)

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	Underlying number of shares	Period	Strike Price
Sacofa	12,834,327	28 Jan 2009 - 25 Jan 2025	RM1.50/share + any adjustments

In prior financial year, 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	(Liabilities)/ assets RM'000
Interest rate swaps:			
- 2022	775,000	772,976	(2,024)
- 2021	1,075,000	1,101,365	26,365

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 (2021: RM1,075.0 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 Kuala Lumpur Interbank Offer Rate ("KLIBOR") plus a spread with a weighted average rate of 3% (2021: 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:				
- 2022	7,400	33,289	32,649	(640)
- 2021	9,400	39,499	39,316	(183)

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 2023.

21. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D.)

21.3 Foreign currency forward contracts (cont'd.)

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 34.6(b).

22. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	1,021,377	76,927	4,072	670
Deposits with licensed banks	199,421	127,600	-	-
Total cash and short-term deposits	1,220,798	204,527	4,072	670
Represented by:				
Cash and cash equivalents	1,218,292	204,527	4,072	670
Restricted cash and cash equivalents	2,506	-	-	-
Total cash and short-term deposits	1,220,798	204,527	4,072	670

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 RM16.0 million (2021: RM2.9 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	
	2022 %	2021 %
Deposits with licensed banks	3	2

The deposits with licensed banks of the Group will mature within one month (2021: 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 RM2.5 million (2021: Nil) which has been pledged as security for banking facilities granted to one of the subsidiaries as disclosed in Note 23.

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23. LOANS AND BORROWINGS

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Secured:					
Floating-rate term loans	23.1	1,861	-	-	-
Fixed-rate term financing	23.1	444	-	-	-
		2,305	-	-	-
Unsecured:					
Floating-rate term loans		612,500	107,522	-	-
Floating-rate term financing-i		1,887,077	219,128	-	-
Loan from a subsidiary	23.3	-	-	2,422,645	-
Sukuk	23.4	3,247,876	1,498,765	-	-
Lease liabilities	13	4,998,161	2,010,439	-	-
		10,745,614	3,835,854	2,422,645	-
		10,747,919	3,835,854	2,422,645	-
Current					
Secured:					
Floating-rate term loans	23.1	157	-	-	-
Fixed-rate term financing	23.1	203	-	-	-
Bankers' acceptances	23.2	2,514	-	-	-
		2,874	-	-	-
Unsecured:					
Floating-rate term loans		199,107	225,000	-	-
Floating-rate term financing-i		75,000	150,000	-	-
Fixed-rate term financing-i		2,400,000	-	-	-
Loan from a subsidiary	23.3	-	-	87,500	-
Sukuk	23.4	-	300,000	-	-
Floating-rate revolving credit-i		450,000	-	-	-
Lease liabilities	13	1,012,307	448,421	-	-
		4,136,414	1,123,421	87,500	-
		4,139,288	1,123,421	87,500	-
Total loans and borrowings		14,887,207	4,959,275	2,510,145	-

23. LOANS AND BORROWINGS (CONT'D.)

The weighted average effective interest/profit rates at the reporting date for borrowings and debt securities are as follows:

	Group	
	2022 %	2021 %
Floating-rate term loans and term financing-i	4	3
Sukuk	5	4
Fixed-rate term financing and term financing-i	3	-
Floating-rate revolving credit-i	4	-
Banker's acceptance	5	-
Lease liabilities	4 - 5	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; and
(ii) a joint and several guarantee of certain directors of a subsidiary.

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 first instalment of RM87.5 million is repayable on 31 December 2023 and 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).

The tenures of the IMTN and ICP Programmes of DTSB Sukuk are for 15 and 7 years, respectively from the date of the first issuance.

23. LOANS AND BORROWINGS (CONT'D.)

23.4 Sukuk (cont'd.)

As at 31 December 2022, 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
Total				2,100,000

The proceeds from DTSB Sukuk have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note 21.

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 during the financial year. Celcom Sukuk was also issued under Islamic financing principles of Murabahah.

As at 31 December 2022, the series of Celcom Sukuk in issue consists of:

Tranche	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

23. LOANS AND BORROWINGS (CONT'D.)

The maturities of the Group's loans and borrowings at the reporting date are as follows:

	Group	
	2022 RM'000	2021 RM'000
Less than one financial year	4,139,288	1,123,421
Between one and two financial years	1,888,690	547,762
Between two and five financial years	5,937,895	1,692,316
More than five financial years	2,921,334	1,595,776
	14,887,207	4,959,275

Reconciliation of liabilities arising from financing activities

	Interest bearing loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
Group			
At 1 January 2022	2,500,415	2,458,860	4,959,275
Acquisition of subsidiaries (Note 15)	4,039,396	3,808,393	7,847,789
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	8,876,739	6,010,468	14,887,207
At 1 January 2021	2,871,138	2,580,895	5,452,033
Payment	(375,000)	(401,415)	(776,415)
Non-cash changes:			
Other changes	4,277	279,380	283,657
At 31 December 2021	2,500,415	2,458,860	4,959,275

23. LOANS AND BORROWINGS (CONT'D.)

Reconciliation of liabilities arising from financing activities (cont'd.)

	Interest bearing loans and borrowings RM'000
Company	
At 1 January 2022	-
Drawdown	2,522,000
Non-cash changes:	
Other changes	(11,855)
At 31 December 2022	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.

24. DEFERRED TAX LIABILITIES/(ASSETS)

	Group	
	2022 RM'000	2021 RM'000
At 1 January	303,027	268,927
Acquisition of subsidiaries	1,292,416	-
Recognised in profit and loss (Note 8)	19,100	34,100
At 31 December	1,614,543	303,027

Presented after appropriate offsetting as follows:

	Group	
	2022 RM'000	2021 RM'000
Deferred tax assets	(116,080)	-
Deferred tax liabilities	1,730,623	303,027
	1,614,543	303,027

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:

Deferred tax assets:

	Contract liabilities RM'000	Lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2022	(131,344)	(624,147)	(170,959)	(926,450)
Acquisition of subsidiaries	(94,122)	(3,400)	(9,668)	(107,190)
Recognised in profit and loss	87,309	59,479	5,559	152,347
At 31 December 2022	(138,157)	(568,068)	(175,068)	(881,293)
At 1 January 2021	(73,497)	(619,250)	(150,016)	(842,763)
Recognised in profit and loss	(57,847)	(4,897)	(20,943)	(83,687)
At 31 December 2021	(131,344)	(624,147)	(170,959)	(926,450)

Others relate to deferred tax assets mainly arising from deductible temporary differences on provisions.

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 2022	23,447	40,761	577,228	588,041	1,229,477
Acquisition of subsidiaries	-	29,558	1,213,898	156,150	1,399,606
Recognised in profit and loss	(4,822)	(17,089)	(36,281)	(75,055)	(133,247)
At 31 December 2022	18,625	53,230	1,754,845	669,136	2,495,836
At 1 January 2021	13,893	22,878	486,744	588,175	1,111,690
Recognised in profit and loss	9,554	17,883	90,484	(134)	117,787
At 31 December 2021	23,447	40,761	577,228	588,041	1,229,477

24. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)

Deferred tax liabilities: (cont'd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM	2021 RM
Unused tax losses	146,928	-
Unabsorbed capital allowances	58,701	-
	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.

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	
	2022 RM	2021 RM
More than 12 months	146,928	-

25. OTHER LIABILITIES

	Group 2022 RM'000	Group 2021 RM'000
Non-current		
Provisions (Note 25.1)	371,512	136,053

25.1 Provisions

	Note	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000 (Note 28)	Total RM'000
Group				
Non-current				
At 1 January 2022		135,984	69	136,053
Acquisition of subsidiaries	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
Non-current				
At 1 January 2021		120,226	29	120,255
Capitalised as property, plant and equipment	11(a)	11,933	-	11,933
Unwinding of discount	6	3,825	-	3,825
Additional provision	7(b)	-	67	67
Paid during the financial year		-	(27)	(27)
At 31 December 2021		135,984	69	136,053

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	502,244	221,761	-	-
Other payables	495,062	313,051	-	-
Accruals	2,486,862	894,057	66,267	3,882
Customer deposits	37,793	15,155	-	-
	3,521,961	1,444,024	66,267	3,882

The Group's trade and other payables are non-interest bearing, and are subject to normal credit terms ranging from 30 to 60 days (2021: 30 to 60 days).

At 31 December 2022, the Group's trade and other payables balances included exposure to foreign currency denominated in USD, SDR and Norwegian Krone ("NOK") amounting to RM58.0 million (2021: RM34.2 million), RM2.6 million (2021: RM17.7 million) and RM20.0 million (2021: RM3.3 million) respectively.

27. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2022 Units ('000)	2021 Units ('000)	2022 RM'000	2021 RM'000
Issued and fully paid				
As at 1 January	7,775,000	7,775,000	769,655	769,655
Issuance of ordinary shares	3,956,508	-	15,826,032	-
At 31 December	11,731,508	7,775,000	16,595,687	769,655

During the financial year, 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 during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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. RESERVE

	Group	
	2022 **RM'000**	**2021** **RM'000**
Foreign currency translation reserve	103	-

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.

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:

		Group	
	Note	**2022** **RM'000**	**2021** **RM'000**
Present value of unfunded obligations	25.1	88	69

The amount recognised in profit and loss, included under staff expenses, is as follows:

		Group	
	Note	**2022** **RM'000**	**2021** **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	
	2022 **RM'000**	**2021** **RM'000**
Rate per annum:		
- Discount rate	5	5

Assumption regarding future mortality are based on published statistics and mortality table.

30. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2022 and 2021 respectively, under the single-tier system.

31. COMMITMENTS

Capital commitments

	Group	
	2022 RM'000	2021 RM'000
Capital expenditure in respect of property, plant and equipment and intangible assets:		
Approved and contracted for	885,923	192,222

32. PERFORMANCE GUARANTEES

	Group	
	2022 RM'000	2021 RM'000
Unsecured		
Guarantees given to city councils for public infrastructure works	88,530	15,674
Guarantee given to MCMC on project tender, utility providers land owners for security deposits and others	331,642	7,158
	420,172	22,832

33. SIGNIFICANT RELATED PARTY DISCLOSURES

33.1 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:

	Transactions		Balance due from/(to) at	
Group	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Transactions and balances with Axiata Group				
- *ADA Asia Malaysia Sdn Bhd*			5,388	-
International SMS services	(847)	-		
- *Apigate Sdn Bhd*			5,407	-
Commission fees income on content related services	(2,244)	-		
Commission fees expense on content related services	209	-		
- *Axiata Business Services Sdn Bhd*			-	-
Information Technology ("IT") related services fee	457	-		
- *Axiata Digital eCode Sdn Bhd*			470	-
Managed services including markerting collection related services fee	42	-		
- *Axiata Group Berhad*			1,933	-
Managed services including markerting collection related services	(121)	-		
- *Axiata Management Services Sdn Bhd*			(1,446)	-
IT related services fee	1,426	-		
- *Dialog Axiata PLC*			26	-
Sales of international roaming services	(13)	-		
Purchases of international roaming services	12	-		

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

33.1 Sales and purchases of services (cont'd.)

Group	Transactions 2022 RM'000	Transactions 2021 RM'000	Balance due from/(to) at 2022 RM'000	Balance due from/(to) at 2021 RM'000
Transactions and balances with Axiata Group (cont'd.)				
- *Edotco Malaysia Sdn Bhd*			(30,390)	-
Provision of telecommunication services	(10)	-		
Lease expense of bandwidth leasing	40	-		
Site infrastructure lease income	(453)	-		
Infrastructure leasing and related services	48,181	-		
- *Merchantrade Asia Sdn. Bhd.*			(26)	-
Provision of telecommunication services	(24)	-		
- *Ncell Axiata Limited*			(135)	-
Sales of interconnection services on international traffic	(20)	-		
Purchases of interconnection services on international traffic	957	-		
Purchases of international roaming services	11	-		
- *On Site Services Sdn Bhd*			-	-
Infrastructure leasing and related services	4,220	-		
- *PT XL Axiata Tbk*			(1,199)	-
Sales of interconnection services on international traffic	(29)	-		
Purchases of interconnection services on international traffic	624	-		
- *Smart Axiata Co., Ltd*			18	-
Sales of interconnection services on international traffic	(6)	-		
Purchases of interconnection services on international traffic	3	-		
Purchases of international roaming services	6	-		

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

33.1 Sales and purchases of services (cont'd.)

Group	Transactions 2022 RM'000	Transactions 2021 RM'000	Balance due from/(to) at 2022 RM'000	Balance due from/(to) at 2021 RM'000
Transactions and balances with Axiata Group (cont'd.)				
- *Robi Axiata Limited*			1	-
Purchases of international roaming services	1	-		
- *Touch Matrix Sdn. Bhd.*			-	-
Site infrastructure lease	3,005	-		
- *Touch Mindscape Sdn. Bhd.*			(107)	-
Site infrastructure lease	580	-		
- *Tune Talk Sdn. Bhd.*			(16,030)	-
Mobile virtual network operator ("MVNO") income	(17,599)	-		
- *Valyou Sdn. Bhd.*			-	-
MVNO income	(485)	-		
- *Yiked Bina Sdn. Bhd.*			-	-
Site infrastructure lease	1,572	-		
Transactions and balances with Telenor Group				
- *Telenor ASA*			-	(7,950)
Consultancy services received	34,497	39,217		
Fees payable for licenses and trademarks	9,428	9,510		
- *Telenor GO Pte. Ltd.*			(210)	597
Personnel services received	2,561	3,449		

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33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

33.1 Sales and purchases of services (cont'd.)

Group	Transactions 2022 RM'000	Transactions 2021 RM'000	Balance due from/(to) at 2022 RM'000	Balance due from/(to) at 2021 RM'000
Transactions and balances with Telenor Group (cont'd.)				
- *Telenor Linx AS (formerly known as Telenor Global Services AS & Telenor Digital Services AS)*			(842)	(3,555)
Sales of interconnection services on international traffic	(13,973)	(15,759)		
Purchases of interconnection services on international traffic	8,298	17,389		
Purchases of global connectivity	3,143	3,043		
Clearing house services received for international roaming arrangements	441	427		
Services received on application operations and basic operation for data centre	-	19		
Services received on digital marketing and distribution platform	9,124	9,444		
- *Total Access Communication Public Company Limited*			-	67
Consultancy services rendered	(97)	(263)		
- *dtac TriNet Co., Ltd.*			42	472
Sales of international roaming services	(278)	(61)		
Purchases of international roaming services	1,022	169		
Sales of interconnection services on international traffic	(542)	(729)		
Purchases of interconnection services on international traffic	553	300		
Lease income from bandwidth leasing	(3,059)	(3,027)		
- *Telenor Norge AS*			-	(5,051)
Consultancy services received	-	155		
Sales of international roaming services	(12)	(9)		
Purchases of international roaming services	16	20		
Business security strategy execution received	6,601	8,616		

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

33.1 Sales and purchases of services (cont'd.)

Group	Transactions 2022 RM'000	Transactions 2021 RM'000	Balance due from/(to) at 2022 RM'000	Balance due from/(to) at 2021 RM'000
Transactions and balances with Telenor Group (cont'd.)				
- *Telenor Global Shared Services AS*			455	(10,792)
Services received on application operations and basic operation for data centre	4,449	4,730		
- *Telenor Myanmar Ltd.*			-	(451)
Sales of international roaming services	(12)	(31)		
Purchases of international roaming services	1	40		
Consultancy fees rendered	(10)	(160)		
- *Telenor Procurement Company*			-	(10,547)
Managed services received	27,213	36,103		
- *Telenor Global Services Singapore Pte. Ltd.*			-	869
Lease income from bandwidth leasing	(654)	(7,967)		
Lease expenses of bandwidth leasing	974	3,185		
Purchases of IP transit	24	251		
- *Telenor Connexion AB*			-	(143)
Purchases of international roaming services	249	856		
Managed services including markerting collection related services	865	-		
- *Telenor Sverige AB*			1	3
Sales of international roaming services	(29)	(186)		
Purchases of international roaming services	5	(12)		
- *Telenor Pakistan (Pvt.) Ltd.*			77	169
Sales of international roaming services	(9)	(1)		
Purchases of international roaming services	20	25		
Managed services rendered	(97)	(310)		

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33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

33.1 Sales and purchases of services (cont'd.)

Group	Transactions 2022 RM'000	Transactions 2021 RM'000	Balance due from/(to) at 2022 RM'000	Balance due from/(to) at 2021 RM'000
Transactions and balances with Telenor Group (cont'd.)				
- *Telenor A/S*			-	7
Sales of international roaming services	(16)	(4)		
Purchases of international roaming services	5	17		
- *Telenor Maritime AS*			-	-
Managed services received	44	-		
- *Grameenphone Ltd.*			-	397
Consultancy services received	45	29		
Sales of international roaming services	(25)	8		
Purchases of international roaming services	63	3		
- *Telenor Ldi Communication (Pvt) Ltd.*			13	-
- *Telenor Denmark*			-	-
Sales of international roaming services	(1)	-		
Purchases of international roaming services	1	-		
- *Telenor Mobile Aviation AS*			190	-
Purchase of interconnection services on international traffic	6	-		

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.

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

33.2 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Short-term employee benefits	15,491	14,949	1,018	89
Post-employment benefits	1,849	1,510	-	-
Other employment benefits	3,326	1,633	-	-
	20,666	18,092	1,018	89

Included in remuneration of key management personnel above are non-executive directors' remuneration as disclosed in Note 7(c).

34. FINANCIAL INSTRUMENTS

34.1 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.

34.2 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.

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34. FINANCIAL INSTRUMENTS (CONT'D.)

34.2 Credit risk (cont'd.)

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:

As at 31 December 2022	Gross carrying amount RM'000	Expected credit losses RM'000	Net carrying amount 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	129,134	(105,931)	23,203
Total trade receivables	1,572,678	(232,498)	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	3,531,693	(845,177)	2,686,516

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.2 Credit risk (cont'd.)

Trade receivables, other receivables, deposits and contract assets (cont'd.)

As at 31 December 2021	Gross carrying amount RM'000	Expected credit losses RM'000	Net carrying amount RM'000
Trade receivables			
- Not past due	541,101	(13,067)	528,034
- 1 to 30 days past due	20,809	(1,914)	18,895
- 31 to 60 days past due	1,937	(1,140)	797
- 61 to 90 days past due	6,625	(1,626)	4,999
- More than 90 days past due	18,189	(11,293)	6,896
Total trade receivables	588,661	(29,040)	559,621
Deposits	193,543	-	193,543
Contract assets	77,412	(4,528)	72,884
Total trade receivables, deposits and contract assets	859,616	(33,568)	826,048

Set out below is the movement in allowance for expected credit losses for trade receivables,other receivable, deposits and contract assets:

	Note	Trade receivables and other receivables RM'000	Contract assets RM'000	Deposits RM'000	Total RM'000
At 1 January 2022		29,040	4,528	-	33,568
Acquisition of subsidiaries		621,478	17,640	134,047	773,165
Charge for the financial year	7	38,757	162	40,604	79,523
Write offs		(41,078)	-	-	(41,078)
At 31 December 2022		648,197	22,330	174,651	845,178
At 1 January 2021		38,293	4,528	-	42,821
Charge for the financial year	7	54,506	-	-	54,506
Write offs		(63,759)	-	-	(63,759)
At 31 December 2021		29,040	4,528	-	33,568

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.

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.3 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% (2021: 3%) 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.

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 2023, 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.

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.4 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
2022					
Financial liabilities					
Trade and other payables	3,521,961	-	-	-	3,521,961
Loans and borrowings	3,429,502	1,260,720	4,198,595	1,063,417	9,952,234
Lease liabilities	1,280,917	1,151,666	2,599,434	2,273,567	7,305,584
Derivative financial liabilities:					
- Foreign currency forward contracts	640	-	-	-	640
Total undiscounted financial liabilities	8,233,020	2,412,386	6,798,029	3,336,984	20,780,419

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34. FINANCIAL INSTRUMENTS (CONT'D.)

34.4 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
2021					
Financial liabilities					
Trade and other payables	1,444,024	-	-	-	1,444,024
Loans and borrowings	734,012	249,892	1,022,899	843,796	2,850,599
Lease liabilities	503,434	456,177	1,029,758	984,009	2,973,378
Derivative financial liabilities:					
- Foreign currency forward contracts	183	-	-	-	183
Total undiscounted financial liabilities	2,681,653	706,069	2,052,657	1,827,805	7,268,184

Company	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					
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
2021					
Financial liabilities					
Other payables, representing total undiscounted financial liabilities	3,882	-	-	-	3,882

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.5 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 (2021: 20) basis points in interest rates applicable for the Group's entire loans and borrowings (excluding lease liabilities) would result in approximately 0.54% (2021: 0.54%) variance in the Group's profit for the financial year.

34.6 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 and is sensitive to data inputs including stock price, dividend yield and volatility.

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.6 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.

34.7 Classification

The carrying amounts of financial instruments under each category, are as follows:

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets					
Financial assets at fair value through OCI:					
- Other investments	18	78	78	-	-
Financial assets at amortised cost:					
- Trade receivables	20	1,340,180	559,621	-	-
- Other receivables	20	1,317,132	408,560	-	-
- Deposits and prepayments	20	825,149	403,073	5	5
- Cash and short-term deposits	22	1,220,798	204,527	4,072	670
		4,703,259	1,575,781	4,077	675
Less: Prepayments		(602,041)	(209,530)	-	-
		4,101,218	1,366,251	4,077	675
Financial assets at fair value through profit or loss:					
Derivative financial assets					
- Derivative financial assets		43,342	-	-	-
- Trading securities		22	-	-	-
- Interest rate swaps	21	-	26,365	-	-
		43,364	26,365	-	-

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.7 Classification (cont'd.)

The carrying amounts of financial instruments under each category, are as follows: (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 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	640	183	-	-
		2,664	183	-	-
Other financial liabilities:					
- Banker's acceptance	23	2,514	-	-	-
- Floating-rate term loans	23	813,625	332,522	-	-
- Sukuk	23	3,247,876	1,798,765	-	-
- Floating-rate term financing-i	23	1,962,077	369,128	-	-
- Fixed-rate term financing	23	647	-	-	-
- Fixed-rate term financing-i	23	2,400,000	-	-	-
- Floating-rate revolving credit-i	23	450,000	-	-	-
- Loan from a subsidiary	23	-	-	2,510,145	-
- Lease liabilities	23	6,010,468	2,458,860	-	-
- Trade payables	26	502,244	221,761	-	-
- Other payables	26	495,062	313,051	-	-
- Accruals	26	2,486,862	894,057	66,267	3,882
- Customer deposits	26	37,793	15,155	-	-
		18,406,654	6,403,299	2,576,412	3,882

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.8 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 2022:

			Fair value measurement using			
	Note	Date of valuation	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)	-

34. FINANCIAL INSTRUMENTS (CONT'D.)

34.8 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 2021:

			Fair value measurement using			
	Note	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets/(liabilities) measured at fair value:						
Unquoted equity investments:						
- Other investment	18	31 December 2021	78	-	-	78
Derivative financial assets:						
- Interest rate swaps	21	31 December 2021	26,365	-	26,365	-
Derivative financial liabilities:						
- Foreign currency forward contracts	21	31 December 2021	(183)	-	(183)	-

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.

35. 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 2022.

36. 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.

37. SIGNIFICANT EVENT

Proposed Subscription of shares in Digital Nasional Berhad ("DNB")

On 7 October 2022, Digi Telecommunications Sdn. Bhd. and Celcom Mobile Sdn. Bhd., wholly-owned subsidiaries of the Group, had respectively entered into a conditional share subscription agreement ("SSA") with DNB. The status of this corporate proposal is currently pending fulfilment of the conditions precedent set out in the terms of the SSA.

38. MATERIAL LITIGATION

(i) Main Suit 1: Kuala Lumpur High Court Suit No. D1-22-1960-2008

Celcom Berhad (formerly known as Celcom Axiata 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");

(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;

38. MATERIAL LITIGATION (CONT'D.)

(i) Main Suit 1: Kuala Lumpur High Court Suit No. D1-22-1960-2008 (cont'd.)

Celcom and Celcom Resources vs Tan Sri Dato' Tajudin bin Ramli & 7 Others - Claim for damages for conspiracy – not quantifiable (cont'd.)

(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").

38. 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.)

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;

(c) withdraw all pending suits without liberty to refile and no order as to costs;

38. 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.)

(d) restraint from executing judgment procured from the pending suits;

(e) indemnify TSDTR and BR 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 BR 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.

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 BR's counterclaims in both suits with costs.

Axiata and the Company have agreed in the SPA that if Celcom and Celcom Resources 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.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 23 March 2023.

Independent Assurance Report

Independent Limited Assurance Report to CelcomDigi Berhad ("CelcomDigi") and its subsidiaries (the "Group") on Selected Sustainability Information published in CelcomDigi's Integrated Annual Report for the financial year ended 31 December 2022

We, KPMG PLT ("KPMG"), were engaged by Celcom Berhad (formerly known as Celcom Axiata Berhad) and Digi Telecommunications Sdn. Bhd., a wholly-owned subsidiary of CelcomDigi, to provide limited assurance on Selected Sustainability Information (the "Subject Matter") published in CelcomDigi's Integrated Annual Report for the financial year ended 31 December 2022 (the "Integrated Annual Report"), in the form of an independent limited assurance conclusion as to whether the Subject Matter is in all material respects in accordance with Digi.Com Berhad's (pre-merger) ("Digi") definition and calculation methodologies including any significant inherent limitations (the "Applicable Criteria").

Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement are:

1) Customer Satisfaction Scores (CSAT) percentage (%);

2) Lost Time Injury Frequency (LTIF) score (limited to permanent and contract employees) (No.);

3) Total Energy Consumption (GWh);

4) Total Carbon Emissions (Scope 1, Scope 2 and Scope 3) (tCO_2e); and

5) Number of new suppliers signing Digi's Agreement of Business Conduct (ABC).

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information represents Digi's operations in Malaysia only.

Board of Directors and Management's Responsibilities

The Board of Directors of CelcomDigi ("Directors") and the management of CelcomDigi ("Management") are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining the objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter and the Integrated Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

Board of Directors and Management's Responsibilities (continued)

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter and the Integrated Annual Report; and (ii) allegations of or suspected fraud or dishonesty committed against the Group.

The Directors and the Management are responsible to make available to us the Subject Matter and the Integrated Annual Report and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter and the Integrated Annual Report, of which they may become aware during the period from the date of the independent limited assurance report to the date the Subject Matter and the Integrated Annual Report are issued.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits of Reviews of Historical Financial Information* and Malaysian Approved Standard (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*. These standards require that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter, in all material respects, is not prepared in accordance with the Applicable Criteria.

Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter presented in the Integrated Annual Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Enquiries of management to gain an understanding of the processes for determining material issues for key stakeholder groups;

- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;

- Interviews with relevant staff at the corporate and business unit level responsible for providing the Subject Matter in the Integrated Annual Report;

- Interviews with sites, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;

- Identify the risks of material misstatement of the Subject Matter and the Integrated Annual Report, whether due to fraud or error, design and perform limited assurance procedures to address those risks and obtain limited assurance 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;

- Obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

Independent Assurance Report

Procedures Performed (continued)

- Compare the Subject Matter presented in the Integrated Annual Report to corresponding information in the relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Integrated Annual Report;

- Evaluate the Subject Matter presented in the Integrated Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Group; and

- Evaluate the remainder of the Integrated Annual Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the By-Laws *(on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Integrated Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Integrated Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained as described above, nothing has come to our attention that would lead us to believe that the Subject Matter included in CelcomDigi's Integrated Annual Report for the financial year ended 31 December 2022, in all material respects, is not prepared in accordance with the Applicable Criteria.

Purpose of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for CelcomDigi and for no other purpose or in any other context.

Restriction of use

Our report should also not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than CelcomDigi, for any purpose or in any other context. Any party other than CelcomDigi who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we do not accept nor assume responsibility and deny any liability to any party other than CelcomDigi for our work, for this report, or for the conclusion we have reached.

Our report is released to CelcomDigi on the basis that it shall not be copied, referred to or disclosed, in whole (save for CelcomDigi's own internal purposes) or in part, without our prior written consent.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Petaling Jaya
Date: 4 April 2023

Corporate Information

Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz[1]
Chair, Non-Independent Non-Executive Director

Jørgen Christian Arentz Rostrup
Deputy Chair, Non-Independent Non-Executive Director

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

Haakon Bruaset Kjoel
Non-Independent Non-Executive Director

Vivek Sood[1]
Non-Independent Non-Executive Director

Rita Skjaervik
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[1]
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 Darul Ehsan
Malaysia
Tel : 03-7200 2222
Fax : N/A

INVESTOR RELATIONS
Tel : 03-7200 2222
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
(LLP0022760-LCA & AF0039)
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
CIMB Islamic Bank Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad
MUFG Bank (Malaysia) Berhad
RHB Islamic Bank Berhad
Standard Chartered Bank Malaysia Berhad
Maybank Islamic Berhad

Note:
[1] *Appointed on 19 January 2023 after financial year ended 31 December 2022*

Corporate Directory

PRINCIPAL PLACE OF BUSINESS

HEAD OFFICES

Menara CelcomDigi
No. 6, Persiaran Barat,
Seksyen 52,
46200 Petaling Jaya, Selangor

D'House
Lot 10, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor

CENTRAL OPERATING OFFICES

Lot 43, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor

Wisma Celcom
Jalan Kemajuan, Seksyen 13,
46200 Petaling Jaya, Selangor

REGIONAL OPERATING OFFICES

Northern Region
1-03-15, E-Gate Commercial Centre,
Lebuh Tunku Kudin 2,
11700 Gelugor, Penang

Ipoh Sales Office
C-G-02, Persiaran Greentown 3,
Greentown Business Centre,
30450 Ipoh, Perak

Southern Region
No. 1-3, Jalan Molek 1/9,
Taman Molek,
81100 Johor Bahru, Johor

Melaka Sales Office
No. 2-1, Jalan Plaza Merdeka,
Plaza Merdeka, Bandar Hilir Melaka,
75000 Melaka

Eastern Region
No. 7, Section 1,
Bandar Indera Mahkota,
25000 Kuantan, Pahang

Sabah Region
Digi Telecommunications Sdn Bhd
Lot C-17-2, 2nd Floor,
Block C, KK Times Square,
88000 Kota Kinabalu, Sabah

Sarawak Region
Unit 6 & 7, Ground Floor,
Lot 10903-10905,
Jalan Bukit Mata,
93100 Kuching, Sarawak

For full list of Digi Store and Celcom bluecube, please visit our websites:

Digi Store:
https://www.digi.com.my/digi-store

Celcom bluecube:
https://www.celcom.com.my/support/store-locator

List of Top 10 Properties

as at 31 December 2022

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Approximate Age of Building (Years)	Net Book Value as at 31.12.2022 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	13	63,068
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	9	59,053
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	26	34,691
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	22	11,177
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 5/89 off Jalan Sekilau Kompleks Batu 3 ½ Cheras Kuala Lumpur, Wilayah Persekutuan	Leasehold 85 years (expiring in 2085)	Land with a building / network office	23.05.1997	5,619 sq ft	23	6,978
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	22	5,988
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	25	4,764
9	Plot 1, Lorong Jelawat 4 Jaya Industrial Park, Mukim 1 Seberang Perai Tengah, Pulau Pinang	Leasehold 99 years (expiring in 2073)	Land with a building / network operation centre	01.08.1995	40,278 sq ft	25	4,592
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	24	4,422

Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting (AGM) held on 13 May 2022, 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 MMLR of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2022 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 Digi 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	Digi Telecommunications Sdn. Bhd. (a wholly-owned subsidiary of CelcomDigi)	Business service costs, which include consultancy, training programmes and advisory fees	107	34,542
		Personnel services payable and professional fees	-	2,561
		International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers	14,515	8,851
		International Roaming	382	1,382
		IP Transit (Internet Upstream) expense	-	24
		Global connectivity services and common services cost	-	3,143
		Services rendered on Enterprise Resource Planning and enterprise applications	-	4,449
		License and trademarks	-	9,428
		Managed Services	97	28,563
		Cloud based software infrastructure services	-	9,124
		Business Security cost	-	6,601
		Bandwidth leasing	3,712	974
Total			**18,813**	**109,642**

Disclosure of Recurrent Related Party Transactions

On 30 November 2022, the completion of merger between Celcom and Digi resulted in new related party relationships being formed, including but not limited to, Axiata, and by extension Khazanah, who became our new Major Shareholders. As a result, the transactions between CelcomDigi Group and the related parties, as well as transactions between Telenor Group and Celcom Group, are now considered as related party transactions. These related party transactions are recurrent related party transactions of revenue or trading nature in the ordinary course of business. The shareholders' mandate for these recurrent related party transactions were obtained at the Extraordinary General Meeting (EGM) held on 24 February 2023 for the transactions from the date of the EGM to the next AGM. For information purposes, the details of these recurrent related party transactions conducted from the date of merger to 31 December 2022, for which the threshold requiring shareholders' approval under the MMLR has not been crossed, are disclosed as follows:-

CelcomDigi Group with the following related parties	CelcomDigi and/or its subsidiary companies	Nature of transaction undertaken by/ provided to Digi 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	Celcom Group	International interconnect and roaming services	-	6
Total			**-**	**6**
Axiata Group of Companies				
Axiata Group	CelcomDigi Group	International interconnect and roaming services	67	1,613
Axiata Group	CelcomDigi Group	Leased line / bandwidth leasing expense	-	40
Axiata Group	CelcomDigi Group	Commission fees on content related services	2,244	-
Axiata Group	CelcomDigi Group	International SMS revenue	847	-
Axiata Group	CelcomDigi Group	Content related expense	-	209
Axiata Group	CelcomDigi Group	Managed services including marketing and collection related cost	-	42
Axiata Group	CelcomDigi Group	Infrastructure leasing and related services	-	57,558
Axiata Group	CelcomDigi Group	IT related services	121	1,883
Axiata Group	CelcomDigi Group	Mobile virtual network operator related revenue	519	-
Axiata Group	CelcomDigi Group	Site infrastructure lease income	453	-
Total			**4,251**	**61,345**

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 Digi 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)
Khazanah Group of Companies				
Khazanah Group	CelcomDigi Group	Cloud based software infrastructure services	663	-
Khazanah Group	CelcomDigi Group	Leased line / bandwidth leasing income	630	-
Khazanah Group	CelcomDigi Group	Infrastructure leasing and related services	-	915
Khazanah Group	CelcomDigi Group	Domestic interconnect and roaming services	39	51
Khazanah Group	CelcomDigi Group	Provision of Telecommunication Services	2,619	-
Khazanah Group	CelcomDigi Group	Sales of Devices	272	-
Total			**4,223**	**966**
Digital Nasional Berhad (DNB)				
DNB	CelcomDigi Group	Site infrastructure lease income	396	-
Total			**396**	**-**
Telekom Malaysia (TM) Group of Companies				
TM Group	CelcomDigi Group	International interconnect and roaming services	-	3
		Leased line / bandwidth leasing expense	369	20,488
		Domestic interconnect and roaming services	2,482	540
		Infrastructure leasing and related services	630	3,714
		Provision of telecommunication services	242	-
Total			**3,723**	**24,745**
			12,593	**87,062**

Notes:

Nature of the relationship of the related parties are as follows:

(a) Telenor Group refers to Telenor ASA and its subsidiaries. Telenor ASA is an indirect major shareholder of CelcomDigi.

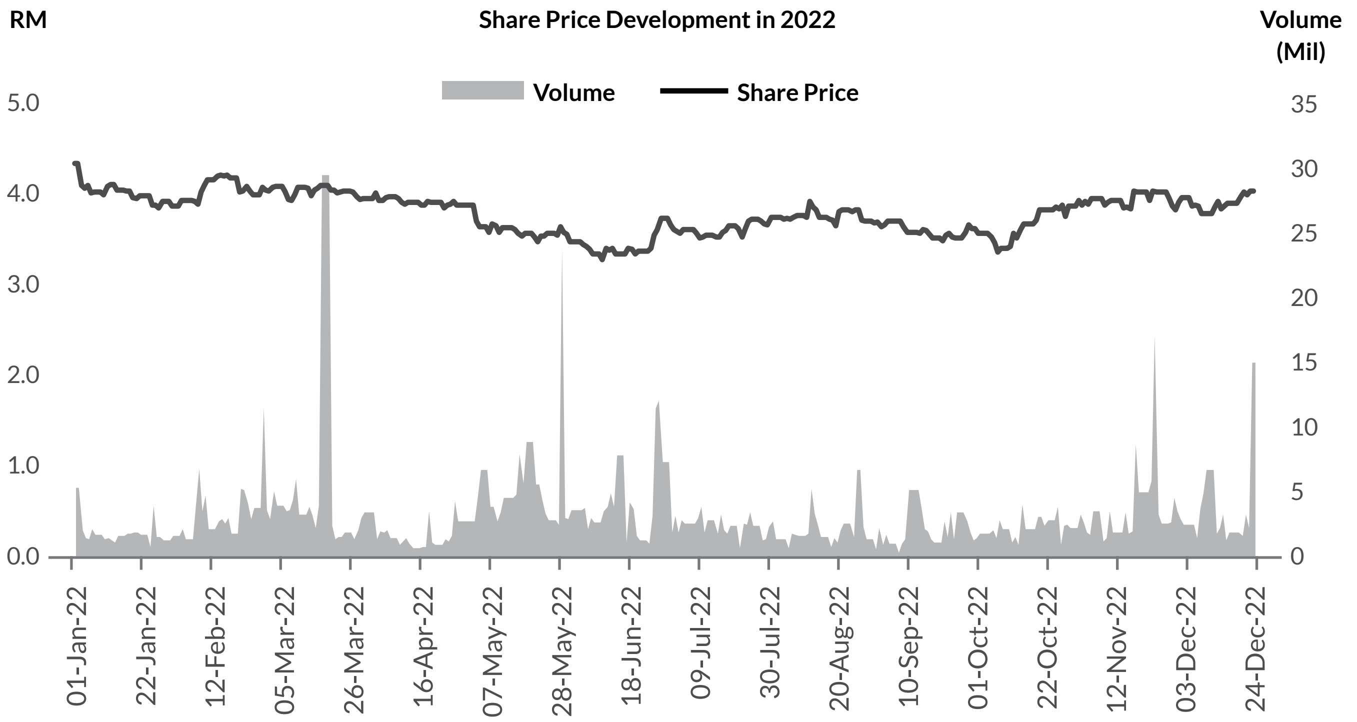
(b) Axiata Group refers to Axiata Group Berhad and its subsidiaries. Axiata Group Berhad is a major shareholder of CelcomDigi.

(c) 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.

(d) 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.

(e) 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.

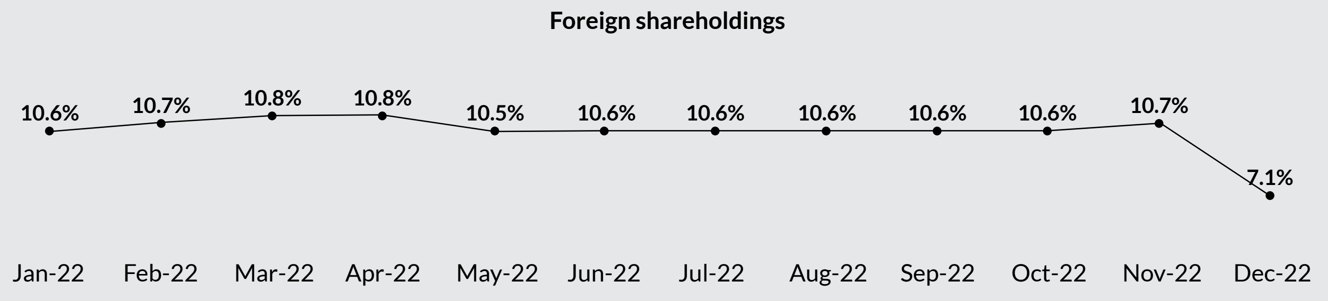
Share Price Development



	1Q22	2Q22	3Q22	4Q22
Low (RM)	3.8	3.1	3.4	3.2
High (RM)	4.4	4.0	3.9	4.0
Average (RM)	4.0	3.5	3.6	3.7
Volume ('bil)	319.5	319.4	217.1	288.9
Average Daily Volume ('mil)	3.6	3.6	2.4	3.1

Historical Monthly Foreign Shareholdings

Our foreign shareholdings were higher in comparison to the trend a year ago, as the shareholdings increased from below 10.6% to around 10.6% to 10.8% throughout 2022. This was mainly due to improved industry performance following the reopening of international borders and recovering macroeconomic developments. The foreign shareholdings in December 2022 reduced to 7.1% following the issuance of 3.9 billion new shares valued at RM15.8 billion as share consideration for the merger transaction.



Statistics on Shareholdings

As at 17 March 2023

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 17 MARCH 2023

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	1,160	4.451	12,104	0.000
100-1,000	11,766	45.150	6,655,705	0.057
1,001-10,000	10,426	40.008	41,713,276	0.356
10,001-100,000	2,004	7.690	55,320,867	0.471
100,001-586,575,398 (*)	700	2.686	2,171,195,548	18.507
586,575,399 AND ABOVE (**)	4	0.015	9,456,610,488	80.609
Total	26,060	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 17 MARCH 2023

	Number of Shares			
Name	Direct Interest	%	Deemed Interest	%
Telenor Asia Pte Ltd	3,883,129,144	33.100	-	-
Telenor Mobile Communications AS	-	-	3,883,129,144[a]	33.100
Telenor Mobile Holdings AS	-	-	3,883,129,144[b]	33.100
Telenor ASA	-	-	3,883,129,144[c]	33.100
Axiata Group Berhad	3,883,129,144	33.100	-	-
Khazanah Nasional Berhad	-	-	3,883,129,144[d]	33.100
Employees Provident Fund Board	1,177,460,790	10.037	-	-
AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	600,797,000	5.121	-	-

Notes:

[a] Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd pursuant to Section 8(4) of the Companies Act 2016.
[b] Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS which has 100% interest in Telenor Asia Pte Ltd pursuant to Section 8(4) of the Companies Act 2016.
[c] Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS which has 100% interest in Telenor Mobile Communications AS, which in turn has 100% interest in Telenor Asia Pte Ltd pursuant to Section 8(4) of the Companies Act 2016.
[d] 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 (formerly known as Digi.Com Berhad).

Statement of Directors' and Chief Executives' Shareholdings

As at 17 March 2023

	Number of Shares			
	Direct Interest	%	Deemed Interest	%
Directors				
Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz	-	-	-	-
Jørgen Christian Arentz Rostrup	-	-	-	-
Dr. Shridhir Sariputta Hansa Wijayasuriya	-	-	-	-
Haakon Bruaset Kjoel	-	-	-	-
Vivek Sood	-	-	-	-
Rita Skjaervik	-	-	-	-
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 17 March 2023

	Name of Shareholders	No. of Shares	%
1	AXIATA GROUP BERHAD	3,883,129,144	33.099
2	CITIGROUP NOMINEES (ASING) SDN BHD TELENOR ASIA PTE LTD (DIGI)	3,883,129,144	33.099
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,089,554,600	9.287
4	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	600,797,600	5.121
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	286,067,100	2.438
6	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	80,448,322	0.685
7	LEMBAGA TABUNG HAJI	70,022,150	0.596
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN BHD (1)	68,800,000	0.586
9	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	62,600,000	0.533
10	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	62,000,000	0.528
11	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	56,765,800	0.483
12	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	50,766,500	0.432
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	48,500,000	0.413
14	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	43,724,233	0.372
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	43,653,700	0.372
16	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	40,866,880	0.348

List of 30 Largest Shareholders
As at 17 March 2023

	Name of Shareholders	No. of Shares	%
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	37,140,514	0.316
18	CITIGROUP NOMINEES (ASING) SDN BHD CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)	36,241,572	0.308
19	AHMAD SEBI BIN BAKAR	36,056,330	0.307
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 EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	32,018,490	0.272
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	31,655,000	0.269
23	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	22,384,218	0.190
24	CARTABAN NOMINEES (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	22,376,800	0.190
25	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	21,664,200	0.184
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	20,770,600	0.177
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	19,591,500	0.166
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CGS CIMB)	19,437,500	0.165
29	PERMODALAN NASIONAL BERHAD	18,561,900	0.158
30	CARTABAN NOMINEES (ASING) SDN BHD BBH CO BOSTON FOR FIDELITY SALEM STREET TRUST - FIDELITY SAI EMERGING MARKETS LOW VOLATILITY INDEX FUND	18,498,100	0.157

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting ("**26th AGM**") of CelcomDigi Berhad (formerly known as Digi.Com 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 Tuesday, 23 May 2023 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 2022 together with the Reports of the Directors and Auditors thereon.
   (Please refer to Note 1 of the Explanatory Notes)

2. To re-elect Ms Vimala V.R. Menon who retires pursuant to Article 98(A) of the Company's Articles of Association and being eligible, offers herself for re-election. **Ordinary Resolution 1**
   (Please refer to Note 2 of the Explanatory Notes)

3. To re-elect the following Directors who retire pursuant to Article 98(E) of the Company's Articles of Association and being eligible, offer themselves for re-election:

   (i) Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz **Ordinary Resolution 2**
   (ii) Mr Jørgen Christian Arentz Rostrup **Ordinary Resolution 3**
   (iii) Dr. Shridhir Sariputta Hansa Wijayasuriya **Ordinary Resolution 4**
   (iv) Mr Vivek Sood **Ordinary Resolution 5**
   (v) Ms Rita Skjaervik **Ordinary Resolution 6**
   (vi) Tan Sri Abdul Farid Alias **Ordinary Resolution 7**
   (vii) Puan Khatijah Shah Mohamed **Ordinary Resolution 8**
   (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 RM110,000 to the Non-Executive Directors with effect from 23 May 2023 until the conclusion of the next Annual General Meeting ("**AGM**") of the Company. **Ordinary Resolution 9**
   (Please refer to Note 3 of the Explanatory Notes)

5. To re-appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 10**
   (Please refer to Note 4 of the Explanatory Notes)

Special Business

To consider and, if deemed fit, to pass the following resolutions:-

6. **Ordinary Resolution** **Ordinary Resolution 11**
   Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature between CelcomDigi Berhad (formerly known as Digi.Com 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 21 April 2023 ("**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 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. **Ordinary Resolution** **Ordinary Resolution 12**
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)

"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."

8. **Ordinary Resolution** **Ordinary Resolution 13**
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. **Ordinary Resolution** **Ordinary Resolution 14**
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;

(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. **Ordinary Resolution** **Ordinary Resolution 15**
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. **Special Resolution** **Special Resolution**
Proposed adoption of new Constitution of the Company ("Proposed Adoption")
(Please refer to Note 6 of the Explanatory Notes)

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety, and in place thereof, the proposed new Constitution of the Company in the form as set out in Appendix III of the Circular, be and is hereby adopted as the new Constitution of the Company with immediate effect.

AND THAT the Directors and the Company Secretaries of the Company be and are hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Adoption with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

12. To transact any other business of which due notice shall has been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

By Order of the Board
CELCOMDIGI BERHAD (FORMERLY KNOWN AS DIGI.COM 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
21 April 2023

NOTES

(i) The 26th 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 26th AGM which is also available on the Company's website at https://celcomdigi.listedcompany.com/agm.html.

(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 26th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 26th AGM in person at the Broadcast Venue on the day of the Meeting. Any shareholders or 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 16 May 2023 (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 26th 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 appointment shall not be valid unless the shareholder specifies the proportions of his/her shareholdings to be represented by each proxy.

(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 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 should not be treated as 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 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 26th AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy before the 26th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 26th 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 26th AGM will put to vote by way of poll. 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 2022**

   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 8 – Re-election of Directors**

   The Board via the Board Nomination and Remuneration Committee has reviewed the performance of each Director subject for re-election, through an annual assessment, and are satisfied with the performance, contribution and effectiveness of the Directors. Ms Vimala V.R. Menon, Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz, Mr Jørgen Christian Arentz Rostrup, Dr. Shridhir Sariputta Hansa Wijayasuriya, Mr Vivek Sood, Ms Rita Skjaervik, Tan Sri Abdul Farid Alias and Puan Khatijah Shah Mohamed being eligible, have offered themselves for re-election at this 26th AGM.

These eight (8) 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. The profiles of these retiring Directors are set out from pages 77 to 81 of the Integrated Annual Report 2022.

3. **Ordinary Resolution 9 - 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 a 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 of up to RM110,000.

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 23 May 2023 until the conclusion of the next AGM of the Company ("**Mandate Period**") are estimated not to exceed RM2.4 million. The calculation is based on the assumption that the number of 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.

The breakdown of the detailed Directors' remuneration for the financial year ended 31 December 2022 is disclosed in the Integrated Annual Report 2022 and Corporate Governance Report 2022, which are accessible to the public at the Company's website.

4. **Ordinary Resolution 10 - Re-appointment of Ernst & Young PLT as Auditors of the Company**

The Board had via the Board Audit Committee evaluated the independence, competency and reliability of Ernst & Young PLT ("**EY**") according to the relevant criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Securities. The Board was satisfied with the performance of EY and had recommended the re-appointment of EY as Auditors of the Company for the financial year ending 31 December 2023 to the shareholders for approval.

5. **Ordinary Resolutions 11 to 15 - Proposed Renewal of Shareholders' Mandates 1 to 5**

Ordinary Resolutions 11 to 15 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 Part A of the Circular for further information.

Notice of Annual General Meeting

6. **Special Resolution - Proposed Adoption**

   The Special Resolution, if passed, will streamline the Company's Constitution with the prevailing statutory and regulatory requirements and to enhance administrative efficiency and provide greater clarity to the Constitution.

   Please refer to Part B of 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 26th 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 26th AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the 26th 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
(formerly known as Digi.Com 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 (formerly known as Digi.Com 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-Sixth Annual General Meeting ("26th AGM") of the Company to be conducted on a virtual basis at the 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 Tuesday, 23 May 2023 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			
	Ordinary Business		**For**	**Against**
1	Re-election of Ms Vimala V.R. Menon as Director.	Ordinary Resolution 1		
2	Re-election of Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz as Director.	Ordinary Resolution 2		
3	Re-election of Mr Jørgen Christian Arentz Rostrup as Director.	Ordinary Resolution 3		
4	Re-election of Dr. Shridhir Sariputta Hansa Wijayasuriya as Director.	Ordinary Resolution 4		
5	Re-election of Mr Vivek Sood as Director.	Ordinary Resolution 5		
6	Re-election of Ms Rita Skjaervik as Director.	Ordinary Resolution 6		
7	Re-election of Tan Sri Abdul Farid Alias as Director.	Ordinary Resolution 7		
8	Re-election of Puan Khatijah Shah Mohamed as Director.	Ordinary Resolution 8		
9	Approval of the payment of Directors' fees and benefits payable to the Non-Executive Directors.	Ordinary Resolution 9		
10	Re-appointment of Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 10		
	Special Business			
11	Proposed Renewal of Shareholders' Mandate 1.	Ordinary Resolution 11		
12	Proposed Renewal of Shareholders' Mandate 2.	Ordinary Resolution 12		
13	Proposed Renewal of Shareholders' Mandate 3.	Ordinary Resolution 13		
14	Proposed Renewal of Shareholders' Mandate 4.	Ordinary Resolution 14		
15	Proposed Renewal of Shareholders' Mandate 5.	Ordinary Resolution 15		
16	Proposed Adoption.	Special Resolution		

Signed this ____________ day of ____________, 2023

____
Signature or Common Seal of Shareholder(s)

Tel. No ____________________

Notes:

(i) The 26th 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 26th AGM which is also available on the Company's website at https://celcomdigi.listedcompany.com/agm.html.

(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 26th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 26th AGM in person at the Broadcast Venue on the day of the Meeting. Any shareholders or proxies or corporate representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.

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(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.

Fold along this line (1)

Affix
Stamp
Here

Poll Administrator Office for
CelcomDigi Berhad (formerly known as Digi.Com 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 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 should not be treated as 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 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 26th AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy before the 26th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 26th 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 26th AGM will put to vote by way of poll. 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 26th AGM dated 21 April 2023.

www.celcomdigi.com

CelcomDigi Berhad
[formerly known as Digi.Com Berhad]
Reg. No. 199701009694 (425190-X)

Menara CelcomDigi
No. 6, Persiaran Barat,
Seksyen 52,
46200 Petaling Jaya,
Selangor, Malaysia

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