

## GCEO's Statement

Dear Shareholders,

The past year has been one of the most challenging periods the media and entertainment industry has faced in decades, and Astro has not been immune to these pressures. Globally, the pace of change has accelerated sharply. Audiences are fragmenting, digital adoption continues to reshape viewing habits, video piracy is rampant, whilst competition from global streaming platforms continues to intensify. At the same time, inflation, currency volatility, geopolitical tensions, and uncertain economic conditions have made planning and execution far more complex than in the past.

Closer to home, Malaysian households have come under heightened financial pressure. Rising living costs, electricity tariffs, fuel subsidy rationalisation, wage adjustments, and changes to taxes have materially affected discretionary spending. Entertainment is no longer an automatic purchase for many families. Customers are more selective, value driven, and willing to switch to “free” options. These realities have confirmed our long held belief that doing “more of the same” is not an option for Astro.

**Euan Smith**  
Group Chief Executive Officer



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Against this backdrop, we have had to make difficult but necessary choices. We continue the journey to transform Astro into a lean, digital first, on demand and streaming led media group, while progressively reducing our reliance on legacy satellite operations. This is not a quick or linear journey. It requires balancing near term financial resilience with long-term relevance, often carrying dual costs during the transition.

Our focus through 2026 remains anchored on three priorities: growing new customers, accelerating our adjacent businesses, and structurally reducing legacy costs. None of these priorities can succeed in isolation. Growing the customer base improves revenue resilience and advertising reach. Adjacent businesses diversify earnings and reduce dependence on subscription TV. Cost discipline gives us the headroom to invest in future growth while remaining profitable.



Winner of the Sooka Gilerrr Streaming Challenge

### Priority 1: Growing new customers

Growing the base of paying customers across our video services (Pay-TV, Sooka and NJOI) remains central, strengthening revenue resilience and long-term business health. Over the year, we reset our video propositions based on customer feedback by simplifying packages, introducing more affordable entry points, enhancing content value, and extending our reach into new townships.

The launch and scaling of Astro One has been a key stabilising factor for our Pay-TV business. By simplifying package structures, improving affordability, and integrating 16 global streaming apps, including Netflix, Disney+, beIN SPORTS CONNECT, BBC Player, iQIYI, Sun NXT, and Prime Video into our Ultra and Ulti Boxes, Astro One offers customers access to 80,000 On Demand titles through a single interface. Customer response has been encouraging. Pay-TV gross additions increased by 14% during the year, a second consecutive year of improvement after a decade of decline, giving confidence that we are moving in the right direction.

Customer experience continues to be a priority. Pay-TV Net Promoter Score (NPS) improved by a further 15 points in-year, driven by a strong content lineup, live and On Demand, the migration to Astro One, and the adoption of Ulti and Ultra boxes. This reinforces our focus on transitioning away from older hardware to enhance engagement and loyalty.

Sooka, which marked its fourth anniversary, continued to cement its position as Malaysia's leading sports streaming app and ranked among the Top 5 highest grossing apps on Google Play Malaysia. Albeit lacking some "tentpole" sports events, Sooka grew its VIP paying customer base by 44%, with registered users and total minutes streamed increasing by 35% and 68% respectively. Innovation remained central to growth, including the launch of Sooka Shorts (Malay and Chinese micro dramas), longer duration passes, enhanced AI assisted discovery features, and a raft of new partnerships with telcos, financial institutions, insurers, and consumer brands. With the return of the major sporting seasons, Sooka's momentum strengthened further in the second half of the year.

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Alongside this, NJOI continues to play an important role in showcasing and serving Astro content to non-connected and value-conscious households. The refresh of long-term passes gained traction, offering greater affordability and flexibility while supporting our broader customer ecosystem.

Across all three video products, customer movements followed the traditional seasonal pattern, reaffirming sustained demand for our local, vernacular, and sports content.



**Content: Differentiation through local, vernacular and sports content**

Content remains the cornerstone of our engagement strategy. 81% of total viewing time across our platforms was spent on local and vernacular content. We produced over 11,000 hours of original content during the year, spanning Astro Originals, drama, live entertainment, sports, news, and children’s programming.

Our content excellence continues to be recognised. We won Best of Malaysia and Multiformat Storytelling at the YouTube Works Awards 2025 for *Meriah Lain Macam*, and Best in Asia at the Asian Academy Awards 2025 for *SME SWAT*. Signature titles such as *Dia Imamku*, *Seribu Tahun*, *Dendam Seorang Madu*, *Kilauan Emas*, and *The Chosen One* performed strongly, with increasing cross audience appeal across both languages and demographics.

Our disciplined approach to content investment balances creative ambition with commercial sustainability. Over the past five years, content costs have declined by approximately 16%, despite escalating global rights and a significant appreciation of the US Dollar against the Ringgit over the same period. This achievement reflects our strong negotiating position with content partners, underpinned by the scale, reach, and solid performance of our local content portfolio.

Our film strategy continues to evolve towards long-term IP monetisation and the creation of a rich Cinematic Universe. In FY26, local box office collections reached RM110.0 million, driven by *Papa Zola The Movie* and *Malam Terlarang*, both among the Top 5 highest grossing local films of 2025. Looking ahead, our FY27 slate continues to showcase great Malaysian storytelling for all audiences, with titles including *Terbang*, *Kudrat 1968*, *Chelot*, and *Takluk 2: Ops Daulat*.

In FY26 we also remained ahead in series, with dramas such as *Dia Imamku*, *Astro Originals: Bride From The Past*,

*Astro Originals: Generasi: Perfect 10* and *Pasangan 2* leading the field in viewing and engagement. Once again, in its 12<sup>th</sup> season, *Gegar Vaganza* was the number one show in the country, in addition, we also launched popular new formats including *Talk to My Manager* and *Big Stage Alpha*, showcasing our culture of innovation.

Sports content clearly remains a key pillar of Astro’s appeal. During the year we renewed our partnership with beIN SPORTS CONNECT through August 2027 for UEFA Champions League and Formula 1, complementing our ongoing coverage of the Premier League, AFC competitions, BWF, and the Malaysian Football League (MFL). Local sports viewership continued to grow, with record audiences of 10.6 million for MFL Season 3 and 9.1 million viewers for the BWF World Tour in 2025. Our homegrown IP, the Sepak Takraw League, had another bumper season, while the grassroots #IniPadangKita initiative further reflects our commitment to Malaysian sports development.

**Priority 2: Accelerating adjacent businesses**

Adjacent businesses are essential to support the diversification of revenue streams. Pleasingly, Enterprise revenue grew by 6%, supported by BizOne packages and deeper penetration into secondary towns such as Alor Setar, Seremban, and Miri. Astro Fibre subscribers increased by 13%, outperforming the broader market and reinforcing the strength of bundled propositions.

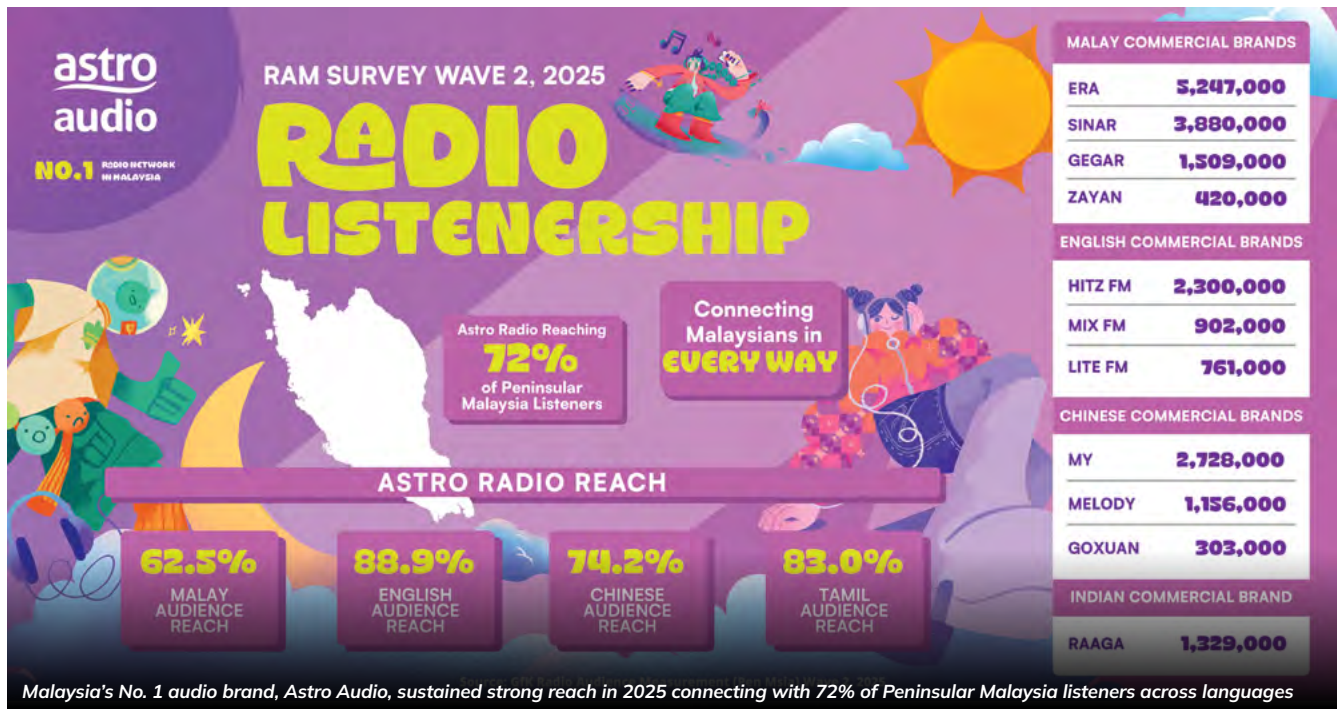
Advertising remained challenging as advertisers, especially multinational corporations exercised caution on spend and an increasing reliance on global social media platforms. However, as would be expected from Malaysia’s No. 1 audio brand, our Radio revenues remained resilient. The launch of KULT, our digital first advertising proposition, marked a key milestone, with early traction and encouraging revenue within months of launch, supporting our strategy to position Astro as the “Attention Company”.

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### Priority 3: Cost discipline and operational excellence

Operating expenses declined by 6%, supported by content cost optimisation, automation, and productivity initiatives. While investments in customer acquisition and digital growth resulted in some quarterly variability, overall cost discipline remained strong. We continued to invest selectively in digital growth and AI capabilities across all Astro's pillars of business, with Astro AWANI winning Best AI Use in the Newsroom at the 2025 Digital Media Asia Awards for the second consecutive year.

As legacy costs are progressively reduced, we are reinvesting the savings to increase the value that our services offer, to support content innovation, and to drive digital capabilities. While we continue to incur dual costs during the transition from a traditional entertainment business to streaming, we remain confident that legacy costs will taper over time, supporting margin resilience and sustainable cash generation.



### Sustainability, creativity and responsible growth

Sustainability is integral to Team Astro, shaping how we build Astro with a long-term perspective. We are therefore proud that our efforts have placed us among the Top 1% of media companies globally on the FTSE4Good Bursa Malaysia Index, with our latest ESG score at 4.1 out of 5.

We remain acutely aware of the influence we have through the stories we narrate. Our teams continue to use local content to address meaningful social issues, including domestic abuse and infertility, portrayed through productions such as *Aadhira* and *Mandul Bukan Pilihan*. These are not conventional topics, but they reflect our belief that entertainment should inform, connect, and spark important conversations.

We also take pride in initiatives that bring Malaysians together. The Inilah KITA, Sehati Bersama campaign, launched in conjunction with National Day and Malaysia Day, featured more than 50 curated programmes on the KITA Channel, the theme song *Bangkit Malaysia* by

Hael Husaini, and on-ground engagements that brought together over 12,000 Malaysians.

Developing local talent remains a priority. One of the strongest examples is *Big Stage Alpha*, our reality show which led to the formation of the band ALPHA. ALPHA has since released seven singles, achieved close to 21 million streams, and consistently ranked in the Top 10 of RIM's weekly charts.



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In Astro AWANI, we continue to uphold high editorial standards and responsible journalism. For the eighth consecutive year, Astro AWANI was recognised by Reuters as Malaysia's Most Trusted News brand, a responsibility we take seriously in an environment where trust is low and misinformation can spread rapidly.

Protecting our content and creators is equally important. Piracy is an existential and growing threat to the sustainability of our industry, bringing with it known cybersecurity risks for consumers and the country. Working with regulators and industry partners such as the Alliance for Creativity and Entertainment, we continue to take firm action, including civil enforcement and large scale takedowns of illegal streaming links and devices. During the year, Astro obtained RM936,000 in legal compensation and subscriptions from 21 civil cases. We removed over 1 million illegal links, including 1,667 Telegram groups with a combined 63.9 million subscribers, and took down close to 30,000 listings selling illegal streaming devices and apps across e-commerce platforms. The numbers are staggering and show the scale of the work needed, by regulators, operators and enforcement agencies, to safeguard the industry.



*Astro brings Malaysians together through inclusive, trusted, homegrown content that reflects the voices and stories of the nation*

**Progressing together**

Transformation is a deliberate, long-term endeavour, and progress may not always be linear, as reflected in a 9% moderation in Astro's FY26 revenue from continuing operations. We recognise these realities and the importance of maintaining business sustainability through disciplined cost management, which delivered a 6% reduction in costs. The environment ahead will remain volatile, and transformation will involve trade offs and difficult decisions. What gives me confidence is the discipline with which we are managing costs, the resilience of our business model, and the commitment of our people to execute through uncertainty.

As we navigate this transition, we remain closely connected to the people and communities we serve. Through continued investment in local stories, homegrown talent, trusted news, and the wider creative ecosystem, we aim to ensure that Malaysian voices move forward with us. Progress means little if it is not shared, and we remain committed to moving ahead together with Malaysians who shape and tell our nation's stories.

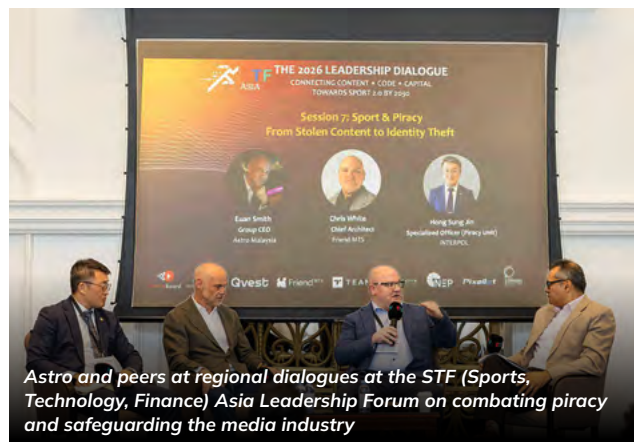
Astro remains one of a much reduced number of pure play entertainment companies globally that remain profitable. This is not by accident, but by deliberate choices to prioritise sustainability and aggressively drive the change agenda. We will continue to invest carefully, communicate transparently, and stay focused on long-term value creation.

In closing, on behalf of our Board and Management, I would like to thank all our shareholders for your continued trust and patience, our customers and partners for engaging and supporting us, and importantly, our people for their dedication during this demanding period of change. Together, we are building a stronger, more resilient, and future ready company, cementing Astro as Malaysia's **No. 1 Entertainment and Streaming Destination.**

**Progressing together. Every step, with Malaysians.**

**Euan Smith**

On behalf of Team Astro



*Astro and peers at regional dialogues at the STF (Sports, Technology, Finance) Asia Leadership Forum on combating piracy and safeguarding the media industry*

At Astro we know that long-term value is built not only through financial performance, but through responsible choices, strong governance, and positive impact. Our goal is to keep building an ever more sustainable Astro, for our stakeholders and for Malaysia.