

GCEO's Statement

Dear Shareholders,

Astro is continuing the aggressive reset of our business, navigating an ambiguous and challenging operating environment. We are actively pivoting the company away from how Astro used to be perceived — linear channels, satellites, legacy operations — to being an on-demand, digital, streaming-first company with significantly reduced operating costs. It is a journey common to Pay-TV operators around the world. The value extracted from this major pivot will be returned to customers in the form of better pricing and products, keeping our audience engaged and happy with Astro's proposition. This reset will firmly position Astro as a lean, agile entity geared up to compete and thrive in the future, building on our reach of 5.3 million homes, 8,400 enterprises, 18.2 million weekly listeners on FM and online radio and the 15.6 million people that visit our digital brands every month.

Across Malaysia, broadband adoption, underpinned by the National Digital Infrastructure Plan (JENDELA), continues apace. We are witnessing the acceleration to a ubiquitous, streaming environment. This, along with macroeconomic headwinds, the sluggish consumer climate and ever-increasing threats from piracy, require us to accelerate our transformation, repositioning ourselves in the market and reassessing our strategy for FY25 and beyond. Our focus must be to create more value for customers, increasing our content strength and offer such that we can grow the customer base. To do so, it is imperative for us to drive down costs, reducing the entry price for products to match global players. This set of actions, already underway, will strengthen Pay-TV revenues, and with the additional growth of sooka customers alongside, fuel advertising (adex) growth over the longer run.

Euan Smith
Group Chief Executive Officer



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RimbaKita leverages our platform, voice and content to advocate for a greener planet and increase climate awareness among Malaysians

Laser focus on cost

Navigating the current operating environment demands further radical changes focusing on costs. We continue to aggressively shed costs on our legacy operations and steer our new, adjacent businesses to operate in a flexible, asset-light manner, enabling us to redirect the majority of available capital into local content and product innovation investments that we know excite our customers. Resource allocations continue to be strategically assessed to optimise outcomes and impact, with a laser focus on cost and margins, and this approach has informed two pivotal decisions taken in FY24, namely to implement a Voluntary Separation Scheme (VSS) exercise and to shutter the Go Shop commerce business.

The VSS, undertaken at a total cost of RM52 million with a sub-one-year payback period, yielded a reduction of around 20% of headcount, mainly across corporate services functions. Our end-FY24 headcount stands at under 2,900, down by well over a third in three years. Our digitalisation, simplification and automation efforts continue to support workforce savings. Elsewhere, the decision to cease Go Shop operations in October 2023 was taken as a result of the changing TV home shopping landscape globally and prolonged, irrational competition in e-commerce, as evidenced by the many regional loss-making players. The exit from this business was a necessary step to bring focus back to Astro's core content and media business, and more promising ventures.

Beyond these headlines, a raft of initiatives demonstrates our commitment to transform our legacy cost base and seek efficiency gains Group-wide. In FY24, we took an important step forward as a business by re-platforming the entirety of our core customer systems, spanning customer relationship management, billing, supply chain and data. This "once-in-a-generation" change required a very complex programme of work to refresh our legacy solutions, but we now enter FY25 with our new systems successfully embedded. The scale of this system change is extensive, realising a step change not just in our flexibility, but also in cost to serve. Alongside, we are streamlining and automating processes within content operations to seamlessly serve all platforms (TV, On Demand and OTT), prioritising automation-driven solutions. Mid-2024 will see us reduce transponder capacity when the M3a satellite is retired, made possible by advances in compression technology and our streaming acceleration.

As we work to remove legacy costs, we are concurrently investing to digitalise and grow our ancillary businesses, taking an asset-light approach wherever possible. As we are in this period of transition, both cost bases, legacy and new, are running concurrently, with legacy costs set to gradually taper off over time. We are always looking for ways to use automation, machine learning and AI to improve content, technology and product suites. As an example, increases in productivity have seen the IT headcount halve in three years despite the addition of our sooka, Fibre and Addressable Advertising services.

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Building high-quality revenue streams

Cost aside, work is progressing across our key revenue pillars. Our goal is to stabilise the Pay-TV revenue amid structural shifts, and concurrently, to build high-quality revenue streams from the adjacent businesses to deliver long-term sustainability. Our playbook is allied with our Pay-TV peers globally, some of whom started their journeys earlier and are now beginning to reap the rewards of their transformations.

The overhaul of our Pay-TV product has been focused on our customers' evolving needs and we now believe we have a compelling product and customer service to offer, as evidenced by another increase in Astro's customer satisfaction in FY24. Pay-TV MAT ARPU continues to grow, rising by RM1.50 to RM99.70, testament that our bundling strategy of both app aggregation and broadband is resonating with customers. Our flagship U-Boxes are the true hubs of the home, consolidating all content in one place, featuring almost 100,000 On Demand videos and integrating the best, most-watched 13 global video apps. We continue to roll out U-Boxes to current and new customers alike, as the data clearly shows that net promoter score and churn are significantly better for customer cohorts enjoying these U-Boxes and our latest packs. We closed FY24 at the 1 million installed mark for U-Boxes, a jump of 22% year-on-year.



Our U-Boxes are entertainment hubs of the home

As regards our customer base, the majority of new customers are aged 40 and below, reflecting our continued relevance with younger consumers despite the wide and often free choices available in the market. As mentioned earlier, mindful of the Malaysian macroeconomic situation and pessimistic consumer climate, we have created more compelling entry-level products and pricing to improve Astro's accessibility to a wider market segment. Our strategy for FY25 is to expand our more affordable *Rakyat*-friendly packages to lower the barrier to entry and drive take-up. In the last quarter, we have seen a healthy response to these new price options for both Astro and sooka.

Our adex proposition is founded heavily on local content. Most of Astro's adex revenue comes from our own shows which is a significant competitive advantage. Capitalising on our fully integrated platform, we are harnessing data points across Astro's product ecosystem to address advertisers' need to target discrete customer segments, helping them increase engagement and impact. Our ability to activate unified campaigns (across TV, streaming apps, radio, digital and on-ground) and to deploy Astro's deep roster of talent (from actors to sportscasters, radio DJs to streamers), puts us in a unique position to reach all Malaysians. Clients and media agencies who come to our on-ground and live events such as *Gegar Vaganza* and *Liga Malaysia* are regularly awed by the passion, energy and scale of the crowds and the intrinsic branding potential for their clients from these hugely popular shows.

Our new Addressable Advertising product, which enables digital-style targeting on TV and OTT, is poised to play a much bigger role in the impending cookieless world. While revenue from Addressable almost tripled in FY24 as a result of growth in the number and variety of clients, we believe Addressable can do much better once the advertising industry, agencies and clients adjust to the offering and familiarise themselves with the pioneering audience measurement tools we are launching. By the end of FY25, we will be able to report our unified audience reach across all platforms (including digital and outdoor), solidifying Astro Addressable as the place to drive brand relevance.

In tandem, we are expanding our enterprise, sooka and Fibre businesses. Encouragingly, the enterprise business grew 12% in FY24 on the back of a recovery in the food and beverage (F&B) and hospitality sectors. Greenfield acquisition in the category is arriving at a higher ARPU as we sharpen our segment focus. The new Astro BizOne packs launched in January 2024 feature a more granular pricing structure based on seating capacity and outlet type. I have personally seen success with this approach in other markets and we expect to grow penetration now that outlet owners are better able to right-size their Astro subscriptions to fit their businesses.

On sooka, we continue to see a positive trend, with monthly average users (MAU) growing by 23% to over 1 million in FY24 and the paying VIP base almost doubling, reflecting sooka's position as the only streaming app in Malaysia with a complete live sports offering. We have now expanded sooka's appeal with a kids and Korean content library, and some of our Chinese assets are now following suit. To drive sooka engagement, 15 Free Ad-Supported TV (FAST) channels were launched in FY24, five of which were also activated on our prepaid TV, NJOI. The recently introduced sooka daily pass is proving to be popular with users. As mentioned earlier, pricing for all VIP sooka plans has also been revised down

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to encourage sampling, product take-up and repeat buys. With FY25 a crucial year for sooka to scale, we are rolling out multiple partnerships with telcos and e-commerce players, all designed to accelerate sooka awareness and distribution.

Broadband subscribers continued to grow strongly in FY24 at 21%, a commendable rate given the highly competitive and maturing market. This encouraging trajectory is driven by overall customer satisfaction with our Astro Fibre service quality and steady word-of-mouth referrals. Having successfully negotiated better wholesale rates based on the latest Reference Access Offer (RAO) prices, we are already passing these savings on to customers in our pricing offers, with bundled broadband of 100Mbps for RM60 and 500Mbps for RM90 being the best-in-market.

Content as a core competitive advantage

We are relevant only if our content resonates strongly with Malaysians from all walks of life. Thankfully it does. In FY24, 77% of viewing on Astro was on local and vernacular shows, an increase of 2 percentage points, underlining the importance of local content as a key pillar of our offering. Our strategy is to produce year-round local signatures, including new formats and content verticals that generate engagement well beyond TV, to be the Home of Sports (both nationally and internationally), and to simultaneously aggregate the best regional and international content to complement our local expertise.

In FY24, we produced over 10,200 hours of content spanning live signatures, Astro Originals, dramas, local sports, news and kids. The ability to consistently churn out hit shows at scale stems from our creative capabilities and a deep collaborative symbiosis with the Malaysian media ecosystem. The team is continuously scouting for new formats and new ideas, and their thirst to delight audiences enables us to produce differentiated shows at optimised timelines and cost, quickly pivoting as circumstances demand to create relevant, on-point output.

I am proud to report that FY24 was a year of Number Ones for Astro. *Project: High Council* became the No. 1 On Demand show of all time, beating the likes of Hollywood titles such as *Game of Thrones*. In its 10th season, *All Stars Gegar Vaganza (GV10)* recorded over 8 million TV viewers to retain its spot as the No. 1 show in Malaysia. The finals of *GV10* attracted an 8,000-strong audience to Axiata Arena and grossed RM1.2 million in ticket sales. *Andai Itu Takdirnya* garnered 7 million TV viewers and emerged as the No. 1 TV drama in the country. *Polis Evo 3* and *Malbatt: Misi Bakara* solidified Astro Shaw's position as the No. 1 film producer in Malaysia. Overall, our movies grossed RM103 million in FY24, marking our best showing ever and capturing an incredible 70% share of local box office revenue. *Polis Evo 3* also beat

Hollywood blockbusters *Fast X* and *Mission: Impossible* to take the crown as the No. 1 movie at the Malaysian box office. As you would expect, we have an equally strong pipeline of movies lined up for FY25, with notable titles including *The Experts*, *Project: Kahar*, *Malam Terlarang* and *Sheriff*.



We are proud to have brought Liga Malaysia back to the TV screen after a hiatus of nine years in partnership with the Malaysian Football League (MFL). Flexibility in our offerings, from monthly subscriptions to match passes, has been pivotal to Liga Malaysia's take-up across Astro, sooka and NJOI. We are proud that 8.6 million viewers watched our coverage of Liga Malaysia's first season back on the Astro platform, driven by our innovative content, including pre- and post-match interviews, sports news, behind-the-scenes intrigue, and even digital-first content integrating Premier League greats into the fun. As a result of our investment, Liga Malaysia is seeing increased engagement and match attendance at stadiums. For the next season, we will do even more, including our first dip into gaming. Of course, we also continue to bring exclusively all 380 Premier League matches live to Malaysian fans, alongside extensive coverage of the biggest global badminton, golf, tennis and other sporting events.



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Similarly, we are seeing good progress on the Sepak Takraw League (STL), now in its 10th edition, and Netball Super League (NSL), launched in 2021, both in collaboration with national sporting associations. The growth in terms of viewers and on-ground attendance for these leagues reflects our continued efforts to provide a showcase and competitive platform for grassroots players, contributing towards Malaysia's national sporting success.

Alongside, Astro's production team continues to advance our capabilities in post-production, design and animation. We are now going beyond media to serve other industries such as gaming, building on our FY24 acquisition of Basecamp Films, the award-winning visual post-production studio. Astro can now boast Dolby Vision, Dolby Atmos and THX standards — a game changer for us and a signal of our high-quality ambitions. Current clients include Shanghai-based Moonton Games, whom we support via an entire suite of design and 3D motion services for its various Mobile Legend eSports tournaments across the region. Now rebranded as Astro Studios, the team is very excited about developing and selling our capabilities well beyond Malaysia's borders.

ESG as BAU

Astro is committed to bring about sustainable, positive change in all our communities and the environment by integrating an ESG mindset into every aspect of our value chain. Multiple sustainability initiatives took root in FY24 as part of the strategies that we designed under five key ESG Pillars. We have started executing the Climate Roadmap that will guide us on our Carbon Neutral 2040 journey. We have also launched RimbaKita, our Environmental advocacy initiative that leverages our platform, voice and content to advocate for a greener planet and increase climate awareness among Malaysians. Our Chairman, Tunku Ali, discusses these at length in his statement on pages 7 to 9.

We were also pleased to be admitted into the UNGCMYB, a voluntary initiative based on CEO commitments to implement universal sustainable principles in businesses. Our next reporting checkpoint will come due in mid-2024 when we will be showing further progress on the journey.

On the social side, our flagship Astro Kem Badminton (AKB) programme, which identifies and nurtures badminton prodigies, resumes in 2024 with our long-standing partner, the Badminton Association of Malaysia (BAM). It is incredible to think that close to 20,000 children have been trained under the AKB since its inception in 2012, and that 40 AKB alumni are now proudly representing Malaysia as part of our national badminton squad. Under our Voice for Good initiative (VFG), FY24 saw us deliver 7,700 hours of public service announcements (PSAs) and over 2,000 hours of ESG-related content to amplify vital environmental and community messages. These impactful messages resonated across TV, digital platforms and radio, reinforcing our commitment to community well-being. AWANI, Malaysia's No. 1 news brand on TV and digital, was named as the nation's most trusted news brand for the sixth consecutive year by the Reuters Institute. AWANI plays a vital role in our country's social fabric by ensuring that free, unbiased, timely and accurate news is available to all, around the clock.

Underpinning our desire to meet the evolving needs of customers and stakeholders is a dynamic, young Team Astro that is diverse and inclusive, mirroring our nation's demographics. Our commitment to strategic hiring of the best talent at all levels is complemented by extensive efforts to reskill and upskill our workforce to sharpen, in particular, our digital and data competencies. It is always a joy for me to see how many of our team throw themselves willingly into our ESG curriculum, bringing Astro's values to every community where we operate.



Honing the skills and talents of young shuttlers in search of the next badminton superstar

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Discover Amazing

To conclude, I should emphasise that Astro remains resilient as we push forward on our transformation. Our financial results, as covered in the Group Financial Review on pages 139 to 141, reflect the industry upheavals and the concerted efforts on our part to adapt, innovate and pivot. Having refreshed our content, product and service offerings, we look forward to making sure individuals, households and businesses reacquaint themselves with Astro. FY25 will be a year of investment to build the customer base, both for Pay-TV and sooka. Our marketing efforts will champion Discover Amazing to both customers and prospects, promising the fulfilment of their entertainment, connectivity, advertising and business needs, simply and affordably.

Alongside, we will continue our critical role of protecting the entire content creation industry from the scourge of piracy. While there were a record number of cases tried in court and many penalties meted out in 2023 under the now-amended Copyright Act, much work still needs to be done. Team Astro will continue to invest time and money, working with technology providers, regulators and enforcement agencies to raise awareness and press for the eradication of illegal practices. The industry we love and many thousands of Malaysian livelihoods are at stake and we are committed to doing all we can to eliminate copyright theft.

Last but not least, I would again like to extend my sincere appreciation to all of our stakeholders, our loyal customers, shareholders, regulators, business partners, vendors and our incredible community. Your trust, confidence and belief have been instrumental in shaping our ongoing mission to be Malaysia's No. 1 Entertainment and Streaming Destination. In Team Astro, I can assure you that you have a passionate, curious and dedicated team whose innovation and thirst to do more inspires and motivates me every day. We look forward to your ongoing support on this exciting and colourful journey as we transform Astro and Discover Amazing possibilities ahead.

Euan Smith

On behalf of Team Astro