

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to share Astro Malaysia Holdings Berhad's 2023 Integrated Annual Report in my first year as Astro Chairman.

Even with COVID-19 in the rear-view mirror, the respite seems short-lived as the world transitions into a more volatile future marked by geopolitical tensions and a potential global recession as a result of concerted monetary policy tightening to combat the threat of persistent inflation. Significantly, we are also shifting quickly towards a material reallocation of economic resources as a result of ESG priorities to contend with climate change and worker well-being.

Astro operates within a vibrant and highly competitive industry. Global streamers, who earlier disrupted incumbent Pay-TV operators, are themselves now facing disruption from new entrants and scrambling to hasten their path to profitability as interest rates and cost of funding rise, causing digital and tech market valuations to moderate.

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**Tunku Ali Redhaudin
Ibni Tuanku Muhriz**
Chairman





Championing local football by partnering the Malaysian Football League for Liga Malaysia coverage

Our Board and Management are cognisant that the dynamic interplay between macro and industry forces require thoughtful navigation and adaptability, coupled with agile decision-making and the ability to pivot with purpose. This drove Astro's earlier decision to embark on our transformation journey to revamp our traditional video, audio and advertising businesses to incorporate exciting digital solutions. These include the rollout of our Addressable Advertising service to provide digital-style targeting on TV, and the launch of our own Astro Fibre service to ride the demand for connectivity. As market awareness and understanding of Astro's new products grow, I am confident that their value proposition will appeal to both new and loyal customers. The market can look forward to more streaming apps integrated onto our Astro set-top boxes as we go full stream ahead to position ourselves as a one-stop media and entertainment hub offering customers both value and ease.

As Malaysia's largest content and entertainment company, Astro plays a crucial role in nation-building by leveraging our reach and creative capabilities to engage Malaysians, support our communities, and provide access to quality education for all. In FY23, we formalised our Group's 3-year ESG targets premised primarily upon the FTSE Russell ESG Ratings scoring model. We are also committed to achieve Carbon Neutrality by 2040 and are working on a Climate Roadmap to drive down overall greenhouse gas (GHG) emissions over time. I am pleased to inform that Astro was recognised by Sustainalytics as an ESG Regional Top Rated company for the second year running, ranking among the Top 10% of companies globally. Astro has also been a constituent of the FTSE4Good Bursa Malaysia Index since its 2013 inception.

Creating Sustainable Value for Stakeholders

As we focus on our transformation journey, a strong set of core operational strategies has enabled Astro to remain competitive and consistently deliver resilient results amid the challenging business landscape.

Going forward, we believe that we are positioned to meet both shareholders' needs and sustainability demands encompassing environmental, social and governance (ESG). As Malaysia's content powerhouse, we are a leading contributor to the local media ecosystem, having produced and commissioned 10,300 hours of content in FY23, worth RM308 million, up 12% year-on-year. We also partnered over 8,200 vendors, produced advertising content and solutions for over 1,700 corporations and engaged over 480 local suppliers via our Go Shop platform.

I am especially excited about our new partnership with the Malaysian Football League (MFL) that will see us providing high-quality, comprehensive coverage of Liga Malaysia to deepen fan engagement in what is arguably the nation's favourite sport.

Being a media company and having the ability to attract, reach and captivate Malaysians through the stories we tell and information we share, Astro's biggest contribution lies firmly within the social sphere. Our Group's direct contribution to Malaysia's GDP, including employment and taxes, is estimated at RM1.3 billion in FY23. The multiplier effect generated from indirect and induced spending is also significant. Astro and its foundation Yayasan Astro Kasih also support local communities to create sustainable social impact across the nation with long-term programmes based on our Group's five key ESG Pillars of Responsible Business, Caring for our Environment, Voice for Good, Education for All and Community Development.

Our reach and ability, however, is hampered by the prevalence of content piracy. Content piracy needs to be highlighted as a social and moral issue in the same vein as theft and robbery, with the amount 'stolen' from government coffers and content creators running into billions of Ringgit (and much more if the multiplier effect is accounted for). We welcome the long overdue amendment of the Copyright Act that came into effect in early 2022 and are hopeful that it is consistently and firmly enforced so as to be recognised as a law with teeth. On our part, Astro remains resolute in the fight against content piracy alongside our industry peers, content partners and the government.

We rewarded shareholders by paying out 3.0 sen per share in respect of FY23, representing 60% of our PATAMI. Our dividend payout is supported by our cash generative business that emphasises strong cost management in these uncertain times. Since our IPO in 2012,

Chairman's Statement

Astro has in total distributed RM5.0 billion in dividends. We will continue to reward shareholders while strategically reinvesting in our business to capture new growth opportunities as we transform.

Responsible Business

Astro strongly advocates good governance across all business activities and stakeholder dealings, with our Board as firm believers that strong corporate governance (CG) practices are fundamental to value creation, and Astro's long-term viability and sustainability. Our commitment is evident, with mandatory conflict declarations, annual anti-bribery training, annual ISO 27001 information security management system certification and supplier integrity pledges now part of business as usual.

To steer our Group forward, it is imperative that Board diversity is maintained – not just on gender, but also background, experience, skills, competencies and age to ensure that our Board is fit for purpose. We have exceeded the 30% threshold for women representatives on our Board. Diversity has been shown to be a material contributor to board effectiveness across all sectors by having a positive impact on decision-making, risk management and engagement with Astro's Senior Leadership Team.

I am happy to share that Astro was again recognised by the Minority Shareholders Watch Group (MSWG) with an Industry Excellence Award for CG Disclosure at the MSWG-ASEAN Corporate Governance Award 2021, the results of which were announced in November 2022. We are honoured to be ranked No.1 in the Telecommunications & Media category and No. 11 overall in the list of Top 100 Companies for CG Disclosure.

Education for All

Astro places strong emphasis on equal access to education for the next generation and supports their learning journey by providing quality educational content and boarding facilities to students in remote areas. Annually, 5 million students benefit from our education content through Astro Tutor TV, Xiao Tai Yang and Astro Ceria channels available for free 24/7 across Astro and NJOI. We invested a total of RM5 million in learning content in FY23, and cumulatively over RM131 million since 2012.

Meanwhile, the Kampus Astro programme provides 13 complimentary learning channels to children in 10,000 government schools as well as 76 pediatric and oncology wards in hospitals across Malaysia. These channels serve as additional teaching content for 400,000 schoolteachers nationwide.

Three hostel facilities have been set up for students residing in the deep interiors of Sabah and Sarawak, alongside five other hostels and a youth centre run in partnership with Starfish Foundation. These facilities save 212 students approximately 125,000 hours per annum in daily school commute. In FY23, we hosted our Walk for Education awareness campaign that successfully raised RM140,000 in support of these students boarding at Astro Hostels.

Community Development

Our community development programmes are focused on making a lasting impact on society. Designed to unearth the next generation of badminton stars and support grassroots development in local sports, our flagship Astro Kem Badminton programme returned in FY23 following a two-year hiatus. Over 1,500 promising young shuttlers participated nationwide, with 50 eventually shortlisted for a 5-day training camp helmed by ex-national players.



Supporting local communities for sustainable social impact via Yayasan Astro Kasih



Providing boarding facilities for students in remote areas via Astro Hostels initiative

In total, 18,000 children have graduated from the programme since 2012. We are proud that Astro Kem Badminton alumni make up 69% of our current Malaysian junior elite team while 12 players were promoted to the national senior squad.

In addition, AWANI partnered with Google to produce JIWA SME, a content segment aimed at helping SMEs navigate the competitive business environment using creative digital strategies. JIWA SME also engaged SMEs via seminars and workshops. On local productions, we continue to support and partner local film producers to premiere first run films directly to homes through our home cinema platform, Astro First. We also extended our collaboration with FINAS on the TV/OTT Programme Fund to aid local film companies in the production, distribution and marketing of their films.

In FY23, Astro employee volunteer programmes became a staple, thus creating more opportunities for Team Astro to participate in community efforts including providing emergency aid and manpower to communities and families affected by natural disasters.

Voice for Good

Our ability to reach the hearts and minds of Malaysians puts us in a unique position to act as an agent of positivity for Malaysia. Leveraging our multiplatform reach and our unique position as the largest content creator in the country, we aired over 8,000 hours of public service announcements ("PSA") across TV, radio and digital in FY23 to amplify community messages, and educate and raise awareness on national unity, climate change, youth empowerment and good governance – including combating corruption and piracy.

AWANI, our 24/7 news brand advocated youth participation in the democratic process by providing extensive coverage of GE15 and discussion on the reduction of the minimum

voting age while encouraging constructive conversations on policy-making among youths through AWANI's *Youth Xtion Movement*. Meanwhile, *Green Action Pillar* by AWANI continues to promote ESG conversations among Malaysian companies. In FY23, Astro joined UMW's Green Shoots initiative as their education partner to create and raise awareness on the importance of environmental sustainability through content aired across all platforms.

Looking Ahead

Despite structural changes affecting the Pay-TV industry and major shifts in consumer behaviour, the Board and I are excited about the future of Astro, with Management working hard to execute key strategies towards making us Malaysia's No.1 Entertainment and Streaming Destination. Investments will continue especially into the areas of local content, digital video, advertising and connectivity to further differentiate ourselves from our competitors to create sustainable long-term value to our stakeholders. With our ESG Roadmap now integrated as part of our strategic priorities, and sustainability targets in place, we will continue to champion our five key ESG Pillars to generate greater sustainable impact benefitting not just our business and talents, but also the wider community and environment.

Acknowledgements

On behalf of the Board members and Team Astro, I would like to take this opportunity to thank Henry Tan, who retired as Group CEO on 31 January 2023. Henry took charge in 2019, ably steering Astro through the initial phase of our transformation journey against the backdrop of COVID-19. We are delighted that he has agreed to continue in an advisory capacity, focusing on his passion for content to further elevate our local offering and strengthen our Astro Originals pipeline. Congratulations also to Euan Smith on his appointment as Group CEO. We are confident that he is the right person to helm Astro at this pivotal juncture, given his extensive experience undertaking similar successful transformations at global Pay-TV operators.

I would also like to extend my appreciation to Datuk Yvonne Chia, who will be stepping down after 9 years. We will surely miss her valuable counsel and insights, not forgetting the camaraderie she built among members of our Board and Management. My gratitude also goes out to my fellow Directors for their unwavering and continuing support and counsel. Lastly, I wish to thank the entire Team Astro, our customers, shareholders, partners, regulators and stakeholders for your continuing support and patronage.

Tunku Ali Redhaudin Ibni Tuanku Muhriz

On behalf of the Board of Directors