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MALAKOFF REGISTERS A LOSS IN Q2 FY2023 DESPITE A MARGINAL INCREASE IN REVENUE

Impacted by Higher Weighted Average Fuel Costs at TBP

KUALA LUMPUR, Malaysia – 28 August 2023: Malakoff Corporation Berhad (“Malakoff” or “the Group”) recorded a revenue of RM2,364.9 million in the quarter ended 30 June 2023 (“Q2 FY2023”), a slight increase of 2.0% from RM2,318.5 million reported in the corresponding quarter ended 30 June 2022 (“Q2 FY2022”). The incline was primarily due to higher energy payment and capacity income recorded from Tanjung Bin Energy Sdn Bhd (“TBE”) given the higher applicable coal price (“ACP”) and shorter duration of plant outage together with higher energy payment recorded from Segari Energy Ventures Sdn Bhd (“SEV”) given the increase in despatch factor.

Conversely, the Group posted a Loss after Tax and Minority Interests of RM318.7 million for Q2 FY2023 versus RM119.1 million of Profit after Tax and Minority Interests (“PATMI”) in the corresponding quarter. The significant decline in profit was mainly attributed to substantial negative fuel margin of RM556.2 million and RM14.9 million recorded at Tanjung Bin Power Sdn Bhd (“TBP”) and TBE coal plants respectively, impacted by the higher weighted average fuel costs, lower contribution from GB3 following the expiry of its Power Purchase Agreement (“PPA”), higher operating insurance costs and lower share of profit from associates and joint ventures.

Coal prices began retreating from their highs in 2022 due to supply redirection from the ongoing geopolitical risks in Russia-Ukraine. Additionally, the growing preference for Renewable Energy (“RE”) has also played a pivotal role in this shift, resulting in downward pressure on prices. The same trend has been reflected in the current ACP, resulting in higher fuel costs for the Group.

For the quarter under review, Alam Flora Sdn Bhd (“Alam Flora”) reported a PATMI of RM21.9 million against RM20.5 million in the previous corresponding quarter. The 6.8% year-on-year (“YoY”) increase in profits were mainly due to an increase in the frequency of cleansing activities and lower administrative expenses. On the operational front, Alam Flora’s total waste collected/handled decreased from 508,545 MT in Q2 FY2022 to 470,887 MT in Q2 FY2023, representing a 7.4% YoY decline. This was mainly due to a reduction in the volume of waste handled in the non-concession business. Notwithstanding this, domestic waste in Pahang, Putrajaya, KL and recyclable material collected increased by 2.2% and 21.2%, respectively.

The Board of Directors recommended an interim dividend payment of 1.50 sen per ordinary share in respect of the financial year ending 31 December 2023 which will be paid on 27 October 2023.

Malaysia is actively working to increase its use of RE in the country’s electricity supply, with a goal to reach 70% by 2050. Alongside this, there's a commitment to significantly reduce carbon emissions, aiming for a 45% reduction in carbon intensity against Gross Domestic Product (“GDP”) by 2030 (compared to 2005 levels). This transition reflects a conscious move away from traditional energy sources towards a more sustainable and environmentally friendly future.

Malakoff's Managing Director/Chief Executive Officer ("MD/CEO"), Encik Anwar Syahrin Abdul Ajib, maintains confidence in Malakoff's capacity to navigate the current challenging conditions. This assurance is grounded in our steadfast commitment towards decarbonisation and our strategic expansion into RE and environmental solutions.

"We are championing one of the National Energy Transition Roadmap ("NETR")'s catalyst projects on Bioenergy where we will be carrying out biomass co-firing at our existing 2,100 MW TBP plant. The 12-day trial run was successfully conducted in December 2022 and the pilot phase will commence in 2024", said Encik Anwar Syahrin.

"Additionally, we achieved financial closure with RP Hydro in July 2023. This achievement solidifies our commitment to own, operate, and maintain three run-of-river small hydropower plants ("SHP") - Kemubu SHP, Kuala Geris SHP, and Serasa SHP. With capacities of 29 MW, 25 MW, and 30 MW, respectively, these facilities collectively provide 84 MW of clean energy. They are strategically located in Kuala Krai, Kelantan, underscoring our dedication to sustainable energy solutions in the region".

Alam Flora's subsidiary Alam Flora Environmental Solutions ("AFES") is also taking major steps towards environmental sustainability. On 15 September 2023, they will launch the Recovery Initiative Sustainable Eco-Facility ("RISE") Kuala Lumpur, that is set to become the city's largest recovery center for dry recyclables. This aligns with the Government's goal of achieving a 40% national recycling rate by 2025.

Through these various initiatives and diverse investments, Malakoff will further drive the Group's growth, focusing on clean energy leadership and innovative environmental solutions for a sustainable future.

For more details on Malakoff, please visit www.malakoff.com.my

ABOUT MALAKOFF CORPORATION BERHAD

A sustainably-driven multinational energy generation and environmental solutions company, Malakoff is committed to enhancing lives and enriching communities. It is Malaysia's largest Independent Power Producer ("IPP") with an effective generating capacity of 5,342 MW and effective Renewable Energy capacity of 52 MW. Through its subsidiary, Alam Flora Sdn Bhd, Malakoff is also one of the country's leading environmental services companies, managing waste volume of 5,748 tonnes per day.

Malakoff has established an international footprint of innovative solutions, notably through its power generation and water desalination ventures in Saudi Arabia, Bahrain, and Oman.

Currently in its next transformational stage, Malakoff is driving change to realise the Nation's ambitions of carbon neutrality and a circular economy through its three core entities; Malakoff Green Solutions for renewables through solar, small hydro, biogas, biomass and carbon-free mobility infrastructure; Malakoff Environmental Solutions for solid waste management and public cleansing, infrastructure cleaning and waste solutions, integrated facility management, recycling, marine and hazardous waste solutions, water desalination and Waste-to-Energy projects; and Malakoff Energy for thermal power generation assets, operations and maintenance, electricity distribution and district cooling system.

In its pursuit of a cleaner and greener world, Malakoff is dedicated towards fostering collaboration, sharing of knowledge, and leveraging collective expertise to create a more sustainable and resilient future for all. For more information about Malakoff, please visit www.malakoff.com.my.

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