

Annexure V

Management’s Discussion and Analysis 2024

Management’s Discussion and Analysis is designed to provide you with a narrative explanation through the eyes of our leadership on how we performed including information about our financial condition and prospects. As the Management’s Discussion and Analysis is intended to supplement and complement our financial statements, we recommend that you read this in conjunction with our financial statements for the year ended 31 December 2024.

The Financial and Economic Scenario of Bangladesh and the Globe

We are operating in a dynamic and rapidly evolving environment, marked by significant shifts in both the political and business landscapes. The second half of 2024 presented an unexpectedly challenging business climate characterised by severe political unrest, network shutdowns and unprecedented natural disasters. This period of uncertainty culminated in the formation of an interim government on 08 August 2024, with the youth a pivotal advisory role in shaping national priorities and policies. As part of immediate action, the Interim Govt. established of reform commissions focused on the constitution, electoral system, judiciary, and police etc. The economic slowdown is deep and persistent, with the 2024 GDP outlook revised further down towards 4.1%. Food inflation peaked at 14% in July, driving overall inflation and interest rates above 10%. This triple effect has significantly impacted consumer wallets, resulting in lower consumption and more savings. Several sectors, including telecom, have seen a significant revenue decline, and there are still no signs of recovery. Increased remittance inflows were encouraging and helped maintaining foreign currency reserves above the USD 20 billion mark. Nevertheless, dollar shortages have continued, straining foreign payments despite Central Bank efforts. Tight fiscal policies aim at rebalancing the economy and drive reforms, but challenges remain. The IMF recently projected global GDP growth at 2.7% and Bangladesh's at a subdued 5.4% for 2025, with recovery hinging on political and economic stability. Bangladesh is sovereign debt was recently downgraded to B2 with a negative outlook by Moody's, putting pressure on financing costs.

As a key enabler of Bangladesh's digital future, the telecom sector faces growing expectations to meet customers' evolving needs. While the economic slowdown presents challenges, it also opens opportunities to innovate, adapt, and lead in creating greater value for both customers and the nation. The interim government's emphasis on digitisation provides a good foundation for a sustainable growth and longer term transformation if Bangladesh stays on the reform course. There is further potential if the government adopts a more investor-friendly financial and fiscal policy supporting a true digital revolution.

*Source: BB, IMF, WB 2024 reported

Overall Operating Performance in 2024

Grameenphone reported total revenue of BDT 158.4 billion for the full year 2024 (2023: BDT 158.7 billion), a decline of 0.2% compared to last year. The year started well in 1H24 with positive momentum and a growth of 5.4% compared to last year. In the second half of the year, however, initially revenue performance was severely impacted by the political unrest and internet blackouts, and subsequently by socio-economic challenges, and rising inflation. In addition, the country suffered from unprecedented floods in several areas, increased supplementary duty, and other macro challenges. As a consequence, operating profit was impacted in the second half of the year. In the first half, operating profit was growing at 3.2% compared to last year, while the second half macro situation brought down the business performance, resulting in 8.2% decline in operating profit for the year 2024.

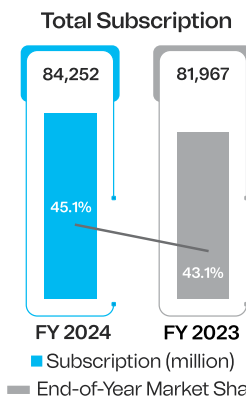
The drop in operating profit resulted from a combination of 0.2% revenue decline and an operating expense growth of 5.3%. The growth in operating expenses mainly resulted from higher depreciation and amortisation, increased energy price & consumption, network maintenance, IT security modernisation and sales & marketing costs. Grameenphone's continued efforts towards operational efficiency limited the growth of operating expenses to 5.3% despite cost pressure from the country's double-digit inflation and currency devaluation.

Reported Net profit after tax (NPAT) for the year 2024 grew by 9.8% to BDT 36.3 billion and a margin of 22.9% (2023: BDT 33.1 billion). Excluding one-offs, NPAT declined by 5.5%. Grameenphone added 2.3 million subscribers and 1.4 million internet users in 2024 with continuous customer-centric offers. At the end of 2024, Grameenphone's total subscriber base reached 84.3 million, a 2.8% growth from last year.

According to BTRC published information, Grameenphone's subscription market share stood at 45.1% at the year-end, up 2.0pp from last year.

At the end of 2024, total number of internet users stood at 48 million, representing 57% of the total subscriber base. Out of these internet users, 4G internet users stood at 42 million, up 11.7% compared to last year.

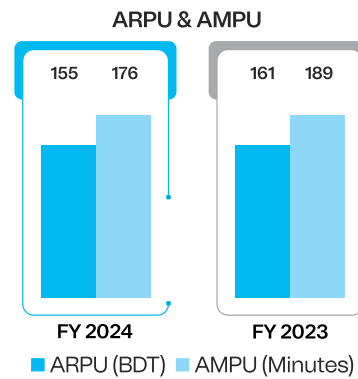
Despite the challenging macro situation during the year 2024, to facilitate future demand for data services and experience, Grameenphone deployed 60 MHz of spectrum at more than 3,600 sites across the country. With this spectrum deployment, Grameenphone is well positioned to meet customers' expectations for better data experience and quality services in 2025. The main pain point remains the inferior indoor coverage due to limited low-band spectrum.



* Market share based on BTRC published information

Customers and Average Revenue/Minutes per User (ARPU & AMPU)

ARPU of Grameenphone declined to BDT 155 in 2024 from BDT 161 in 2023, mainly as a result of the challenging market conditions in the second half of the year. The ARPU decrease was mainly driven by lower contribution from data & bundle services, partly offset by higher contribution from voice segment. Reported AMPU 176 minutes for the year 2024 (2023: 189 minutes) with a decrease of 7.0%, mainly attributed to voice call shifting towards OTT platforms and cautious spending of consumers amidst rising inflation.



Revenue Performance

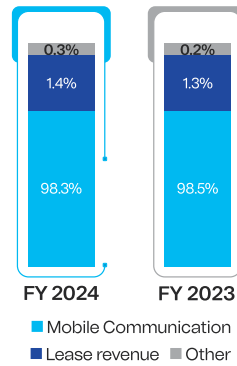
Grameenphone reported total revenue BDT 158.4 billion for the year 2024 (2023: BDT 158.7 billion), with 0.2% Year-on-Year de-growth. The decrease in total revenue was mainly caused by lower revenue during the second half of the year, which was driven by lower data and bundle services revenue, partly offset by higher voice revenue.

In the first half of the year, Grameenphone outgrew competition thanks to new customer-centric offerings and excellent execution. In this period, Data revenue grew by 11% while Voice also maintained positive growth. During the internet blackout periods, Grameenphone launched attractive voice & SMS packs to facilitate the increased demand of the customers. As a result, voice revenue grew by 4.2% and SMS revenue grew by 6.4% compared to last year. Voice revenue contribution in mobile communication revenue increased to 54.2% compared to 51.9% in previous year. The growth in voice revenue mainly came from price rationalisation and subscriber addition, partly offset by lower usage.

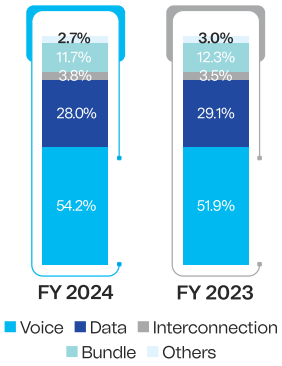
For the year 2024, revenue from data only services decreased by 3.8% and bundle service revenue decreased by 4.8%.

Interconnection revenue declined 15% in 2024 mainly due to lower revenue from application to person (A2P) messaging service.

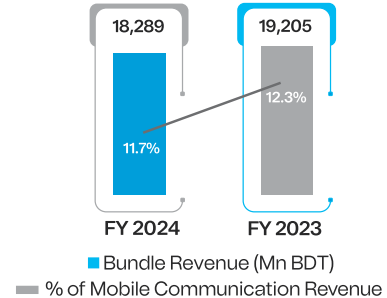
Revenue Composition



Mobile Communication Revenue Composition



Bundle Revenue Contribution

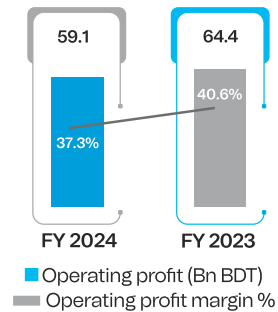


Cost and Margin Review

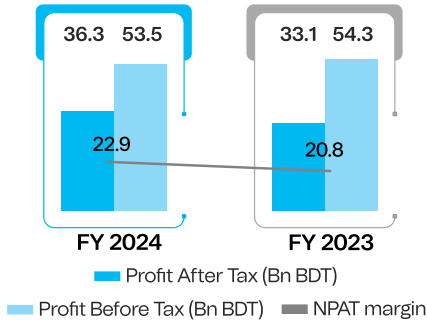
Grameenphone's total operating expense in 2024 stood at BDT 99.3 billion (2023: BDT 94.3 billion), a 5.3% increase compared to the previous year. The growth in operating expenses mainly resulted from higher depreciation and amortisation, increased energy price & consumption, network maintenance, IT transformation and sales & marketing costs. Higher depreciation resulted from new leased sites and capex addition during the year. Higher energy cost came from energy price hike and increased energy consumption mainly due to the network expansion. The growth in operation and maintenance cost and sales & marketing cost resulted from IT security modernisation and higher subscriber acquisition cost respectively.

Compared with last year, total revenue decreased by BDT 0.3 billion and operating expenses increased by BDT 5.0 billion, which resulted in BDT 5.3 billion decrease in operating profit with an operating profit margin of 37.3% (2023: 40.6%).

Operating Profit & Operating Profit Margin



Profit After Tax & Profit Before Tax

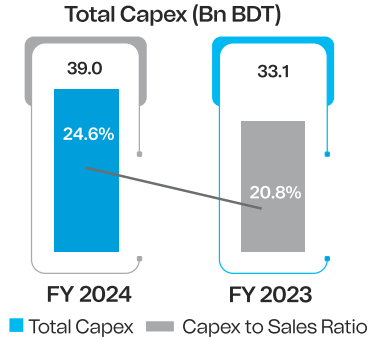


Profit after Tax

Net profit after tax for the year 2024 was BDT 36.3 billion (2023: 33.1 billion) with a margin of 22.9%, which was 2.1pp higher compared to the previous year. Excluding one-offs, NPAT declined by 5.5% or BDT 1.9 billion. The normalisation is shown in appendix. The earnings per share (EPS) for the year 2024 stood at BDT 26.89 as compared to BDT 24.49 for the year 2023, a year-on-year increase of 9.8%.

Capital Expenditure (Capex) and Network Updates

In 2024, Grameenphone reported BDT 39.0 billion as capital expenditure (2023: BDT 33.1 billion) with a 'total capex to sales' ratio of 24.6% (2023: 20.8%). Majority of the investment in 2024 was related to spectrum deployment, 4G site rollout, capacity expansion, and coverage expansion to ensure better voice and data experience for our valuable customers. In 2024, Grameenphone rolled out 1,700-plus new 4G sites, bringing the total number of 4G sites to more than 22,900, covering 97.9% of the population under the 4G network. With 1,600-plus new coverage sites in 2024, Grameenphone's total site locations reached more than 23,000 covering 99.6% of the total population.



Comparative analysis of Financial Performance, Financial Position, and Cash Flows

Major areas of financial performance, financial position as well as cash flows [including effects of inflation (Table – 2)] against the immediately preceding five years are as follows:

Table – 1:

Reported numbers	2024	2023	2022	2021	2020	2019
Financial Performance (in million BDT)						
Revenue	158,447	158,716	150,403	143,066	139,606	143,656
Operating Profit	59,129	64,429	63,598	63,336	63,440	66,652
Profit Before Tax	53,543	54,324	51,990	60,821	62,801	63,899
Net Profit After Tax	36,309	33,075	30,092	34,129	37,187	34,517
Financial Position (in million BDT)						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' Equity	64,742	66,690	46,211	49,879	52,108	38,347
Total Assets	198,853	200,420	185,087	163,007	148,184	148,734
Total Liabilities	134,111	133,731	138,877	113,128	96,077	110,387
Current Assets	15,610	25,304	12,094	9,868	9,931	20,999
Current Liabilities	84,315	92,198	92,933	85,236	76,656	90,426
Non-current Assets	183,243	175,116	172,994	153,139	138,253	127,735
Non-current Liabilities	49,796	41,533	45,994	27,892	19,420	19,961
Cash Flows (in million BDT)						
Net Cash generated from Operating Activities	61,991	60,601	63,813	57,814	33,572	57,393
Net Cash used in Investing Activities	(20,262)	(23,597)	(21,571)	(18,786)	(11,217)	(14,263)
Net Cash used in Financing Activities	(51,430)	(23,805)	(41,983)	(38,878)	(33,517)	(35,308)

Reported numbers	2024	2023	2022	2021	2020	2019
Financial Ratios						
Current Asset to Current Liability	0.19	0.27	0.13	0.12	0.13	0.23
Debt to Equity	1.02	0.80	1.23	0.75	0.42	0.62
Operating Profit Margin	37%	41%	42%	44%	45%	46%
Net Profit Margin	23%	21%	20%	24%	27%	24%
Return on Equity	55%	59%	63%	67%	82%	92%
Return on Total Assets	18%	17%	17%	22%	25%	24%
Ordinary Shares Information						
Ordinary Shares Outstanding (in million)	1,350	1,350	1,350	1,350	1,350	1,350
Face Value per Share (BDT)	10	10	10	10	10	10
Cash Dividend on Paid-up Capital ¹	330%	125%	125%	250%	275%	130%
Dividend Pay out ¹	122.73%	51.03%	98.72%	99%	100%	51%
NAV per Share (BDT) ²	47.95	49.39	34.22	36.94	38.59	28.40
Net Operating Cash Flow per Share (BDT) ³	45.91	44.88	47.26	42.82	24.86	42.50
Earnings Per Share (BDT) ³	26.89	24.49	22.29	25.28	27.54	25.56

*Gain/loss on disposal of property, plant and equipment has been included in operating profit.

¹Including proposed dividend

²Based on BDT 10 equivalent ordinary share outstanding on 31 December

³Based on weighted average number of shares of BDT 10 each

Table – 2 :

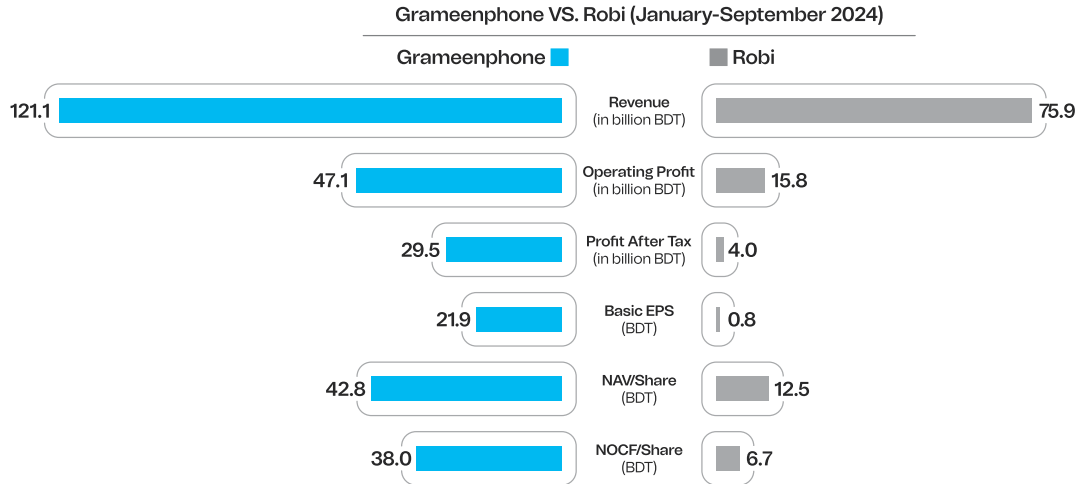
Inflation Adjusted numbers	2024	2023	2022	2021	2020	2022
Financial Performance (in million BDT)						
Revenue	109,182	120,675	125,196	128,258	132,090	143,656
Operating Profit	40,744	48,987	52,939	56,780	60,024	66,652
Profit Before Tax	36,895	41,304	43,277	54,526	59,420	63,899
Net Profit After Tax	25,019	25,148	25,048	30,597	35,185	34,517
Financial Position (in million BDT)						
Paid-up Capital	13,503	13,503	13,503	13,503	13,503	13,503
Shareholders' Equity	44,612	50,706	38,466	44,716	49,302	38,347
Total Assets	137,024	152,384	154,067	146,135	140,207	148,734
Total Liabilities	92,412	101,679	115,601	101,419	90,904	110,387
Current Assets	10,756	19,240	10,067	8,846	9,396	20,999
Current Liabilities	58,099	70,100	77,357	76,414	72,529	90,426
Non-current Assets	126,268	133,145	144,000	137,289	130,810	127,735
Non-current Liabilities	34,313	31,578	38,244	25,005	18,375	19,961
Cash Flows (in million BDT)						
Net Cash generated from Operating Activities	42,716	46,076	53,118	51,830	31,765	57,393
Net Cash used in Investing Activities	(13,962)	(17,941)	(17,956)	(16,841)	(10,613)	(14,263)
Net Cash used in Financing Activities	(35,439)	(18,099)	(34,947)	(34,854)	(31,713)	(35,308)
Inflation Rate	10.34%	9.48%	7.70%	5.54%	5.69%	5.48%

*Inflation Rate Source: Bangladesh Bureau of Statistics

*Since inflation rates are only available for fiscal years, they have been applied for the financial years

Comparison of Financial Performance, Financial Position, and Cash Flow with the peer industry scenario Peer companies of Grameenphone in telecommunication industry in Bangladesh include Robi Axiata Limited (Robi), Banglalink Digital Communications Limited and Teletalk Bangladesh Limited (Teletalk). Among these three companies, Robi Axiata Limited (Robi) has been enlisted with Dhaka Stock Exchange and Chittagong Stock Exchange on 24 December 2020 and thus allows for a financial comparative benchmarking.

Following is the comparative peer review with Robi Axiata PLC. based on its latest available 3rd Quarter/9 Months Un-audited Consolidated Financial Statements.



Accounting Policies and Estimation for Preparation of Financial Statements

The Financial Statements of Grameenphone have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 2020, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. Details of the accounting policies and estimation used for preparation of the Financial Statements of the Company are disclosed in the notes 2 & 3 of the financial statements.

Changes in Accounting Policies and Estimation

The accounting policies applied are consistent with those applied in the previous financial year.

Risks and Concerns Related to the Financial Statements

Grameenphone has a structured process to identify Financial Statement risks and implement mitigating controls to ensure the Financial Statement gives a true and fair view of the events and transactions during the period.

The Company has an integrated process to review the risks arising from transactions, processes, and people, as well as from the external and regulatory environment. Every year, Financial Statements risks are reviewed, involving control and process owners, to identify risks effectively so that Financial Statements assertions are met. Grameenphone follows a risk-based approach where both standard and local risks are addressed. Standard Risks are risks common to all Telenor Business Units and Local Risks are Grameenphone specific risks that arise due to local business processes, people and the regulatory environment we operate in. Each risk is evaluated through a probability and impact matrix and categorised into a four-point rating scale (Very High, High, Medium and Low).

Adequate controls are designed for processes to mitigate the identified risks to an acceptable level. A "Risk Assessment" is conducted annually to amend control description and strengthen the control mechanism to ensure an effective and efficient risk management framework. The risk mitigation status is monitored through two control-testing methods i.e., self-assessment and direct testing, twice a year (Interim and Year-end). Details of the ICFR activity are presented in the Internal Control over Financial Reporting (ICFR) section of the Annual Report on page 26.

Future Plan of Grameenphone 2025

Our transformative strategy focuses on maximising investments to drive revenue growth, EBITDA expansion, and sustainable cash flow. We aim to meet evolving customer needs by investing in cutting-edge technology, empowering people, modernising Network & IT, fostering partnerships, and building future-ready employees with strong leadership. Grameenphone remains committed to delivering exceptional customer experiences, driving innovation, and supporting Bangladesh's journey toward a digitally connected society. For over two decades, we have connected people and will continue to do so, aligning with the government's vision for a digital future.

Our strategy is broken down into the following four key Value Drivers

- Growth:** Growth being the centre of our strategy value drivers, our primary focus is to maintain voice and grow our data business faster by embracing new products, services, digitisation, innovation and continue exploring core and beyond core products and services for our customers. We will encourage a culture of continuous learning and experimentation to develop and provide new technologies and solutions to meet the evolving needs of businesses and consumers. We aim to grow with our customers and with our value-driven ecosystem partners.

2. **AI First:** We believe the future of the telecom industry will be shaped by how effectively we integrate Artificial Intelligence (AI) into our core operations and value system. As we embark on our AI-first journey, we are committed to unlocking the vast potential AI offers for transforming our business and driving growth, efficiency, and experience.
3. **Innovation:** The telecommunications industry is evolving into a tech-centric space, driven by customers' increasing digital lifestyles. This shift presents opportunities to introduce innovative products and services, often through strategic partnerships. In 2024 we have launched new products like FWA, IoT, Appcity and will continue to introduce more products and services to meet the needs of our digital-savvy customer base in the coming days.
4. **Customer Experience:** We aim to achieve #1 position in customer service according to brand equity study, continue to be #1 in data experience according to open signal, maintain #1 position (among telcos) with 4.5* rating in both play store and app store for digital platforms. We will focus on providing simplest product/service experience to our customers while improving physical and digital interactions to seamlessly work together. Our ambition is also to deliver a superior network experience by ensuring consistent connectivity for both voice and data, while providing very good streaming and gaming experiences. We will continue our network modernisation and expansion, advanced data analytics layer to develop automated and self-automated network infrastructure with an ambition to cover to deliver best data network coverage and experience. We target to ensure seamless network experience for our valued customers through a customised solution portfolio, AI integration for greater efficiency and customer experience.

To build a strong foundation for driving sustaining growth, we are emphasising on our people development, leadership excellence, IT transformation to deliver new capability and data governance, ensuring effective regulatory management, sustainability, deliver on ESG ambitions, and addressing dispute resolution through strong Business Environment Management programme.

Our focus remains on becoming future-ready, delivering strong customer experiences, driving Bangladesh's progress while achieving financial KPIs to meet the expectations of shareholders, stakeholders, and customers. Despite a fragmented value chain, regulatory challenges, and economic slowdown, we remain proactive in addressing issues and executing our strategy to enhance our customers' quality of life.



Yasir Azman
Chief Executive Officer (CEO)

03 February 2025