

CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me great pleasure to present Malakoff Corporation Berhad (Malakoff or the Group)'s Integrated Annual Report 2023.

Recent global shifts have underscored the undeniable interconnectedness of our world, with geopolitical tensions and economic disruptions creating ripple effects worldwide. In 2023, the Malaysian economy reported a normalised 3.7% GDP growth, from the 8.7% reported in the previous year, mainly due to weak external demand.

Nevertheless, 2023 proved to be a challenging year for the power generation industry following the sharp decline in global coal prices from the highs in 2022. The weakened coal prices negatively impacted Malakoff due to negative fuel margins. We also faced escalating business costs and heightened competition in the renewable energy (RE) sector.

For the year ended 31 December 2023, Malakoff recorded a revenue of RM9,067.0 million, a 12.4% year-on-year decrease from RM10,355.2 million in 2022, and a Loss After Tax and Minority Interests (LATMI) of RM837.2 million from RM302.2 million of PATMI in 2022.

Nevertheless, given our firm commitment to shareholder value creation, the Board approved an interim dividend of 1.50 sen per ordinary share, during the second quarter results announcement in respect of the financial year ended 31 December 2023 (FY2023). This translates into approximately RM73.3 million and was subsequently paid in October 2023, reflecting our dedication to deliver value despite the challenges we faced. In addition, the Board approved a final dividend in respect of FY2023 of 1.50 sen per ordinary share, which will be paid in May 2024.



Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali

Chairman



Revenue
RM9,067.0 million

EBITDA
RM664.1 million

Dividend Per Share
3.00 sen

Leading Malaysia's New Energy Future

Amidst rapid changes in the business environment, the energy crisis and increasing climate-related events have heightened the urgency to transition towards clean energy and sustainability.

Through the Malakoff 2.0 Strategic Transformation, we realigned our portfolio and established three new business pillars - Malakoff Green Solutions, Malakoff Environmental Solutions and Malakoff Energy - with sustainability at its core. This proved to be a defining moment for Malakoff as it represented a significant shift in expanding our Green Solutions and Environmental Solutions businesses while maintaining a balanced approach to drive growth in Malakoff Energy. To position ourselves ahead of the curve, we focused on operational excellence, harnessing our asset base and competencies of our workforce to achieve our Net Zero goals by 2050.

Growing our renewable and environmental solutions portfolio remained at the core of our strategy in 2023. We focused on building the RE segment, successfully secured an RM975 million to partly finance Rising Promenade (RP) Hydro's Sungai Galas Project via the ASEAN Green SRI Sukuk Wakalah Issuance, and explored energy export potential to neighbouring countries to expand our market reach. We entered into several landmark partnerships, whereby our

total RE generating capacity stood at 153 MW at the end of 2023. We also partnered with the Abu Dhabi Future Energy Company PJSC-Masdar (Masdar) - a clean energy pioneer and powerhouse to explore more RE projects. In strengthening our position as an environmental solutions player, we successfully entered into a conditional Share Sales and Purchase Agreement (SSPA) in October with Metacorp Berhad through our subsidiary, Tuah Utama Sdn Bhd, in relation to the proposed acquisition of 49% equity interest in E-Idaman Sdn Bhd where we will be expanding our waste management services in the northern part of Peninsular Malaysia. The launch of the Recovery Initiative Sustainable Eco-Facility Kuala Lumpur (RISE@KL), aligned with the Government's vision to increase the National recycling rate to 40% by 2050.

As a testament to our proactive approach to fostering environmental responsibility and sustainability, Malakoff emerged as the sole non-government-linked company that was identified under the National Energy Transition Roadmap (NETR) to champion a co-firing of biomass initiative. While we have completed the trial phase, our aim is to achieve up to 15% of biomass capacity by 2027. Concurrently, we will also focus on diversifying into Waste-to-Energy under our Environmental Solutions business pillar, creating synergy between our waste portfolio and power business.

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Sustainability

Aligned with our new positioning, we are focused on becoming a sustainably conscious organisation, committed to work towards a world of clean energy, environmental conservation and thriving communities. We have set ambitious sustainability goals, including a 30% reduction in greenhouse gas (GHG) emissions intensity by 2031 and to increase revenue contribution from RE and environmental solutions to at least 50% over the next decade, all of which are aligned towards Malaysia's environmental aspirations. Please refer to page 21 for the information on our sustainability goals.

In 2023, Phase 1 of our Sustainability Roadmap commenced with the establishment of our Sustainability Financing Framework and Management Sustainable Committee. Enhancing our thought leadership in the industry, our sustainability team contributed valuable insights to the community report 'Mobilising Investments for Clean Energy in Malaysia' during engagement sessions with the World Economic Forum and Khazanah Nasional Berhad. Currently in the hands of the Government, this report will not only shape future policy considerations but will also serve as a dynamic platform for learning and advancing investments in clean energy.

On the Environmental Solutions front, Alam Flora Sdn Bhd (Alam Flora) conducted 86 programmes through its 3R on Wheels platform, collecting 41,444.5 kg of recyclables. Simultaneously, 85 activities were held at Fasiliti Inovasi Kitar Semula (FIKS) which reached 1,878 visitors, enhancing awareness and education on proper waste management and recycling practices.

Through Alam Flora's subsidiary, Alam Flora Environmental Solutions (AFES), our kerbside recycling programme with Nestlé Malaysia continued to thrive. Additionally, impactful initiatives such as Waste Is Amazing 2023, Sustainability Hunt 2023, Cyber Eco Hunt 2023 and Karnival Saya Sayang Bumi 2023, led by Alam Flora and AFES, further reinforced our commitment to driving recycling awareness. Our strategic partnership with Agensi Nuklear Malaysia yielded a successful Proof of Concept for plastic waste recycling through radiation pyrolysis, culminating in our groundbreaking product, Radiolysis Assisted Pyrolysis (RAP) Oil.

These collective efforts, including exploring innovative ways to manage waste, significantly contribute to realising the Government's target of achieving a 40% recycling rate.

Alam Flora garnered notable recognition as it was honoured with the Company of the Year (Waste Management) for Excellence in Community Support Initiatives at the Sustainability & CSR Malaysia Awards 2023. It went on to win the Exceptional Achievement Award for Environmental Performance for its FIKS Project at the Prime Minister's Hibiscus Awards 2021/2022. Additionally, AFES's dedication to effective waste management solutions was further acknowledged as it received the Technological Advancement and Innovation Awards at the Waste Management Association Award 2023, as well as Renewable Energy in Off-Grid (Thermal) Merit Winner for Production of Biogas from food waste through Anaerobic Digester at the National Energy Awards 2023, spearheaded by the Ministry of Energy Transition and Water Transformation.



Corporate Governance

At Malakoff, corporate governance is a fundamental element in guiding our business and sustainability commitments. The dynamic macro-economic landscape and global market interdependencies have reinforced the need to practice strong ethics, transparency and accountability in executing our strategies. Therefore, robust corporate governance practices remain as a cornerstone in ensuring we operate sustainably and deliver consistent shareholder returns. We also remain committed to aligning our standards seamlessly with international best practices.

We are proud to announce that Malakoff has won Gold at the 2023 Integrity, Governance and Anti-Corruption Awards (AIGA 2023) for our outstanding adherence and commitment to governance and integrity policies within the organisation. This recognition from the Malaysian Institute of Integrity (MIM) underscores Malakoff's excellence in upholding governance standards and signifies our dedication to ethical business practices.

Outlook

In 2024, global GDP growth is expected to slow down to 2.4% due to mounting geopolitical tensions, slugging global trade and tightening of monetary policies in specific markets. In contrast, Malaysia's economy is projected to grow between 4% to 5% in 2024, driven by continued expansion in domestic demand and improved external demand.

While we are mindful of ongoing market volatility, we remain steadfast in realising our strategic transformation. The initiatives undertaken in 2023 have established significant growth options, focusing on operational excellence across our three new business pillars to achieve growth and sustainability goals. Our ongoing focus on amplifying RE growth is essential for fostering a resilient energy mix and ensuring energy security over the long-term. This sets a solid foundation to navigate challenges in 2024 and unlock as much value as we can from our core business to emerge stronger.

Acknowledgements

I would like to take this opportunity to extend my thanks and gratitude to my fellow Board members for your support, guidance and unwavering trust. It is with great appreciation that I commend the Management Team, led by our Managing Director & Group Chief Executive Officer (MD & GCEO) Anwar Syahrin Abdul Ajib for their consistent dedication, perseverance and leadership in steering us towards achieving our corporate and sustainability goals. Meanwhile, I warmly welcome Datuk Prakash Chandran Madhu Sudanan and Datuk Wira Roslan AB Rahman, as Independent Non-Executive Directors, who joined us on 1 March and 1 June, respectively.

We would also like to express our sincere appreciation for the Malaysian government for their support in building a supportive ecosystem. Additionally, gratitude is extended to governments and regulators in countries where we operate as your continuous efforts in establishing and driving robust regulatory environments for power and environmental management players have been crucial to our success. Recognition is also due to our business partners, vendors, investors and shareholders for your continued loyalty, having stood by us through this difficult year. To our dedicated employees, I am truly grateful for your passion, dedication and energy in helping us realise our Malakoff 2.0 Strategic Transformation.

While 2023 has been a challenging year on many fronts, it has demonstrated our collective ability to thrive in difficult times, while building our business for a stronger future. There is still a lot of work to be done and we remain committed to meeting our targets in 2024.

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali
Chairman