

## EXECUTIVE CHAIRMAN STATEMENT

Dear Valued Stakeholders,

The financial year 2025 unfolded against a complex and evolving operating landscape. Global trade dynamics remained fluid, geopolitical tensions persisted and currency movements introduced volatility across markets. Domestically, the operating environment was shaped by subsidy rationalisation, tariff adjustments, regulatory changes and rising cost structures across industries.

In addition, an appreciating Ringgit and elevated domestic cost pressures further shaped the operating environment, particularly affecting export-oriented manufacturing activities and the translation of USD-denominated renewable energy income.

Against this backdrop, Mega First Corporation Berhad navigated external pressures with operational discipline and financial prudence. While certain segments encountered cyclical headwinds, particularly within export-oriented and manufacturing activities, the Group's Renewable Energy Division delivered a steady performance, supported by long-term contractual arrangements and reliable asset operations.

Despite softer earnings at the Group level compared with the corresponding period last year, underlying operations remained resilient. Strong operating cash flow generation and reduced net gearing reflect the structural strength of our core assets and our continued focus on prudent financial stewardship.

### KEY HIGHLIGHTS OF 2025

The Group recorded several notable developments during the year which shaped our performance and strategic direction.

#### i) **Strengthening earnings visibility under revised concession framework**

The Supplemental Concession Agreement and Supplemental Power Purchase Agreement for the Don Sahong Hydropower Project became effective on 1 January 2025. The revised framework extends the concession period to 31 December 2049 and restructures the royalty regime through an upfront water rights payment made in December 2024.

Under the revised arrangement, royalties are no longer payable on annual generation up to 2,140 GWh, enhancing earnings stability and reducing sensitivity to hydrological variability within that threshold. While the starting tariff was reset to 6.00 US cents per kWh in 2025, the revised concession terms provide improved long-term visibility over cash flows and asset life.

#### ii) **Sustained hydropower generation and operational reliability**

Hydropower generation increased year-on-year, supported by the full-year contribution from the fifth turbine commissioned in July 2024. The additional turbine capacity enhanced operational flexibility and mitigated generation risk during scheduled overhaul and maintenance cycles.

Energy availability remained within expected operational parameters, reflecting continued asset reliability and disciplined hydropower plant management and monitoring.

#### iii) **Balance sheet strengthening and capital discipline**

In 2025, the Group generated post-tax operating cash flow of RM753.5 million and reduced net debt from RM878.1 million to RM564.7 million, after accounting primarily for capital expenditure of RM222.5 million, investments in joint venture and associates of RM87.4 million, dividend distribution of RM115.8 million. Accordingly, net gearing improved significantly from 24.8% to 15.9%.

### DELIVERING FINANCIAL RESULTS

In FY2025, the Group's normalised revenue increased by 1.6% to RM1.38 billion (FY2024: RM1.36 billion), supported by the full-year consolidation of CSC Group's results (FY2024: seven months) and stronger revenue from the Packaging division. This increase offset lower sales contributions from the Renewable Energy and Resources divisions.

The Group's normalised profit before tax declined by 6.6% to RM469.4 million (FY2024: RM502.8 million), primarily due to weaker contributions from the Resources and Packaging divisions, as well as higher foreign exchange losses recorded under Investment Holding and Others. Consequently, normalised profit after tax and non-controlling interest decreased by 5.9% to RM437.2 million (FY2024: RM464.6 million).

*For more detailed information on the Group's financial performance, please refer to the Management Discussion and Analysis section of the Integrated Annual Report.*

I am pleased to announce that the total dividend in FY2025 is 9.75 sen per share (FY2024: 9.0 sen), comprising an interim dividend of 4.75 sen per share paid in October 2025 and a final dividend of 5.0 sen per share declared. This reflects our continued commitment to delivering sustainable shareholder returns while maintaining the financial flexibility needed to support ongoing investments.

## CREATING SUSTAINABLE VALUE

MFCB remains firmly dedicated to disciplined capital allocation and the creation of sustainable long-term value across its portfolio. In order to achieve these, management will focus on the following core principles:

### 1. Focus on Core Competencies

Our Renewable Energy Division continues to anchor the Group's earnings profile. To strengthen the resilience of our renewable platform and enhance long-term cash flow visibility, we have continued to advance our solar development pipeline with RM107.5 million in capital expenditure invested towards the development of new solar capacity during the year. We expect the Division's in-progress projects under the Corporate Green Power Programme and ongoing international initiatives to increase installed capacity and further diversify our renewable energy portfolio.

Beyond Renewable Energy, the Group's Resources and Packaging divisions continue to be supported by a solid underlying asset base and integrated operating capabilities. Management remains focused on enhancing operational efficiency, maintaining strict cost discipline and expanding customer diversification in order to sustain competitiveness within an increasingly challenging environment characterised by pricing pressures and rising costs.

### 2. Rationalising non-core business activities

At the same time, we continue to review the overall composition of the Group's portfolio to ensure that capital is allocated where it can generate sustainable long-term returns. Businesses that no longer align with the Group's strategic priorities or that do not demonstrate the potential to deliver acceptable returns will be assessed carefully. Where appropriate, this may include restructuring, rationalisation or divestment in order to sharpen the Group's strategic focus.

### 3. Preserving cash reserves

Maintaining financial flexibility remains an important priority. Renewable energy development opportunities can emerge periodically and often require substantial upfront capital commitments. The Group therefore continues to exercise discipline in capital deployment while preserving sufficient balance sheet capacity to pursue attractive opportunities when they arise.

Against this backdrop, we will continue to maintain a prudent balance between reinvestment and shareholder returns. Strong operating cash flow generation, coupled with reduced net gearing, underscores our commitment to preserving financial resilience while positioning the Group for sustainable long-term growth.

## ADVANCING SUSTAINABILITY MOMENTUM

Sustainability continues to be firmly embedded in the Group's long-term strategy. In FY2025, the Board and Management undertook a review of the Group's Sustainability Strategy to reflect a clearer understanding of divisional operating realities, enhanced data visibility and evolving reporting expectations.

Since the strategy was first introduced, the Group has gained deeper insight into the level of effort and practical considerations required to achieve its sustainability targets across different divisions. This has enabled the Group to recalibrate certain focus areas, timelines and sub-targets to strengthen execution discipline and ensure alignment with targets that are both achievable and measurable.

FY2025 also marked the Group's first year reporting under the IFRS Sustainability Disclosure Standards. As a first-year adopter, the Group applied the transition reliefs permitted under the Standards, including relief from comparative disclosures and the disclosure of Scope 3 greenhouse gas emissions and proportionality mechanisms within the Standards.

*For more information on the Group's sustainability performance, please refer to the standalone Sustainability Report and ISSB Sustainability Statement section in the Integrated Annual Report.*

## UPHOLDING GOOD GOVERNANCE

MFCB remains dedicated to upholding high standards of corporate governance as a cornerstone of long-term value creation.

During the year, the Board continued to provide oversight of the Group's strategic direction, risk management framework and financial performance through structured reporting and regular review processes. Particular emphasis was placed on disciplined capital allocation, maintaining balance sheet strength and monitoring operational risks across the Group's divisions.

The Group remained compliant with all applicable regulatory requirements and the listing obligations of Bursa Malaysia. Internal control systems and risk management processes were also regularly reviewed to ensure they remain robust and responsive to the evolving operating environment.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our appreciation to all stakeholders for their continued trust and support.

To our shareholders, we thank you for your confidence in the Group's long-term strategy and disciplined approach to value creation. To our customers, suppliers and business partners, your collaboration remains essential to sustaining our operations and advancing our growth initiatives.

I would also like to acknowledge the dedication and professionalism of our employees across all divisions. Their commitment and adaptability in navigating a more demanding operating environment have been instrumental in sustaining performance and reinforcing operational stability.

Finally, I would like to extend my sincere appreciation to my fellow Board members and the Management team for their stewardship, guidance and leadership throughout the year. Together, we remain committed to strengthening the Group's core foundations while positioning MFCB for sustainable growth and continued progress in the years ahead.



*Hydropower*

*Location: Don Sahong Hydropower Project, Laos*