

EXECUTIVE CHAIRMAN STATEMENT

Dear Valued Stakeholders,

On behalf of the Board of Directors, I am pleased to present Mega First Corporation Berhad's Integrated Annual Report for the financial year ended 31 December 2024 (FY2024).

FY2024 was marked by a dynamic and ever evolving global economic landscape, shaped by heightened geopolitical tensions, fluctuating commodity prices, currency volatility, lower consumer demand and heightened competition. Despite these external pressures, I am pleased to share that MFCB has demonstrated resilience and agility, leveraging on its strong management experience and diversified portfolio of businesses to maintain a solid financial performance.

KEY HIGHLIGHTS OF FY2024

The Group made some notable achievements during the year including:

i) The acquisition of CSC Agriculture Holdings Sdn Bhd

On 28 May 2024, Mega First Agrotech Sdn Bhd, a wholly owned subsidiary of MFCB, successfully completed the acquisition of a new subsidiaries group, CSC Agriculture Holdings Sdn Bhd and its subsidiaries (CSC) with 40% effective equity stake following execution of a Share Subscription Agreement with CSC and its existing shareholders.

CSC is principally engaged in fruits and vegetables farming and wholesaling, managing over 1,100 acres of farmland in the states of Johor and Pahang. With more than 600 acres under active development, including modern greenhouses for clean leafy vegetables, CSC is well-positioned to contribute and support Malaysia's national food security agenda.

The utilisation of modern greenhouse technology will enhance productivity, combat the effects of climate change and optimise water and land use while ensuring a stable supply of affordable high quality food for all Malaysians.

ii) Execution of Supplemental Concession Agreement (SCA) and Supplemental Power Purchase Agreement (SPPA)

Following the successful commercial operation of the fifth turbine in July 2024, MFCB's 95% owned subsidiary, Don Sahong Power Company Ltd (DSPC) had in December 2024, signed a SCA with the Government of Lao PDR (GOL) and the SPPA with Electricité Du Laos (EDL) for the entire 325 MW Don Sahong Hydropower Project.

As part of the SCA:

- i) The new 25-year concession period started on 1 January 2025 and will run until 31 December 2049.
- ii) DPSC agreed to pay USD82.5 million upfront to the GOL for the right to use water for hydropower generation from 1 January 2024 to 31 December 2049, replacing most of the annual royalty payment.
- iii) The tax exemption on DSPC's taxable income will be extended by three months to 31 December 2025. A lower tax rate applies from 2026 to 2029, before reverting to 24% in 2030.

As part of the SPPA:

- i) The SPPA term was revised to align to the new concession period, from 1 January 2025 to 31 December 2049.
- ii) During the dry season from November to May each year, EDL shall pay for all energy availability on a take or pay basis. During the wet season from June to October, EDL shall take or pay for all energy availability up to 955 GWh. For energy availability above 955 GWh, EDL shall take and pay.
- iii) The levelised tariff remains at 6.15 US cents, but the tariff will start at 6 cents from 2025, gradually increasing to 6.20 US cents from 2029 until the end of the concession.

The terms of the SCA and SPPA are expected to enhance the Group's net assets and earnings in the future, further reinforcing MFCB's long-term commitment to sustainable and renewable energy production.

iii) Kicked off the execution of two large scale solar projects

These two projects mainly include:

- a) 51.0 MWp solar farm project in Malaysia under the Corporate Green Power Programme by the Energy Commission; and
- b) A 11.4 MWp solar farm project with a state utility company in the Republic of Maldives.

Both the projects are expected to be completed in 2025.

DELIVERING FINANCIAL RESULTS

In FY2024, the Group achieved a recurring annual turnover growth of 9% (excluding construction revenue), reaching RM1.36 billion (FY2023: RM1.25 billion, excluding sales from Tawau fuel-powered plant disposed in May 2023). The Group's normalised pre-tax profit (excluding contributions from associates and joint ventures, construction profits and non-operating items) increased 5.7% to RM513.6 million (FY2023: RM485.6 million), underscoring strong performance across the Group's core businesses. Normalised profit after tax and non-controlling interest increased by 25.3% to RM480.8 million (FY2023: RM383.8 million) highlighting the positive impact of acquiring an additional 15% effective equity interest in DSPC and robust growth in core earnings.

For more detailed information on the Group's financial performance, please refer to our Management Discussion and Analysis on page 20.

I am pleased to announce that the total dividend payout for FY2024 was increased to 9.0 sen per share (FY2023: 8.25 sen), reinforcing the Board's commitment to delivering sustainable shareholder value while maintaining a balanced approach between shareholder returns and reinvestment for future growth.

DELIVERING SUSTAINABLE VALUE

MFCB remains committed to strengthening its financial position through prudent operations and financial management while actively exploring growth opportunities to create long-term stakeholder value.

Our strategic focus largely remains on the renewable energy division, where we have strong track record and experience in generating a stable, recurring income stream. We are always on the lookout for new projects. However, we will maintain a disciplined investment approach, ensuring that all potential projects meet our stringent risk and return criteria. At the present time, we are exploring new solar development opportunities under the National Energy Transition Roadmap (NETR) launched in August 2023. This includes two newly announced programmes: the Battery Energy Storage Scheme (BESS) and the Corporate Renewable Energy Supply Scheme (CRESS).

Beyond renewable energy, we are also dedicated to supporting and nurturing the existing businesses within our Group, given that all of them are strategically positioned in industries that align with future market needs and trends.

DRIVING SUSTAINABILITY MOMENTUM

Sustainability remains a key pillar of our long-term strategy, and this year, we have made significant strides in embedding sustainable practices across our operations. A major milestone has been the expansion of our sustainability reporting coverage to include all divisions across the Group, ensuring greater transparency, accountability and consistency in our approach. We have also introduced divisional sustainability targets that align with the Group's overarching objectives, creating a clear roadmap for progress and impact at every level of the organisation. This structured approach brings us one step closer to turning our sustainability ambitions into measurable outcomes.

We recognise that sustainability is an ongoing journey and we remain steadfast in our commitment to continuously promote resource efficiency and biodiversity conservation, investing in our people and the communities we operate in and upholding the high ethical and governance standards. Through these efforts, we aim to build a more resilient and sustainable future for all.

UPHOLDING GOOD GOVERNANCE

MFCB is committed to upholding the highest standards of corporate governance, recognising its importance to the Group's long-term success. Our governance framework is designed to ensure transparency, accountability and ethical business practices across all levels of the organisation. In 2024, we continued to strengthen our governance practices by enhancing our risk management processes, ensuring compliance with regulatory requirements and fostering a culture of integrity. We believe that strong governance and ethical behaviour is the foundation of sustainable growth and a key factor in building stakeholder trust and confidence.

ACKNOWLEDGEMENT

I would like to extend my deepest gratitude to all our stakeholders for their unwavering support throughout the year. To our shareholders, your trust and confidence in our vision and leadership fuel our drive for excellence. To our customers, suppliers and partners, your dedication and partnership have been crucial in delivering value and positioning us for sustained growth.

To our employees, your resilience, dedication and commitment, especially in these challenging times, are the backbone of our success. Finally, I express my sincere appreciation to our Board of Directors and management teams for their strategic guidance and leadership. Together, we have navigated through uncertainties and capitalised on opportunities, positioning MFCB for even greater success in the future.