

Win the Moment Shape the Next



Basis of this Report



The PETRONAS Dagangan Berhad (PDB or the Group) Integrated Report 2025 presents a clear and balanced account of our performance, strategy and priorities for sustainable value creation. The Report explains how we create value over the short, medium and long term by connecting financial performance with how the business is managed and how decisions are made.

The Report explains our approach to business growth and how we manage our responsibilities to stakeholders. Investors remain the primary audience, while other stakeholders may also use the Report to understand how PDB delivers enduring value and strengthens long-term resilience.

OUR REPORTING SUITE

The Integrated Report is PDB's primary platform for communicating a holistic view of our performance, strategy and future direction. It explains how we manage risks and opportunities and deliver outcomes across multiple capitals over time.

The Integrated Report is read together with the Audited Financial Statements (AFS), which provide detailed financial information prepared in accordance with applicable accounting standards, and the Sustainability Report, which contains detailed disclosures on sustainability-related matters, including governance and environmental and social performance.

REPORTING FRAMEWORK

INTEGRATED REPORT 2025

The Integrated Report has been prepared in accordance with applicable statutory requirements and recognised reporting frameworks, including:

- Main Market Listing Requirements (MMLR) issued by Bursa Malaysia
- International Integrated Reporting <IR> Framework issued by the IFRS Foundation
- Malaysian Code on Corporate Governance (MCCG) 2021
- Malaysian Financial Reporting Standards (MFRS)
- Companies Act 2016
- Corporate Governance Guide (4th Edition) issued by Bursa Malaysia
- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, where relevant and subject to applicable regulatory timelines
 - Climate-related Disclosures (IFRS S2)



SUSTAINABILITY REPORT 2025

The Sustainability Report details our Economic, Environmental, Social and Governance (EESG) performance, highlighting sustainability initiatives and outcomes that drive positive and enduring impact for our stakeholders.

This Report has been prepared in reference to and guided by the following frameworks and requirements:

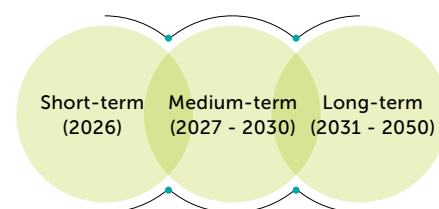
- MMLR issued by Bursa Malaysia
- Global Reporting Initiative (GRI) Universal Standards 2021
- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- FTSE4Good Bursa Malaysia Index Environmental, Social and Governance (ESG) Indicators
- United Nations Sustainable Development Goals (UN SDGs)
- IFRS Sustainability Disclosure Standards – Climate-related Disclosures (IFRS S2)



For detailed sustainability disclosures, please refer to our standalone Sustainability Report. Scan the QR code to access the full report.

TIME HORIZONS

PDB applies the following time horizons for strategy, performance assessment and target-setting:



REPORTING SCOPE AND BOUNDARY

This Report covers PDB and its subsidiaries, joint ventures and associates, unless stated otherwise in the relevant sections. The reporting period spans 1 January 2025 to 31 December 2025 and includes material events up to the date of Board approval on 24 February 2026.

Subsidiaries are consolidated in accordance with Malaysian Financial Reporting Standards (MFRS) 10: Consolidated Financial Statements. Any differences in scope or boundary are explained in the relevant sections of the Report.

MATERIAL MATTERS

We review our Material Matters annually and conduct a comprehensive materiality assessment every three years.

Following the introduction of the PETRONAS Group's refreshed Sustainability Approach in 2024, which is structured around Delivering Net Zero, Thriving with Nature and Fostering a Just Transition, PDB aligned its Material Matters to these pillars. In 2025, we have maintained this alignment, with refinements focused on clarity, consistency and continuity with prior-year disclosures.

INTERNATIONAL SUSTAINABILITY STANDARDS BOARD

The International Sustainability Standards Board (ISSB), established by the IFRS Foundation, develops a global, investor-focused baseline for sustainability-related financial disclosures. The ISSB's IFRS Sustainability Disclosure Standards require organisations to explain how sustainability and climate-related risks and opportunities affect enterprise value.

IFRS S1 establishes general requirements for the disclosure of sustainability-related financial information, while IFRS S2 focuses specifically on climate-related disclosures. Together, these standards build on the Task Force on Climate-related Financial Disclosures (TCFD) framework and strengthen the linkage between sustainability considerations, strategy, risk management and financial performance.

The ISSB Statement of PDB and its subsidiaries has been prepared in accordance with the IFRS Sustainability Disclosure Standards issued by the ISSB, with a focus on IFRS S2 Climate-related Disclosures, in line with Bursa Malaysia's Main Market Listing Requirements. For more information on the ISSB Statement, please refer to pages 84 to 111 in PDB's Integrated Report 2025.

ASSURANCE

We strengthen the credibility of our disclosures through independent external assurance. The financial statements in the Report have been audited by independent external auditors. In addition, selected sustainability indicators have undergone limited independent assurance.

Please refer to page 84 of our ISSB Statement for details of the selected climate-related indicators that were subjected to limited independent assurance by LRQA under ISO 14064. Further information on the selected sustainability indicators assured by KPMG PLT and LRQA under ISAE 3000 (Revised) is available in our Sustainability Report.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements that reference future prospects, plans and outlooks. These statements are subject to uncertainties and should not be taken as definite. The forward-looking statements indicated are as of the publishing date of this Report and the company is under no obligation to update these statements and will not necessarily do so. Readers are advised not to rely on the forward-looking statements as guarantees or predictions of future performance.

FEEDBACK

We welcome feedback to continuously enhance our reporting practices and disclosures. Stakeholders are encouraged to share their views on this Report by contacting us at petdagir@petronas.com.



Material Matters

- M1 Economic Growth and Performance
- M2 Customer-centricity
- M3 Ethics and Corporate Governance
- M4 Data Privacy and Security
- M5 Sustainable and Ethical Supply Chain
- M6 Climate Change and GHG Emissions
- M7 Environmental Management
- M8 Safety, Health and Well-being
- M9 Human Capital
- M10 Capability Building
- M11 Community Investment

Our Stakeholders

- S1 Investors
- S2 Customers
- S3 Rakan Niaga/Dealers
- S4 Employees
- S5 Authorities/Regulators/Financial Institutions
- S6 Contractors/Suppliers/Business Partners
- S7 Communities
- S8 Media

STATEMENT OF ACKNOWLEDGEMENT ON RELIABILITY AND COMPLETENESS OF PDB'S 2025 INTEGRATED REPORT

The Board of Directors has reviewed and validated this Integrated Report as a fair and balanced representation of PDB's performance for the year under review. The Board affirms its oversight role in the preparation of this Report and in ensuring that it is supported by established governance practices and internal reporting processes, and provides a reliable basis for understanding the Group's ability to create value over time. The Report was approved by the Board on 24 February 2026.

Datuk Anuar Ahmad
Chairman

Azrul Osman Rani
Managing Director/
Chief Executive Officer

Inside This Report



What You will Find Inside This Report

Basis of this Report

Section 1: PDB at a Glance

- 4 Who We Are and What We Do
- 6 Our Value Chain
- 8 Where We Operate
- 10 Group Corporate Structure

Section 2: Notable Distinctions

- 12 Our Investment Insights
- 14 Awards and Accolades
- 15 Milestones

Section 3: Leadership Messages

- 16 Chairman's Statement
- 20 MD/CEO's Statement
- 26 CFO's Review
 - 5-year Group Financial Highlights
 - Simplified Group Statement of Financial Position
 - Segmental Analysis
 - Group Quarterly Financial Performance
 - Key Interest Bearing Assets and Liabilities
 - Statement of Value Added/Distribution of Value Added

Section 4: Winning the Moment Through Value Creation

- 38 Our Approach to Value Creation
- 40 Sustainability Agenda
- 42 Our Operating Environment and Market Outlook
- 50 Engaging with Our Stakeholders
- 54 Material Matters
- 58 Key Risks and Mitigation
- 64 Our Strategy
- 66 Our Value Creating Business Model

Section 5: Business Review

- 68 Retail-Fuel
- 70 Commercial
- 72 LPG
- 74 Lubricants
- 76 Convenience:
 - MESRA
 - Setel
- 80 Enablers:
 - Supply and Distribution
 - Digital

Section 6: International Sustainability Standards Board (ISSB) Statement

- 84 Basis of Preparation
- 84 Reporting Boundary
- 85 Judgements, Assumptions, Uncertainties and Proportionality
- 85 Sustainability Governance
- 89 Risk and Opportunity Management
- 92 Strategy
- 102 Metrics and Target
- 107 Bursa Malaysia's CSI Prescribed Table
- 109 External Independent Assurance Report



Section 7: Governing for Today, Shaping Tomorrow

- 112 Board at a Glance
- 114 Board of Directors' Profile
- 122 Company Secretaries
- 124 Organisation Structure
- 126 Leadership Team's Profile
- 136 Corporate Governance Overview Statement
- 138 Our Sustainability Governance
- 156 Nomination and Remuneration Committee Report
- 162 Board Audit Committee Report
- 169 Board Sustainability and Risk Committee Report
- 172 Corporate Integrity and Ethics
- 175 Statement on Risk Management and Internal Control

Section 8: Financial Statements

- 190 How We Approach Our Financial Statements
- 192 Statement of Directors' Responsibility
- 193 Directors' Report
- 197 Statement by Directors
- 198 Statutory Declaration
- 199 Consolidated Statement of Financial Position
- 200 Consolidated Statement of Other Comprehensive Income
- 201 Consolidated Statement of Changes in Equity
- 202 Consolidated Statement of Cash Flows
- 204 Statement of Financial Position
- 205 Statement of Profit or Loss and Other Comprehensive Income
- 206 Statement of Changes in Equity
- 207 Statement of Cash Flows
- 209 Notes to the Financial Statements
- 266 Independent Auditors' Report

Section 9: Additional Information

- 269 Analysis of Shareholdings
- 274 Net Book Value of Land and Buildings of the Company
- 274 Usage of Land
- 275 List of Top 10 Landed Properties
- 276 Corporate Information
- 278 Additional Compliance Information

Section 10: AGM Information

- 280 Notice of 44th Annual General Meeting
- 283 Administrative Guide Proxy Form



Who We Are and What We Do

ABOUT US

PETRONAS Dagangan Berhad (PDB) serves Malaysians nationwide through an extensive network of service stations, retail offerings, commercial partnerships and digital platforms.

Guided by our promise in making your everyday life simpler and better, we offer a portfolio that supports customers' everyday mobility and energy needs, comprising:

- Retail-Fuel
- Commercial and industrial fuels
- LPG and lubricants
- Convenience and mobility services



For more information, please refer to Business Review on pages 68 to 83.

OUR PATH TO SUSTAINABLE GROWTH

We strengthen our core business in retail-fuel and commercial energy solutions through operational efficiency, while capturing new growth opportunities driven by convenience-led customer solutions, anchored in responsible energy stewardship.

Our short-term focus reinforces the performance and resilience of this core business, while the medium-term advances innovative, customer-centric and lower-carbon mobility solutions.

Over the long-term, we aim to scale our role as an energy provider by accelerating innovation, expanding lower-carbon offerings and enhancing integrated retail solutions.



For more information, please refer to Our Strategy on pages 64 to 65.

OUR WAY OF WORKING

We work in a market that changes fast. Customer needs evolve, technology reshapes behaviour and expectations around sustainability continue to rise. We respond by staying close to our customers, sharpening execution and building new ways to serve beyond fuel. Every decision supports growth, value and sustainability outcomes. We achieve this by:

- Improving efficiency, supply and network performance
- Strengthening customer experience through service, digital and loyalty platforms
- Building partnerships that expand reach and relevance
- Embedding sustainability into operations, investment and decision-making



For more information, please refer to Our Value Creating Business Model on pages 66 to 67.

POWERED BY OUR PEOPLE

Our people drive this journey. Through discipline, care and ownership, they keep PDB moving forward, serving everyday needs today while building a stronger, more responsible business for the future.



For more information, please refer to Human Capital on pages 76 to 85 in our Sustainability Report.

Our Purpose

A Progressive Energy and Solutions
Partner Enriching Lives for a
Sustainable Future

Our Brand

Passionate About Progress

Our Promise

Making Your Everyday Life Simpler
and Better

Our Shared Values

- > **Loyalty**
Loyal to Corporation
- > **Integrity**
Honest and Upright
- > **Professionalism**
Strive for Excellence
- > **Cohesiveness**
United, Trust and Respect
for Each Other

PETRONAS Cultural Beliefs

- > **Customer Focused**
I deliver solutions from the customer lens
- > **Innovate Now**
I challenge norms and push boundaries
- > **Be Enterprising**
I seek opportunities and make them happen
- > **Speak Up**
I express my views openly
- > **Courage To Act**
I take action to progress with pace

Who We Are and What We Do



Our Value Chain

PRODUCT SUPPLY



Trans
Thai-
Malaysia
(Malaysia)
Sdn. Bhd.



PETRONAS
Penapisan
(Terengganu)
Sdn. Bhd.



Malaysian
Refining
Company
Sdn. Bhd.



Malaysia
LNG
Sdn. Bhd.



PETRONAS
Lubricants
International
Sdn. Bhd.

PETRONAS
Trading
Corporation
Sdn. Bhd.

PRIMARY DISTRIBUTION



Vessels

Main Transportation Mode



Direct from Refinery and Gas Plant

• **Melaka**

• **Kertih**



Multi-Product Pipeline

• **Kuala Lumpur International Airport**

• **Klang Valley Distribution Terminal**



Gas Pipeline

• **Prai LPG**



Our Value Chain

TERMINALS
AND FACILITIES



Fuel Terminals



LPG Terminals and
Bottling Facilities



Aviation Terminals



Bunkering Facilities



Lubricant Warehouse



SECONDARY
DISTRIBUTION



Fuel Road Tankers



Dispensers



Bowsers



ROVR



LPG Pallet Trucks



LPG Bulk Delivery



CUSTOMERS



Retail-Fuel



Commercial



LPG



Lubricants



Where We Operate

36

Terminals

- Terminal with bunkering facilities
- Bunkering terminal only
- Non-operational control joint venture (JV)
- Hospitality arrangement

17

Fuel Terminals

- | | |
|---|---|
| 1 ASB Labuan ■ | 10 Miri ■ |
| 2 CODT Tanjung Manis (JV) ■ ■ | 11 Pasir Gudang ■ |
| 3 IOT Kuching (JV) ■ | 12 Prai ■ ■ |
| 4 Kertih | 13 PST Bintulu (JV) ■ ■ |
| 5 Kuantan ■ ■ | 14 PST Tawau (JV) ■ |
| 6 KVDT Dengkil (JV) ■ | 15 Pulau Langkawi ■ ■ |
| 7 Labuan | 16 Sandakan ■ |
| 8 Lumut ■ ■ | 17 Sepang Bay ■ ■ |
| 9 Melaka | |

Legends

-  Fuel Terminals
-  Aviation Terminals
-  LPG Terminals and Bottling Facilities
-  Offices
-  Multi-Product Pipeline



Where We Operate

13

Aviation
Terminals

- 1 Bayan Lepas
- 2 Bintulu
- 3 Kertih
- 4 KLIA [FFB + KAFS (JV)]
- 5 Kota Kinabalu
- 6 Kuala Terengganu
- 7 Kuching
- 8 Miri
- 9 Pulau Langkawi
- 10 Sandakan
- 11 Senai
- 12 Sibu
- 13 Subang

6

LPG Terminals
and Bottling
Facilities

- 1 Kertih
- 2 Melaka
- 3 Pasir Gudang
- 4 Prai
- 5 PST Tawau (JV)
- 6 Sepang Bay

6

Offices

- 1 Kuala Lumpur
- 2 Prai
- 3 Kuantan
- 4 Johor Bahru
- 5 Kuching
- 6 Kota Kinabalu



Group Corporate Structure



PETRONAS

**Petroliaam
Nasional Berhad
(PETRONAS)**

63.94%



PETRONAS

**PETRONAS
Dagangan Berhad
(PDB)**

» MALAYSIA KUALA LUMPUR AVIATION FUELLING SYSTEM SDN. BHD. PDB: 65% Malaysia Airports (Properties) Sdn. Bhd.: 20% Malaysia Airlines Berhad: 15%	» MALAYSIA SETEL VENTURES SDN. BHD. PDB: 100%
» MALAYSIA PETRONAS AVIATION SDN. BHD. PDB: 100%	» MALAYSIA SETEL EXPRESS SDN. BHD. PDB: 100%
» MALAYSIA MESRA RETAIL & CAFE SDN. BHD. PDB: 100%	» MALAYSIA SETEL PAY SDN. BHD. PDB: 100%
» MALAYSIA PETRONAS LUBRICANTS MARKETING (MALAYSIA) SDN. BHD. PDB: 100%	» MALAYSIA PDB GROWTH SOLUTIONS SDN. BHD. (PGSSB) PDB: 100%
	» MALAYSIA BLUESHARK MALAYSIA SDN. BHD. Blueshark Ecosystem Sdn. Bhd.: 51% PGSSB: 49%

Group Corporate Structure

MALAYSIA

P S PIPELINE SENDIRIAN BERHAD
PDB: **50%**
Shell Malaysia Trading Sdn. Bhd.: **50%**

MALAYSIA

P S TERMINAL SENDIRIAN BERHAD
PDB: **50%**
Shell Timur Sdn. Bhd.: **50%**

MALAYSIA

PETROSNIAGA SDN. BHD.
PDB: **49%**
Petroleum Sarawak Berhad: **51%**

MALAYSIA

IOT MANAGEMENT SDN. BHD.
PDB: **20%**
Shell Timur Sdn. Bhd.: **10%**
Senari Synergy Sdn. Bhd.: **70%**

MALAYSIA

TANJUNG MANIS OIL TERMINAL MANAGEMENT SDN. BHD.
PDB: **20%**
Shell Timur Sdn. Bhd.: **20%**
Senari Synergy Sdn. Bhd.: **60%**

Legend

● Subsidiary ● Joint Venture ● Associate



Our Investment Insights



Why Invest in PDB?

As we chart our path forward, we remain focused on staying ahead of change by not only responding to the environment but leading through it. With the right fundamentals and a clear playbook, we are positioned to pursue new opportunities and fuel sustainable, long-term growth.



Our Investment Insights

2025 KEY HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Sales Volume
17.1
billion litres

Revenue
RM38,269.3
million

Profit After Tax
RM1,136.5
million

Dividend
Per Share
112 sen

 For more information, refer to CFO's Review on pages 26 to 37.

BUSINESS HIGHLIGHTS

Retail-Fuel

Expanded nationwide access with **12** new PETRONAS stations, strengthening network reach and improving customer convenience

LPG

Recorded the **highest sales volume** since 2016, reinforcing leadership in the Southern region

MESRA

Exceeded **RM1 billion** chargeable sales for the fourth consecutive year, reflecting sustained retail momentum

Commercial

Captured higher aviation fuel demand, delivering **20%** growth and a **12%** increase in overall Commercial volumes

Lubricants

Achieved **14%** volume growth, led by stronger performance across PETRONAS Power Brands

Setel

Enabled frictionless **BUDI95** subsidised fuel access via MyKad verification

 For more information, refer to Business Review on pages 68 to 83.

DIGITAL AND CUSTOMER EXPERIENCE HIGHLIGHTS

LPG

Expanded **184** LPG cages, bringing supply closer to lower-income areas and reducing delivery fees

MESRA

Refitted *Kedai Mesra* outlets to enhance shopping experience and strengthen **customer engagement**

Setel

Won the **Best Fuel Payment** and the **Best Petrol Rewards** app awards, recognising continuous innovation and customer experience excellence

 For more information, refer to Business Review on pages 68 to 83.

SUSTAINABILITY HIGHLIGHTS

Score of **4.0** for FTSE4Good assessment

Invested more than **RM2.4 million** and impacted over **350,000** individuals through our community-focused initiatives

749 tonnes of used cooking oil collected

Solarised **303** PETRONAS stations

Delivered Malaysia's **1st** locally blended Sustainable Aviation Fuel to Kuala Lumpur International Airport for Malaysia Airlines Group, demonstrating in-house supply capability

 For more information, refer to our Sustainability Report.

Awards and Accolades

In 2025, we continued to focus on strengthening the fundamentals of the business while raising standards across our operations. Any recognition received during the year reflects the collective efforts of our people and the Shared Values that guide how we serve customers, work with partners and contribute to the communities in which we operate.

We view awards as an encouragement to keep improving. They reinforce the importance of staying disciplined in execution, listening closely to our stakeholders and translating expectations into practical action as we build long-term value.



*Scan the QR code
to view our full
list of Awards and
Recognitions.*

Milestones

Our journey continues to evolve as we adapt to changing customer needs and operating conditions. Each milestone reflects steady progress in how we run the business, improve everyday experiences and strengthen the platforms that support future growth.



MAY

PETRONAS Dagangan Berhad (PDB) and Blueshark Ecosystem Sdn. Bhd. (BESB) entered into a strategic joint venture (JV) on 9 May 2025 to advance the distribution and adoption of electric two-wheeler (2W-EV) and related energy solutions in Malaysia, further supporting the country's low-carbon mobility agenda.

SEPTEMBER



Sustainable Aviation Fuel

Marked a significant milestone by delivering Malaysia's first locally blended Sustainable Aviation Fuel (SAF), marking a significant step towards advancing cleaner energy solutions for the aviation sector. This achievement was further reinforced by PDB becoming the first in Malaysia to receive the ISCC CORSIA certification, a globally recognised standard for sustainability and carbon reduction in aviation fuels. These milestones underscore PDB's commitment to innovation, environmental stewardship and alignment with global decarbonisation goals, positioning PDB as a trusted partner in shaping a more sustainable future for air travel.

BUDI95 Launch

Supported the Government's implementation of the BUDI95 programme by facilitating customer readiness and helping motorists adapt to the new targeted fuel subsidy requirements. Through coordinated communications, partnerships and on-ground engagement, PDB contributed to clearer public understanding and smoother customer transition. Working closely with relevant authorities, we aligned operational processes with policy direction to support a functional pump-to-app experience for users.

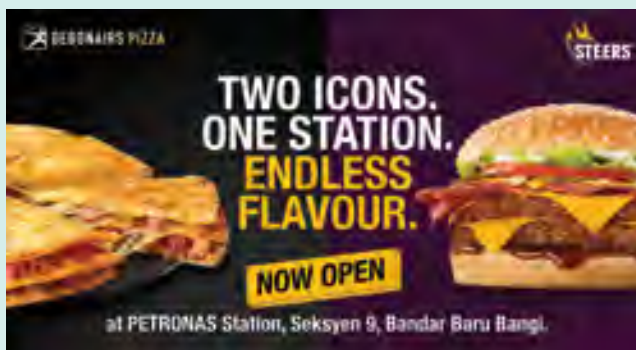
OCTOBER

Marked a significant milestone in October with the opening of two new highway stations, PETRONAS R&R on the MEX Highway and PETRONAS R&R Seri Kembangan. These projects exemplify PDB's commitment to innovation, safety and customer experience, delivering modern facilities and optimised layouts that redefine convenience for travellers. Both stations feature premium amenities and advanced fuelling infrastructure, including lighted dispensers, a spacious surau and upgraded restrooms, ensuring comfort and efficiency on the go. The achievement reflects agile project execution and operational excellence, cost optimisation and industry-leading compliance approvals. By combining innovative design with superior service standards, PDB continues to help raise standards for highway mobility and enhance the travel experience for Malaysians.



DECEMBER

Expanded our retail offerings with the official launch of the first two franchise outlets, Steers and Debonairs Pizza at PETRONAS station Seksyen 9, Bangi. This milestone reflects PDB's commitment to enhancing customer convenience and diversifying on-the-go dining options at our stations. By introducing internationally recognised quick-service brands within PDB's network, this strengthens our position as a one-stop destination for fuel and lifestyle needs, delivering greater value and choice to motorists. This initiative underscores PDB's strategy to innovate beyond traditional fuelling, creating holistic experiences that cater to evolving consumer expectations.



Follow our full story by scanning the QR code.

Chairman's Statement



Dear shareholders,

The year under review reaffirmed the importance of sound stewardship and timely execution. PETRONAS Dagangan Berhad (PDB) operated in an environment defined by sustained economic activity, evolving public expectations and the continued importance of reliable energy delivery. Throughout the year, the Board remained focused on ensuring that PDB met its responsibilities with confidence, while positioning the business to remain resilient and well-governed in the years ahead.

**PDB's continued progress
and commitment to
delivering value to
shareholders**

Dividend Per Share

112 sen

Dividend Payout Ratio

100%

Datuk Anuar Ahmad

Chairman



Malaysia's economy continued to grow in 2025, supported by domestic activity, investment and steady mobility demand. Consumer sentiment remained cautious during the year, driven by external pressures and policy adjustments. We view the Government's continued focus on fiscal discipline and effective policy delivery as supportive of overall market stability and business confidence, and the Board took these realities into account in guiding PDB's priorities and decision-making.

Within this environment, we continued to fulfil our role as a reliable national fuel retailer, ensuring service continuity across our nationwide network. Our performance for the year reflected our ability to maximise cash generation from the core business to strengthen the organisation, while continuing to drive sustainable value creation under our Moving Forward Together strategy. This led to PDB recording an improved Profit After Tax, reflecting solid volumes and disciplined operations against a stable macroeconomic backdrop.

In recognition of PDB's continued progress and commitment to delivering value to shareholders, the Board is pleased to declare dividends totalling 112 sen per share for the year, inclusive of 20 sen special dividend, representing a payout ratio of 100%. We took a prudent approach to capital stewardship, balancing sustainable shareholder returns with the need to preserve financial strength to support future growth.



Stewardship in a Year of Delivery

Throughout the year, the Board remained closely engaged with management on matters affecting service continuity, safety and public confidence. Several initiatives were implemented on a national scale, requiring coordination across technology platforms, dealer networks and frontline teams.

A key area of our focus during the year was oversight of the nationwide rollout of the BUDI MADANI RON95 (BUDI95) targeted fuel-subsidy programme. We monitored preparedness and guided management to prioritise customer experience and service continuity as consumers adapted to new purchase processes. Close engagement with relevant ministries, particularly the Ministry of Finance and the Ministry of Domestic Trade and Cost of Living (KPDN), enabled PDB to contribute industry insights that supported effective policy design and smooth implementation.

Digital capability continued to support consistency and system integrity across the network. The wider use of digital platforms for payments, verification and customer engagement improved efficiency and strengthened assurance at scale. These developments have enhanced operational resilience and reinforced our role as a reliable partner to customers and public stakeholders. We view this as an important differentiator in maintaining trust, consistency and competitiveness across our nationwide network.

We also considered developments in mobility trends and the broader energy transition. While new technologies continue to evolve, internal combustion vehicles remain the primary mode of transport on Malaysian roads. We therefore remain focused on sustaining the strength of our core business while preparing responsibly for future changes in a measured manner that reflects the national context, customer readiness and infrastructure maturity. In doing so, we are mindful of the need to preserve flexibility to support infrastructure enhancement, digital capability and future-ready investments.

Chairman's Statement

Governance, Safety and Integrity

We continued to place strong emphasis on governance, safety and integrity throughout the year. Oversight across Health, Safety and Environment (HSE), ethics, compliance and succession planning remained a priority. The year under review was characterised by HSE excellence, supported by disciplined safety practices, strong leadership presence and operational vigilance across PDB.

During the year, we strengthened assurance over HSE risks through structured reviews and site-level assurance programmes. Close oversight of compliance with updated regulatory requirements was maintained across the network to ensure consistent standards and adherence in day-to-day operations.

Integrity and ethical conduct remain non-negotiable. Programmes reinforcing ethical behaviour, compliance awareness and accountability continued across the organisation. This expectation of excellence applies throughout PDB, and it begins with the Board and the Leadership Team.

Diversity and leadership balance also remain important to the Board. Women currently represent 37.5% of the Board and 39% of leadership team positions, reflecting our commitment to inclusive leadership.

Sustainability with Practical Discipline

We approach sustainability with realism and responsibility. For us, sustainability is about managing today's responsibilities well, while preparing the business to remain resilient and relevant over the long term. Progress, therefore, depends on credible action, disciplined investment and alignment with national priorities.

Sound governance provides the foundation for this approach. In 2025, we endorsed key shifts in sustainability governance to align with PETRONAS Group's direction, strengthen readiness for the International Sustainability Standards Board's International Financial Reporting Standards (IFRS) S1 and S2, and support alignment with Malaysia's National Sustainability Reporting Framework (NSRF). Under IFRS S2, the Board and management committees oversee climate-related risks and opportunities across our operations and value chain, with these considerations integrated into the Corporate Risk Profile, strategic planning, financial planning and capital allocation processes. Climate-related matters are regularly deliberated at both Board and management levels to support coordinated decision-making and informed trade-offs. The Board committee maintains formal oversight of Economic, Environmental, Social and Governance (EESG) targets as part of its governance responsibilities.

Our Sustainability Approach focuses on three core components: Delivering Net Zero, Thriving with Nature and Fostering a Just Transition, which are all collectively centred on creating sustainable value through responsible governance. This framework provides clarity on priorities and ensures that sustainability considerations remain integrated into business planning and decision-making.

Operationally, we continued to make measured progress through initiatives such as station solarisation and energy-efficiency improvements, supporting our near-term decarbonisation efforts while maintaining reliable service delivery. We recognise that achieving Net Zero Carbon Emissions by 2050 will require sustained effort over time. Looking ahead, we will continue to assess and pursue appropriate pathways to advance this transition in a disciplined manner, guided by feasibility, readiness and alignment with national policies.

Our sustainability efforts also extend beyond environmental considerations. Social initiatives during the year focused on practical outcomes, including employment pathways for persons with disabilities at PETRONAS stations and programmes that promote inclusion and participation across the organisation. From a broader social perspective, initiatives such as expanding used cooking oil collection and inclusive employment across our retail network delivered tangible outcomes and strengthened engagement across our ecosystem.

People's capability remains central to delivering these ambitions. Leadership continuity and capability development



Chairman's Statement

received focused attention during the year, with reviews of talent readiness for critical roles and continued efforts to strengthen leadership pipelines across the organisation and its subsidiaries. We prioritised equipping our workforce with the skills required for the future of the energy transition, ensuring that our people remain relevant, capable and resilient as the business adapts.

Beyond our operations, we continue to contribute to the wellbeing of the communities we serve. In 2025, PDB invested over RM2.4 million in programmes spanning education, environmental stewardship and grassroots sports development, benefiting more than 350,000 individuals nationwide. These efforts reflect our role as a responsible corporate citizen and our commitment to creating positive social impact alongside business performance.

Recognition for ESG and Corporate Governance Excellence

Our commitment to high ESG standards was once again recognised by our continued inclusion in the FTSE4Good Bursa Malaysia (F4GBM) Index and the FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index. PDB retained a 4-star ESG Rating, placing us among the top quartile of public listed companies on the FBM EMAS by ESG disclosures.

We also earned recognition for transparency, governance and social impact. During the year, PDB received the 3G Best CG Reporting Award 2025 and the 3G Championship Award for Community Development and Philanthropy 2025 at the Global Good Governance (3G) Awards. PDB was further honoured

with an Overall Excellence Award at the National Corporate Governance and Sustainability Awards, reflecting discipline corporate conduct and responsible business practices.

Positioning for the Years Ahead

As we prepare for the years ahead, we have focused on strengthening readiness across capacity management, customer engagement and digital capability, recognising that competition in the retail energy landscape will increasingly extend beyond price to experience, convenience and trust.

We will continue to work closely with government stakeholders and regulators to support effective implementation of policies that strengthen service delivery and national outcomes. Preparedness, transparency and collaboration will guide how we respond to change while preserving operational reliability.

PDB has demonstrated the ability to act decisively when it matters, while investing thoughtfully for what lies ahead. The Board remains confident in PDB's capacity to deliver consistent performance and sustain trust as it shapes its next phase of growth.

Appreciation

As I reflect on the year, I am grateful for the collective effort that has enabled PDB to continue serving the nation reliably. I would like to thank our management team and employees for their dedication, professionalism and resilience, particularly in navigating change while maintaining high standards of service and safety.

I would also like to extend my appreciation to Tunku Alizakri Raja Muhammad Alias, who concluded his tenure as Independent Non-Executive Director during the year. His leadership and insight contributed to PDB's progress, and we remain grateful for his service.

I would also like to thank my fellow Board members for their guidance and counsel, and the Leadership Team for their steady support and commitment to disciplined execution. To our customers, thank you for your continued trust and loyalty. Your confidence in PDB reinforces the responsibility we carry and guides our efforts to serve you better each day.

On behalf of the Board, I extend my deepest appreciation to all our shareholders and stakeholders for the trust, support and partnership you have shown over the years. It gives us confidence as we move forward, serving the nation responsibly and shaping a resilient and sustainable future for PDB.

DATUK ANUAR AHMAD

Chairman



MD/CEO's Statement



Dear shareholders,

The financial year ended 31 December 2025 reaffirmed a belief that continues to guide how we lead the business: performance matters, but people give it purpose. Customers, employees, partners and communities are the ones who turn those outcomes into lasting value, especially when conditions are demanding.

Those conditions defined much of 2025. Global trade uncertainty and shifting market dynamics softened oil prices, increased cost pressures and stretched parts of our infrastructure. Domestic economic fundamentals nevertheless remained relatively supportive. Steady gross domestic product (GDP) growth, driven by sustained investment activity, positive inbound tourism and expansion across the construction and services sectors, supported continued mobility and fuel demand. The nationwide rollout of the targeted fuel subsidy represented a significant national effort, reshaping customer behaviour and placing new demands on systems, operations and frontline delivery across the country.



Azrul Osman Rani

*Managing Director/
Chief Executive Officer*

MD/CEO's Statement

We recorded our highest-ever sales volume of **17.1 billion litres** and achieved a Profit After Tax of **RM1,136.5 million**.

Within this environment, PETRONAS Dagangan Berhad (PDB) delivered another year of resilient performance. We recorded our highest-ever sales volume of 17.1 billion litres and achieved a Profit After Tax of RM1,136.5 million. These results reflect focused execution under pressure, but they matter most because they were achieved with strong customer centricity, an uncompromising approach to people safety and deep respect for those who sustain the business.

Safety remained non-negotiable throughout the year. I am deeply grateful that we closed 2025 without major incidents, fatalities or significant operational events. In our industry, this outcome reflects rigour, clear leadership tone and sustained investment in equipment, systems and training. We take seriously the responsibility entrusted to us to ensure everyone returns home safely at the end of each day.

This safety culture is reinforced through visible leadership presence, regular engagement with teams and clear accountability, with Health, Safety and Environment (HSE) key performance indicators (KPIs) embedded into personal scorecards for employees and contractors to guide day-to-day operations.



MD/CEO's Statement



Value

Sustain PDB Core Businesses

Value creation in 2025 required restraint and a clear focus on fundamentals. Throughout the year, we strengthened our businesses through operational excellence, cost control and consistent product availability. This allowed us to respond to near-term policy shifts without drifting from our longer-term strategic direction.

In the Retail-Fuel business, we prepared early for the national fuel subsidy adjustments under the BUDI MADANI RON95 (BUDI95) programme, working closely with the Government to ensure readiness across our nationwide network, supported by deeper digital integration. These measures enabled smooth execution at scale, supported government objectives and helped manage customer transition during rollout. The nationwide rollout required a coordinated, organisation-wide effort, from internal teams managing subsidy receivables to dealers setting up help desks across the network. What stood out was how the organisation responded as one. This collective, all-hands-on-deck effort reinforced trust and demonstrated our ability to execute complex transitions with cohesiveness and reliability.

We supported the rollout with appropriate financial discipline to maintain service continuity, protect customers and strengthen the platform on which the business continues to grow. As a result, execution remained consistent and customer experience was preserved.

Within the Commercial business, demand across key sectors held up well as increased aviation activity, recovery in marine demand and stable industrial consumption supported performance through the year. We continued to prioritise reliability, safety and key customer commitments, while carefully managing volumes as capacity-enhancing projects progressed. This disciplined approach, combined with a focus on high-value segments, enabled the business to deliver a 12% year-on-year increase in volume, reinforcing service continuity and long-standing customer relationships.

In the LPG business, we remained agile in responding to commercial segment opportunities, ensuring sufficient supply and faster speed-to-market to capture demand as it emerged. LPG volumes increased by 5% year-on-year, making it our highest LPG volume recorded since 2016 and reinforcing our market leadership, particularly in the Southern region and the commercial segment.

We prepared early for the national fuel subsidy adjustments under the BUDI MADANI RON95 (BUDI95) programme, working closely with the Government to ensure readiness across our nationwide network, supported by deeper digital integration.



The Lubricant business delivered strong momentum in 2025, with volumes growing by 14% compared to the previous year, led by stronger performance across PETRONAS Power Brands, reflecting improved product mix and more effective channel execution. Distribution reach continued to widen through the establishment of new PETRONAS AutoExpert outlets, supported by differentiated branding and expanded concepts such as PETRONAS MotoExpert.

MD/CEO's Statement

**Growth****Diversification Through Convenience**

Our integrated retail solution approach continued to evolve as customer expectations shifted beyond purely transactional fuel stops. PETRONAS stations increasingly serve as preferred convenience destinations for both transient and destination travellers. We advanced the forecourt as a fully connected mobility and retail ecosystem, placing greater emphasis on seamless customer experience through digitalisation and improved site offerings. Building on this shift, we reimagined PETRONAS stations to support longer dwell time, broader use cases and deeper engagement. Integrated formats create space for new services, partnerships and experiences that reflect how forecourts now function as part of customers' daily routines, going further than refuelling alone.

Within the Convenience segment, *Kedai Mesra* delivered year-on-year growth in chargeable sales for the fourth consecutive year, supported by targeted enhancements and refits that improved in-store experience, customer engagement and sales performance.

We took steps to diversify income streams and broadened our partnership base through the introduction of an unincorporated joint venture model, together with new partner launches and the Master License Agreement with Famous Brands, alongside advancing our Food and Beverage and PETRONAS Shop portfolios.

Digitalisation remains central to this evolution, with capability-reinforced execution embedded across PDB's digital ecosystem. Setel, scaled steadily over several years, proved critical during the BUDI95 rollout. With more than 11 million registered users, the platform strengthened customer engagement and loyalty across the network. Data continues to show that repeated engagement drives retention, validating the long-term value of early digital investments. Enterprise-wide digital and artificial intelligence initiatives also delivered measurable efficiency gains, sharper targeting and stronger decision-making.

Setel, scaled steadily over several years, proved critical during the BUDI95 rollout. With more than 11 million registered users, the platform strengthened customer engagement and loyalty across the network.



MD/CEO's Statement



Sustainability

Creating Positive Environmental, Economic and Social Impact

Sustainability remains integral to how we operate and plan. Our core business continues to rely on hydrocarbons, and this will remain the case for the foreseeable future. We are taking practical steps to reduce operational emissions, improve energy efficiency and support national transition goals in a way that is practical and economically responsible.

During the year, we strengthened governance under our Sustainability Framework and advanced alignment with the International Sustainability Standards Board's International Financial Reporting Standards (IFRS) S2 requirements.

Operationally, we advanced selective site solarisation, upgraded energy-efficient equipment and maintained disciplined management of Scope 1 and Scope 2 emissions, while steadily laying the groundwork for Scope 3 management across the value chain. We approach this challenge with realism rather than haste, recognising the need to balance ambition with practicality.

As part of our lower-carbon solutions efforts, we continued to build capability and readiness to support the decarbonisation of transport and mobility. In 2025, we achieved International Sustainability and Carbon Certification (ISCC) CORSIA certification for Sustainable Aviation Fuel (SAF). Building on this foundation, we supplied a locally blended SAF batch to Malaysia Airlines Group in September 2025, representing an initial operational use of SAF through our internal blending and supply arrangements. We also established trial B20 and B30 supplies and piloted their use at selected airports and seaports to build operational readiness for mandated adoption.



In 2025, we achieved International Sustainability and Carbon Certification (ISCC) CORSIA certification for Sustainable Aviation Fuel (SAF).

The used cooking oil collection points at our stations nationwide were expanded, encouraging public participation in circular economy efforts while delivering tangible community benefits. This initiative helps build readiness for future lower-carbon fuel pathways as domestic production capacity develops.

Electric mobility initiatives remain exploratory but intentional. Adoption rates reflect fuel economics, infrastructure readiness and technology cycles. We therefore invest selectively, focusing on use cases that align with customer needs and system readiness rather than short-term signals. Through partnerships, including with Blueshark Malaysia Sdn. Bhd., we are deploying both battery-swap and charging solutions to prepare our infrastructure for the transition ahead while maintaining customer convenience.

MD/CEO's Statement

We enter 2026 with confidence in PDB's preparedness and direction. Visit Malaysia 2026 is expected to support higher mobility and travel activity, presenting opportunities for growth. Infrastructure optimisation and capacity management will remain priorities as demand patterns evolve.

People: Development, Inclusion and Leadership Through Change

We place strong emphasis on building capability and supporting our organisation through change. Throughout 2025, this shaped how we set priorities, made decisions and guided teams through a demanding year. Reliability for customers, consistency in operations and steady execution across the business reflected the professionalism and commitment of our people.

We continued to strengthen inclusion across our workforce. Employment pathways for Persons with Disabilities expanded and Disability Equality Training was rolled out to reinforce awareness and inclusion across the organisation and ecosystem.

During a year that required adjustment and change, we maintained purposeful leadership engagement across the organisation, ensuring people understood not just what was changing, but why it mattered. The recently concluded Workforce Productivity Exercise met its objective and improved efficiency without compromising service quality. These efforts reflect a steady approach to strengthening processes while supporting our people through transition.

Looking Forward to Winning the Moment and Shaping the Next

Looking ahead to 2026, we expect a relatively stable operating environment, supported by resilient domestic consumption. Global trade uncertainty and inflationary pressures remain watch points, and we will continue to manage these risks with rigour.

We enter 2026 with confidence in PDB's preparedness and direction. Visit Malaysia 2026 is expected to support higher mobility and travel activity, presenting opportunities for growth. Infrastructure optimisation and capacity management will remain priorities as demand patterns evolve.

Policy developments may also act as catalysts for further operational and business transformation. We see emerging cross-border opportunities as neighbouring markets tighten requirements on higher-emission vehicles, which

could increase demand for cleaner and more efficient alternatives.

As we advance our strategy, we will remain closely aligned with our customers, invest in reliable, resilient infrastructure and strengthen the agility needed to respond as conditions change. We will continue investing in our people, technology and risk management practices to sustain growth and protect stakeholder interests. Winning today's moment depends on diligent execution, and shaping the next depends on foresight and measured investment. The capability, dedication and shared sense of responsibility across our organisation give me confidence that we are well positioned to deliver.

We extend our sincere appreciation to our Chairman for his guidance and stewardship, and to the Board of Directors for their oversight and counsel throughout the year. Their direction provided stability and clarity as the organisation navigated a dynamic operating environment.

Our leadership team drove execution across the Group, translating strategic direction into operational focus and delivery. Within the leadership team, we acknowledge the contributions of Farzlina Ahmad Murad, former Chief Financial Officer; Ian Malcolm Cruddas, former Chief Executive Officer of MESRA; and Ahmad Yusmadi Mohamed Yusoff, former Head of Legal. Each brought valuable expertise and judgement during their time with the organisation, and we remain appreciative of their service.

We thank our employees for their dedication, professionalism and commitment throughout 2025. Their efforts sustained day-to-day operations and supported consistent delivery across the Group.

We also extend our appreciation to our dealers, contractors, government stakeholders and customers for their continued trust and support throughout the year, which enabled us to remain focused and resilient as we advanced our strategic priorities.

Azrul Osman Rani

Managing Director/Chief Executive Officer

CFO's Review



Evolving global trade measures, geopolitical developments and changing supply-demand dynamics in oil markets defined the broader external backdrop in 2025. Brent crude prices moderated year-on-year as markets moved from relative tightness toward surplus conditions, while policy transitions and energy reform continued to influence domestic market structures.

Against this environment, PETRONAS Dagangan Berhad (PDB) exercised disciplined financial stewardship, maintaining focus on capital allocation, risk management and operational efficiency. Our strategy guides risk management, capital discipline and the balance between near-term delivery and longer-term priorities, while sustainability considerations remain embedded in investment decisions.

2025 Key Milestones

Revenue of
RM38,269.3 million,
supported by higher sales volumes

Profit After Tax of
RM1,136.5 million,
highest level post-pandemic

Sales volume growth of **2%,** driven by stronger Commercial demand, particularly Jet A-1

Earnings per share of
110.6 sen,
reflecting improved profitability

Mazlie Minhat

Chief Financial Officer



CFO’s Review

In 2025, PDB delivered a resilient financial performance in a more constrained operating environment.

Sustaining Performance with Discipline

In 2025, PDB delivered a resilient financial performance in a more constrained operating environment. The year demanded tighter cost control, sharper execution and focused approach to managing our products and customer mix as pricing volatility, fuel subsidy rationalisation dynamics and inflationary pressures shaped market conditions.

Profit Before Tax (PBT) was marginally higher than the previous year, supported by strong demand from the aviation sector for Jet A-1 as well as Commercial Diesel. In line with this, Profit After Tax (PAT) continued to exceed the RM1 billion mark.

Sales volumes increased by 2% to 17.1 billion litres, the highest-ever recorded by PDB, supported by stronger Commercial demand, particularly Jet A-1, which cushioned weaker Retail Diesel performance. This uplift contributed to a 1% year-on-year increase in revenue, helping to offset the impact of lower average selling prices. These results reflect PDB’s continued ability to deliver steady growth while navigating an increasingly competitive and price-sensitive operating environment.

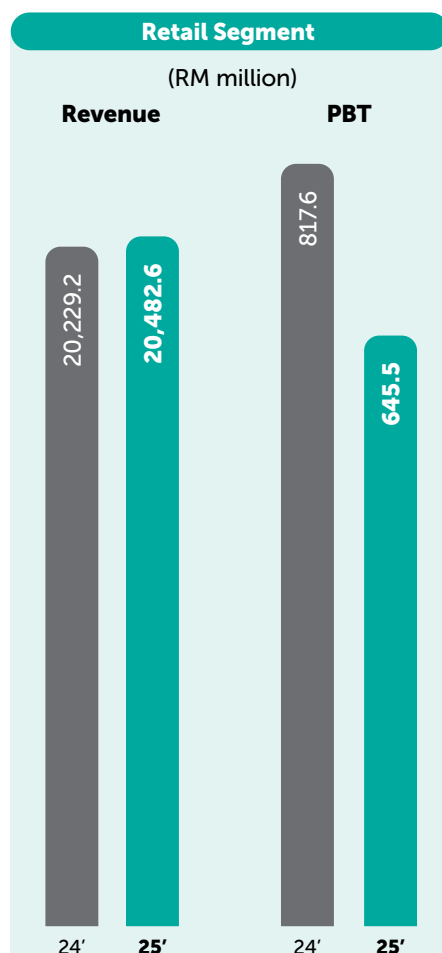
PERFORMANCE SUMMARY



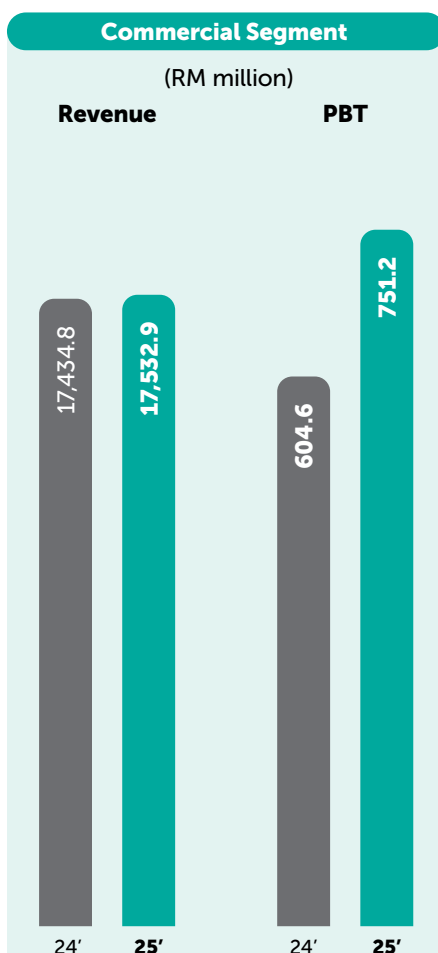
CFO's Review

Segmental Financial Performance Overview

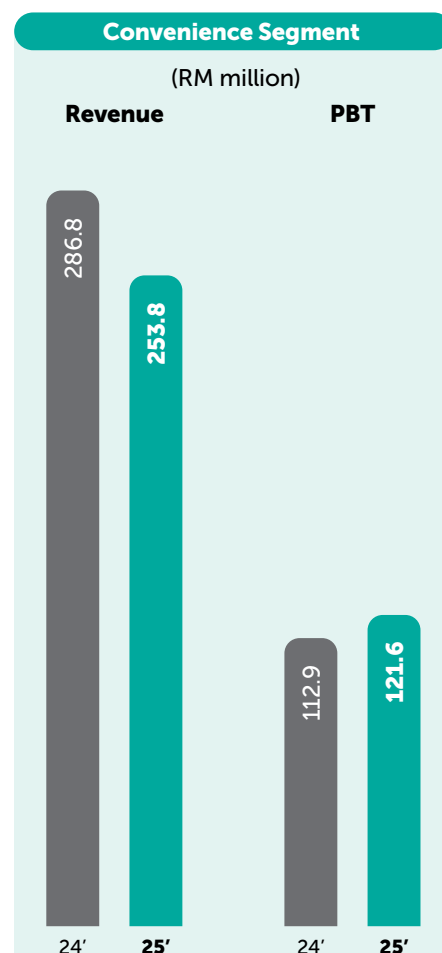
Overall revenue growth was supported by higher sales volumes, particularly from the aviation sector, while profitability outcomes varied by segment due to differing demand dynamics, pricing movements and cost profiles. Focused cost management and active portfolio optimisation helped sustain earnings quality across PDB.



The Retail segment recorded revenue of RM20,482.6 million, an increase of 1% compared with FY2024, supported by a 6% improvement in average selling prices. This was partially offset by a 4% decline in sales volume. Profit Before Tax (PBT) declined by 21% to RM645.5 million, driven by lower gross profit from MOGAS, in line with less favourable Mean of Platts Singapore (MOPS) price trend and reduced demand for Diesel.



The Commercial segment generated revenue of RM17,532.9 million, representing a 1% year-on-year increase. Sales volume rose by 12%, primarily from stronger demand for Jet A-1 and Commercial Diesel, which was partially offset by a 10% reduction in average selling prices. PBT increased by 24% to RM751.2 million, reflecting higher gross profit from stronger sales volume, supported by effective expenditure management. The segment benefited from continued recovery in the aviation sector and stable industrial activity.



The Convenience segment recorded revenue of RM253.8 million, a decrease of 12%, mainly attributable to lower merchandise sales during the year. Despite lower revenue, PBT increased by 8% to RM121.6 million, supported by lower operating costs and continued focus on efficiency. The segment continued to enhance its value proposition through targeted offerings and digitally enabled platforms, including Setel, to improve customer experience in line with PDB's promise of *Making Your Everyday Life Simpler and Better*.

CFO's Review

Group Financial Position

Total Assets

Total assets stood at RM11,083.9 million, a decrease of RM31.8 million or 0.3%, mainly due to lower trade and other receivables.

Total Liabilities

Total liabilities decreased by RM14.1 million or 0.3%, primarily from lower trade and other payables.

Cash Flow

Net cash generated from operating activities increased by RM2,409.6 million, largely driven by subsidy receipts during the year. Net cash used in investing activities rose by RM85.6 million, reflecting higher spending in capital expenditure, partially offset by increased interest income. Net cash used in financing activities increased by RM290.2 million, mainly due to higher dividends paid.

Shareholder Returns

PDB continues to prioritise shareholder value while maintaining balance sheet strength. Dividend distributions remain anchored to the Company's policy of distributing 50% of annual PAT, subject to earnings performance, capital requirements and overall financial position. Dividend for FY2025 is 112 sen per share, inclusive of 20 sen special dividend, representing a payout ratio of 100%, well above our dividend payout policy rate.

Cost Discipline and Spending

Cost control and expenditure management remained central to sustaining profitability in a more constrained pricing environment. OPEX and CAPEX are monitored through productivity and efficiency lenses, with clear accountability for profitability outcomes.

CAPEX allocation continues to prioritise projects assessed for commercial viability and alignment with our strategy. Investment focus is on strengthening core operations, enhancing digital capabilities and supporting transition-ready initiatives, supported by sound investment governance and return thresholds.

Management of Working Capital and Liquidity

PDB actively manages working capital to maintain adequate liquidity buffers and financial flexibility. Trade receivables, payables and inventory positions are closely monitored, supported by robust credit governance, early warning indicators and regular reviews through established management forums.

Risk Management and Financial Resilience

PDB manages risk within a structured Enterprise Risk Management (ERM) framework to protect financial resilience, support informed and well-governed decision-making and sustain earnings quality amid market volatility, regulatory change and evolving sustainability expectations.

In 2025-2026, PDB's key financial risk relates to credit risk. Credit risk arises from counterparties failing to meet payment obligations, with potential impacts on profitability through credit loss provisions and bad debt. The likelihood of material losses remains low, supported by a robust risk management framework and complemented by early warning indicators and multi-layered governance oversight.

PDB also manages pricing and regulatory risks arising from regulated and deregulated pricing structures, contract terms and supply chain costs, as well as potential policy and subsidy changes that may affect demand and profitability. These risks are managed through close regulatory engagement, timely pricing actions under established governance processes such as the Automatic Pricing Mechanism, and continuous market monitoring.

Risk Implications for Financial Strategy

The prevailing risk landscape continues to shape financial strategy, with emphasis on balance sheet resilience, prudent cash flow management and disciplined working capital control. PDB also continues to diversify revenue beyond traditional fuel-based activities to manage volatility and support longer-term sustainability.

Enhancements to the ERM Framework

Following the annual review, we strengthened the ERM framework by integrating sustainability-related transition and physical risks into governance processes and the corporate risk profile register, aligned with the emerging International Sustainability Standards Board (ISSB) requirements. The use of digital tools has expanded to improve risk monitoring and data-driven insights across the organisation.

CFO's Review

For more information, refer to Business Review, on pages 68 to 83

Building a Risk-Aware Culture

PDB continues to strengthen risk awareness through structured initiatives that embed risk considerations into daily decision-making. Digital tools support risk assessment in business decisions, bespoke upskilling programmes enhance middle-management capability, and leadership storytelling reinforces accountability through practical experience sharing.

Governance and Compliance

Strong governance and compliance support financial discipline and effective decision-making. During the year, we reviewed and enhanced the Limits of Authority (LOA) to enable faster execution while maintaining appropriate controls. Committee structures and processes were also reviewed to sharpen focus, improve efficiency and strengthen decision quality.

Ongoing enhancements to data governance, internal controls and compliance processes address evolving requirements, including data privacy risk management and anti-corruption measures. These are guided by the five principles of adequate procedures known as T.R.U.S.T. and ISO 37001, an internationally recognised anti-bribery management system standard.

Sustainability and Financial Connectivity

Sustainability considerations are embedded within PDB's strategy and investment portfolio, particularly under the Growth and Sustainability pillars. Financial measures supporting these objectives include operational and infrastructure readiness for lower-carbon offerings, including biodiesel and Sustainable Aviation Fuel (SAF).

From the reporting perspective, FY2025 marks a significant milestone for PDB, as the Group adopts the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards for the first time. In this initial phase, PDB focused on IFRS S2 and applied the available transition reliefs, enabling

PDB to provide qualitative disclosures while concentrating on principal business segments and Climate-Related Risks and Opportunities (CRRO). IFRS S1 will be adopted in the FY2026 reporting cycle, with full implementation of both standards targeted by FY2027.

The adoption of IFRS Sustainability Disclosures enhances the transparency, consistency and comparability of sustainability-related information presented to investors. By aligning sustainability risks and opportunities, particularly climate-related considerations with financial reporting, the framework strengthens risk assessment, reinforces governance accountability and supports more disciplined capital allocation. This enables stakeholders to better evaluate PDB's long-term value creation, resilience and cost of capital.



For more information, refer to the ISSB Statement on pages 84 to 107.

Outlook

Malaysia's economic outlook for 2026 remains supportive, driven by resilient domestic demand, stable inflation, infrastructure investments and tourism momentum ahead of Visit Malaysia Year 2026. These factors provide a constructive operating backdrop despite ongoing global uncertainties and oil price pressures.

In 2026, our focus remains on operational excellence, disciplined capital allocation and deeper customer engagement. PDB remains vigilant in monitoring regulatory developments, subsidy rationalisation, evolving customer behaviour and geopolitical risks.

Through prudent financial management, strong governance and a resilient balance sheet, PDB is positioned to manage volatility while sustaining returns and advancing strategic priorities.



CFO's Review

5-YEAR GROUP FINANCIAL HIGHLIGHTS

OPERATING RESULTS (RM MILLION)

Revenue

FY2021	22,674.0
FY2022	36,748.9
FY2023	37,549.3
FY2024	37,950.8
FY2025	38,269.3

Operating profit

FY2021	751.2
FY2022	1,148.9
FY2023	1,351.1
FY2024	1,548.1
FY2025	1,534.2

Net profit attributable to shareholders of the Company

FY2021	529.8
FY2022	776.6
FY2023	943.1
FY2024	1,086.6
FY2025	1,099.2

Profit before tax

FY2021	740.8
FY2022	1,135.0
FY2023	1,331.6
FY2024	1,530.7
FY2025	1,531.0

Profit after tax

FY2021	531.2
FY2022	787.8
FY2023	966.8
FY2024	1,116.6
FY2025	1,136.5

KEY BALANCE SHEET DATA (RM MILLION)

Property, plant and equipment

FY2021	4,017.5
FY2022	4,115.3
FY2023	4,116.9
FY2024	3,995.3
FY2025	4,117.3

Total assets

FY2021	9,600.8
FY2022	11,257.5
FY2023	11,487.0
FY2024	11,115.7
FY2025	11,083.9

Total borrowings

FY2021	116.4
FY2022	184.3
FY2023	152.2
FY2024	108.0
FY2025	163.0

Total liabilities

FY2021	3,985.4
FY2022	5,470.2
FY2023	5,650.2
FY2024	5,046.5
FY2025	5,032.4

Share capital

FY2021	993.5
FY2022	993.5
FY2023	993.5
FY2024	993.5
FY2025	993.5

Equity attributable to shareholders

FY2021	5,582.1
FY2022	5,742.7
FY2023	5,768.4
FY2024	5,970.9
FY2025	5,967.3

CFO's Review

5-YEAR GROUP FINANCIAL HIGHLIGHTS

SHARE INFORMATION PER SHARE

Basic earnings (sen)

FY2021	53.3
FY2022	78.2
FY2023	94.9
FY2024	109.4
FY2025	110.6

Gross dividend (sen)

FY2021	70.0
FY2022	76.0
FY2023	80.0
FY2024	107.0
FY2025	112.0

Share price as at financial year end (RM)

FY2021	20.60
FY2022	23.00
FY2023	21.84
FY2024	19.32
FY2025	19.96

FINANCIAL RATIOS

Return on revenue (%)

FY2021	2.3
FY2022	2.1
FY2023	2.6
FY2024	2.9
FY2025	3.0

Return on equity (%)

FY2021	9.5
FY2022	13.7
FY2023	16.8
FY2024	18.7
FY2025	19.0

Return on total assets (%)

FY2021	5.5
FY2022	7.0
FY2023	8.4
FY2024	10.0
FY2025	10.3

Debt to equity ratio (%)

FY2021	2.1
FY2022	3.2
FY2023	2.6
FY2024	1.8
FY2025	2.7

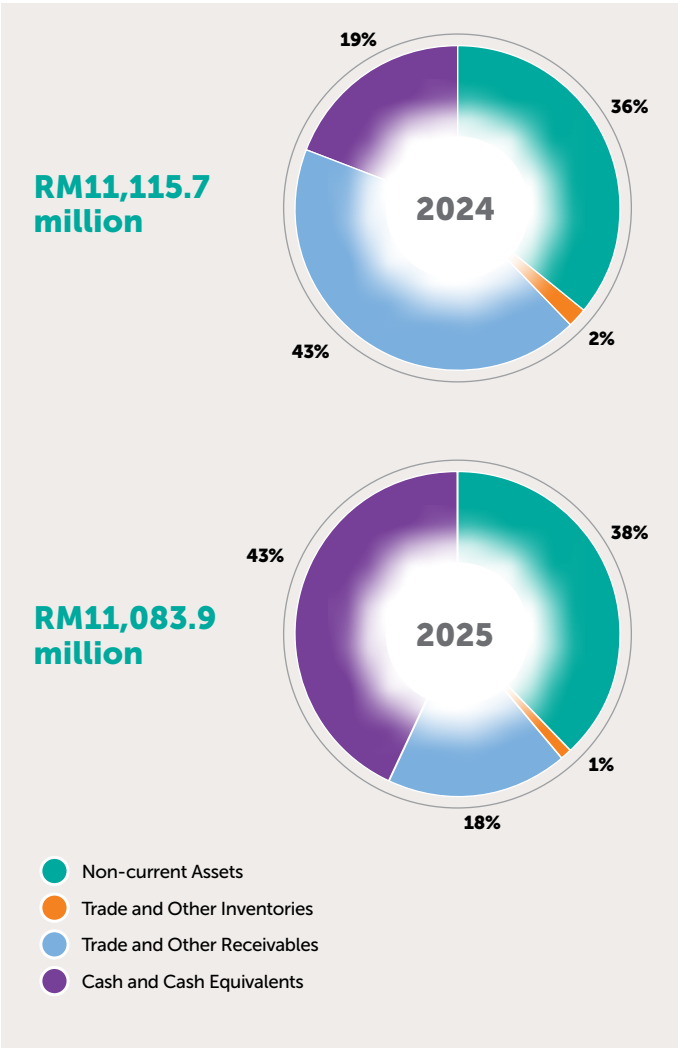
Dividend payout (%)

FY2021	102.0
FY2022	100.0
FY2023	91.0
FY2024	100.0
FY2025	100.0

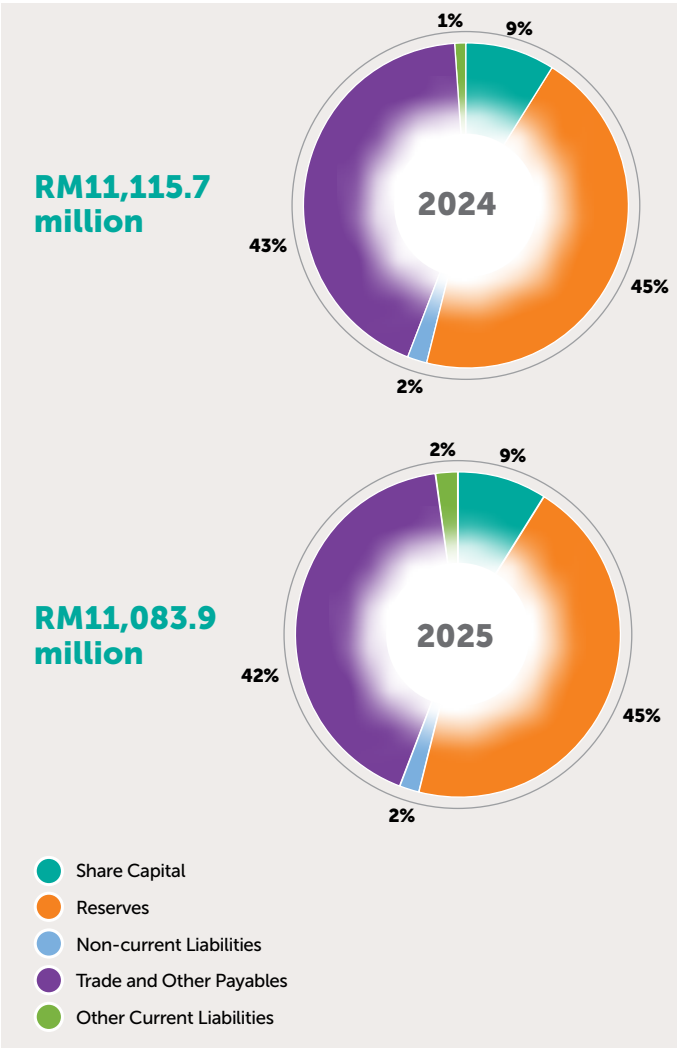
CFO's Review

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

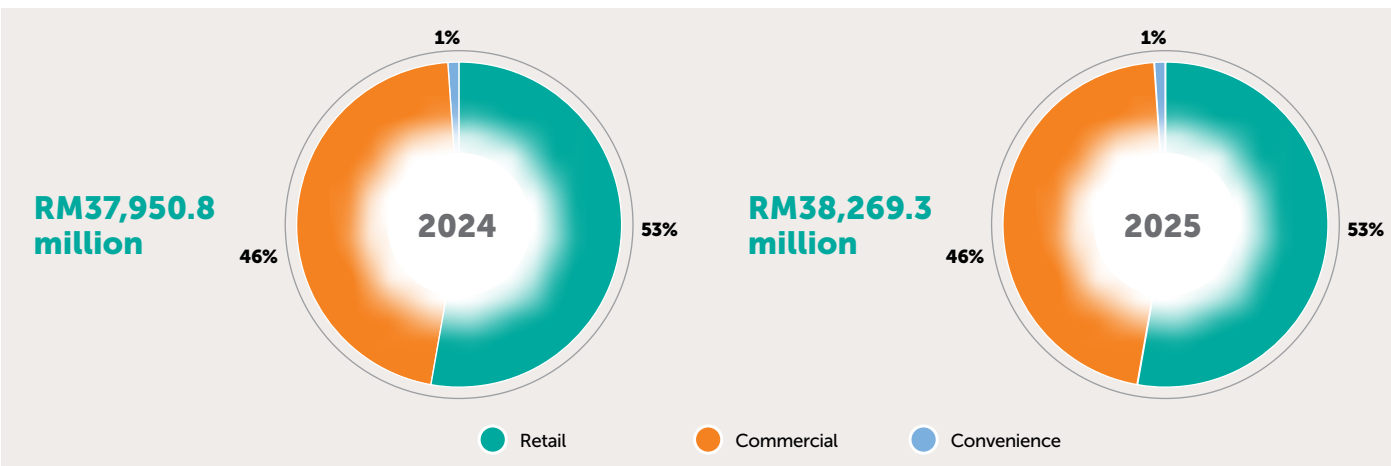


TOTAL EQUITY AND LIABILITIES



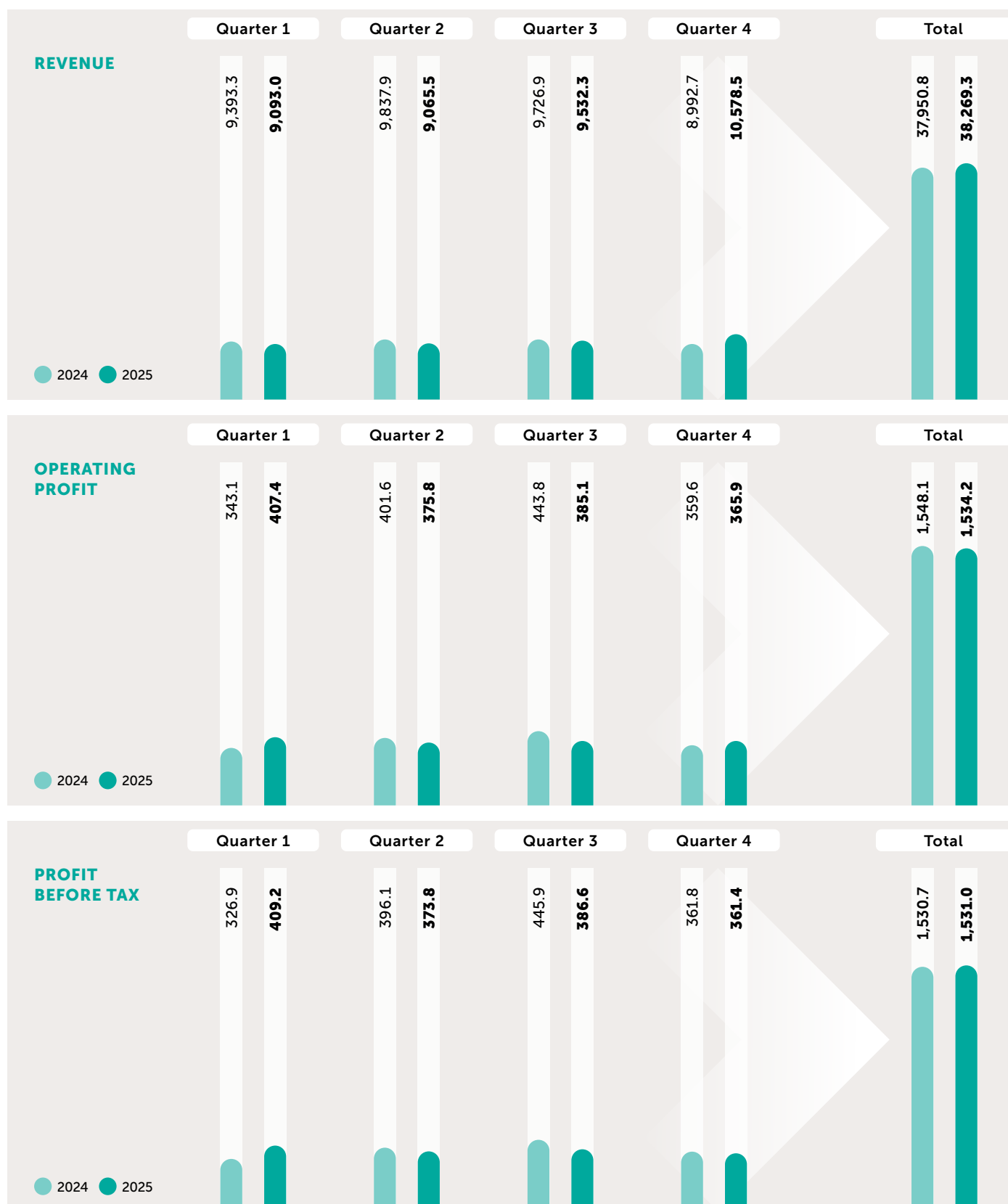
SEGMENTAL ANALYSIS

TOTAL REVENUE

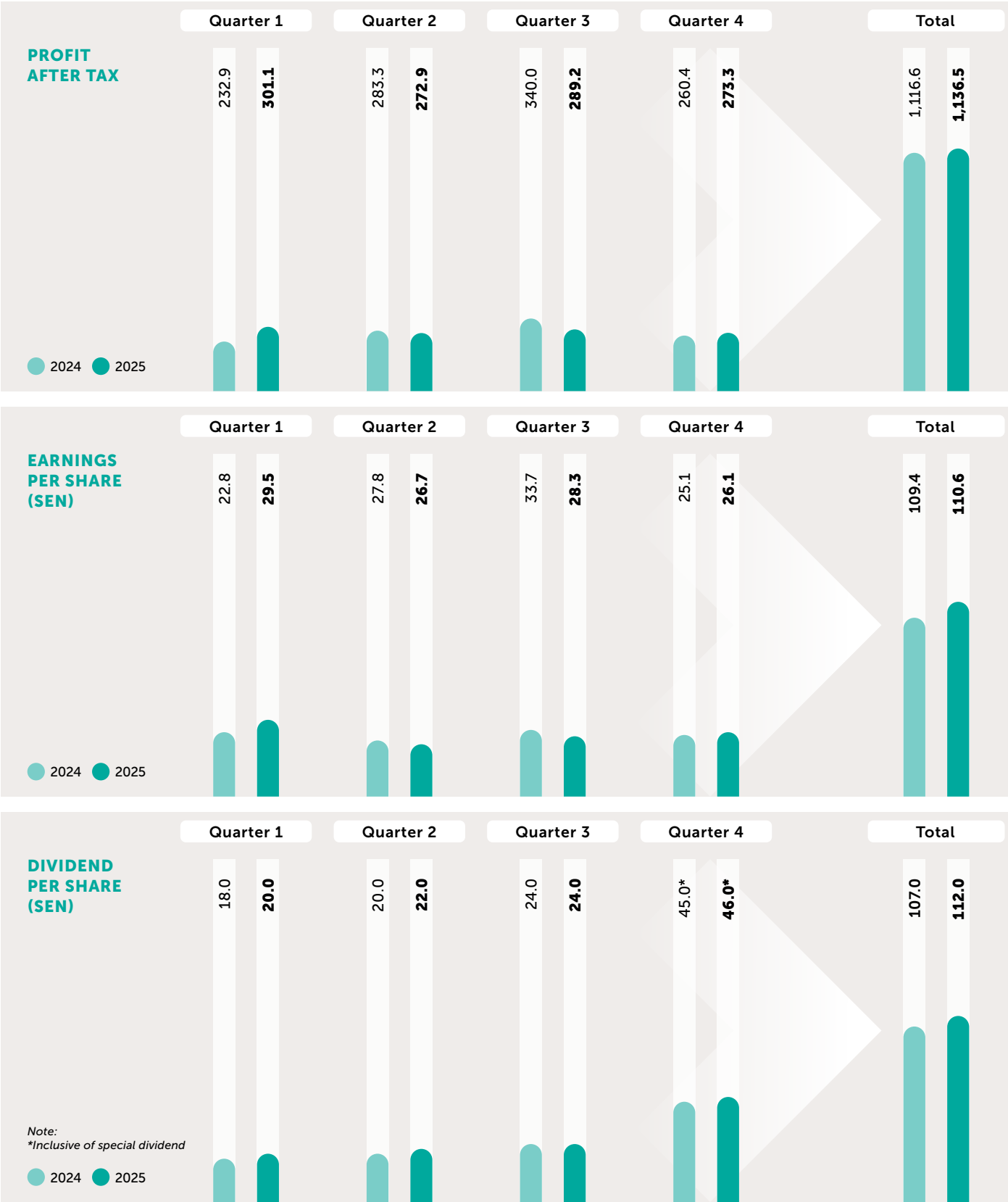


CFO's Review

GROUP QUARTERLY FINANCIAL PERFORMANCE (IN RM MILLION)



CFO’s Review



CFO's Review

KEY INTEREST BEARING ASSETS AND LIABILITIES

	Interest earning assets		Interest bearing liabilities			
	Cash and cash equivalents		Lease liabilities		Sukuk facilities	
As at 31 December (RM Million)	1,991.9	4,652.0	108.0	163.0	-	-
Effective Interest Rate (%)	3.0-3.1	2.8-3.0	3.4-8.4	3.5-8.4	3.7	-
Interest Income/ (Expenses) (RM Million)	160.9	193.7	(8.8)	(12.9)	-	-
	2024	2025	2024	2025	2024*	2025

*Figures are rounded to one decimal place. Values below 0.05 are presented as 0.0 as per Integrated Report 2024.

STATEMENT OF VALUE ADDED/DISTRIBUTION OF VALUE ADDED

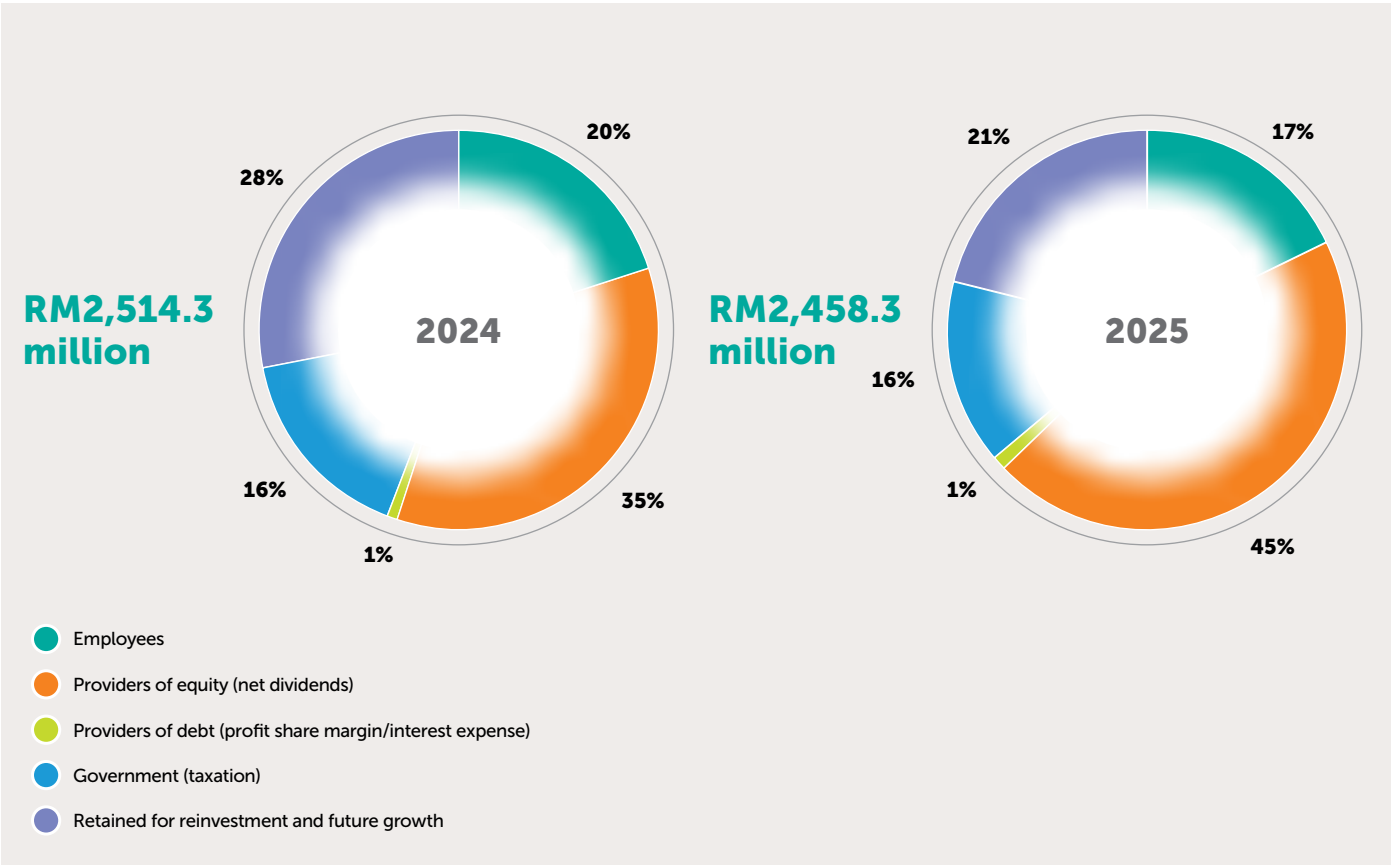
Value added is defined as the value created by the activities of a business and its employees, and in the case of PDB, it is determined as revenue less the cost of goods and services. The value added statement reports on the calculation of value added and its application among the stakeholders in the Group. This statement shows the total wealth created and how it was distributed, taking into account the amounts retained and reinvested in the Group for future growth.

Group	2024 RM'000	2025 RM'000
Revenue	37,950,762	38,269,332
Less: Cost of goods and services	(35,735,131)	(36,161,892)
Value added	2,215,631	2,107,440
Other income	316,109	354,006
Financing costs	(13,062)	(15,880)
Share of (loss)/profit after tax of equity associates and joint ventures	(4,418)	12,690
Value created	2,514,260	2,458,256

CFO’s Review

Group	2024 RM'000	2025 RM'000
Distributed to:		
Employees	495,227	424,475
Providers of equity (net dividends)	884,174	1,102,734
Providers of debt	13,062	15,880
Government (taxation)	414,030	394,495
Retained for reinvestment and future growth:		
Depreciation and amortisation	475,309	486,924
Unappropriated profit	232,458	33,748
Value Distribution	2,514,260	2,458,256

VALUE DISTRIBUTED



Our Approach to Value Creation

We create shared value for our customers, partners, shareholders and communities by making everyday life simpler and better. This purpose guides how we grow our business, allocate capital and strengthen resilience across our portfolio to deliver sustainable returns and lasting impact.

PDB operates an integrated downstream business spanning Retail-Fuel, Commercial, LPG, Lubricants, MESRA and Setel. Each segment responds to different customer needs, market dynamics and regulatory developments. We balance operational discipline with growth investments to deliver sustainable returns while adapting to evolving energy, mobility and consumer trends.

SHAPING OUR STRATEGY

Understanding Our Operating Landscape

We continuously assess macroeconomic trends, energy demand patterns, regulatory developments, technology shifts and consumer behaviour. These insights inform pricing, supply planning, network optimisation and portfolio prioritisation.



For more information, refer to Operating Environment and Market Outlook on pages 42 to 49.

Managing Risk with Discipline

We safeguard business continuity, financial resilience and operational reliability through structured risk management and strong internal controls. We actively monitor market volatility, supply disruptions and regulatory shifts to protect performance and customer confidence.



For more information, refer to Key Risks and Mitigation on pages 58 to 63.

Strengthening Partnerships

We cultivate long-term relationships with customers, dealers, suppliers and business partners. Transparent engagement and fair collaboration enable ecosystem growth and support sustainable performance across our network.



For more information, refer to Engaging with Our Stakeholders on pages 50 to 53.

Focusing on What Drives Value

We prioritise initiatives that materially influence business growth, profitability, customer experience and brand strength. Clear capital allocation discipline ensures resources flow to high-impact areas with measurable outcomes.



For more information, refer to Material Matters on pages 54 to 57.

Advancing Sustainability

We integrate safety, people development and environmental responsibility into daily operations. Operational efficiency, emissions management and responsible retail practices support long-term resilience and value preservation.



For more information, refer to our Sustainability Report.

IMPLEMENTING OUR STRATEGY

We translate strategic priorities into measurable actions across all business segments. Operational excellence, disciplined cost management and targeted growth investments support consistent delivery.

Our Moving Forward Together (MFT) strategy reinforces collaboration across business units, ensuring we execute with clarity and speed while staying aligned to our promise of *Making Your Everyday Life Simpler and Better*.

ALLOCATING OUR RESOURCES

We deploy resources across six capitals to sustain competitive advantage and long-term value creation:



Our Approach to Value Creation

OUR INTEGRATED BUSINESS MODEL AT WORK

Retail-Fuel



Commercial



LPG



Lubricants



MESRA



Setel



Our integrated platform connects infrastructure, supply capabilities and customer reach across Retail-Fuel, Commercial, LPG, Lubricants, MESRA and Setel. Operational scale and supply chain integration improve reliability and cost efficiency. Digital platforms strengthen customer engagement and data-driven decision-making. Brand trust reinforces loyalty across fuel and non-fuel offerings. This model enables reinvestment, innovation and consistent service delivery, creating value for customers, employees, partners, shareholders and communities.

OUR PROMISE

Making Your Everyday Life Simpler and Better



For more information, refer to Our Value Creating Business Model on pages 66 to 67.

CREATING VALUE FOR OUR STAKEHOLDERS

We create value by delivering reliable products and services, enhancing customer experience and operating responsibly. Performance is measured through operational excellence, customer satisfaction, financial returns and responsible business conduct.

**QUALITY
PRODUCTS**

**CLEAR VALUE
PROPOSITION**

**NETWORK
STRENGTH**

**RELIABILITY
OF SUPPLY**

**INNOVATION
AND DIGITAL
INTEGRATION**

**STRONG
CULTURE AND
TALENT**

**DIVERSITY AND
INCLUSION**

Sustainability Agenda

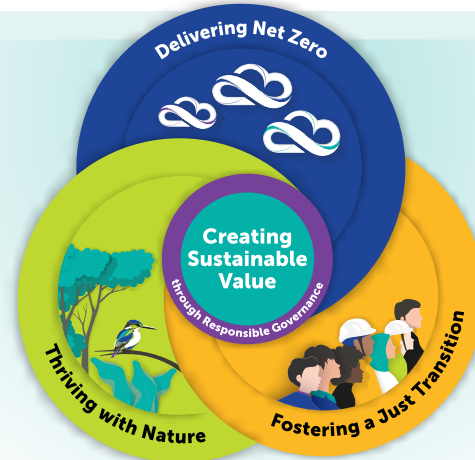
PDB's position as a major downstream petroleum retailer and marketer in Malaysia places us at the centre of a diverse national stakeholder landscape, shaping our approach beyond product delivery. We continue to strengthen responsible practices across our value chain to support sustainable growth and create long-term value for society and the environment. Through accessible networks and value-based pricing, we maintain our commitment to providing customers with quality products and services that support their daily needs.

PETRONAS Sustainability Approach

As a framework for our sustainability journey, we are guided by the PETRONAS Sustainability Approach, first adopted in 2024. Guided by three core components: **Delivering Net Zero** and **Thriving with Nature** advances our environmental stewardship, while **Fostering a Just Transition** reflects our commitment to social responsibility. These efforts are anchored by our approach in **Creating Sustainable Value through Responsible Governance**, reinforcing strong governance practices and long-term economic resilience.



For more information, refer to our Sustainability Report.



DELIVERING NET ZERO

The evolving energy landscape, shaped by the urgency and scale of the climate challenge, demands action. In aligning with PETRONAS' Net Zero Carbon Emissions (NZCE) ambition for 2050, we are committed to reducing emissions across our operations while investing in opportunities for lower-carbon business growth.

FOSTERING A JUST TRANSITION

The role of a leading domestic retailer and marketer carries responsibility for how change is delivered. We are committed to advancing a just transition that respects human rights and ensures equitable socio-economic opportunities for stakeholders, especially employees, suppliers and communities.

THRIVING WITH NATURE

The protection of nature and biodiversity is fundamental to sustaining life on Earth. We recognise both the impact of our operations on natural systems and our reliance on them. As such, we are committed to the responsible use of natural resources, the promotion of circular practices and addressing nature and biodiversity loss. We will undertake actions to restore, protect and conserve ecosystems in Malaysia.

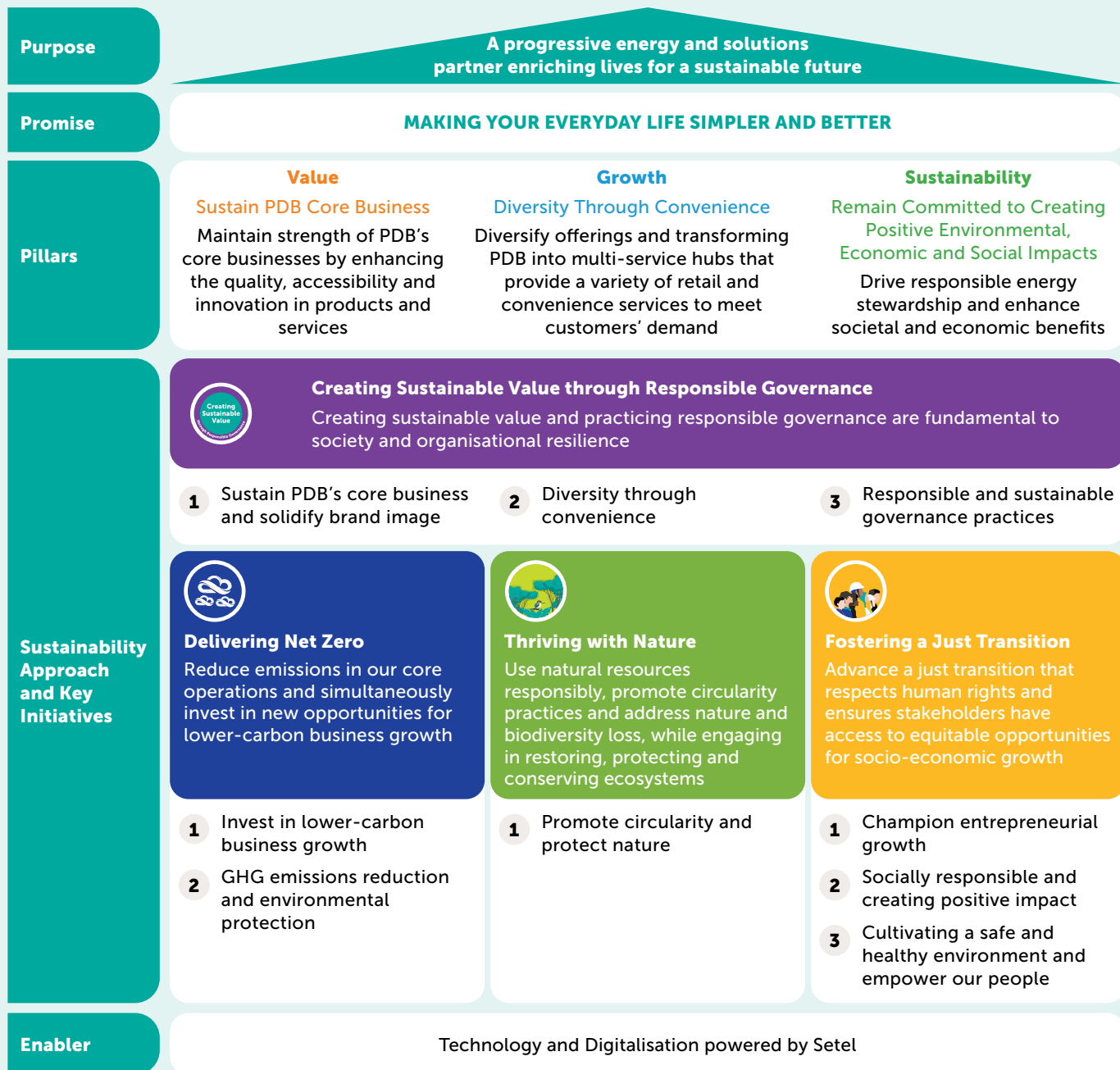
CREATING SUSTAINABLE VALUE THROUGH RESPONSIBLE GOVERNANCE

The role of a progressive energy and solutions partner is underpinned by our commitment to creating sustainable value and practising responsible governance, which we recognise as fundamental to societal and organisational resilience. This approach supports the delivery of our Energy Transition Strategy and aligns with PETRONAS' commitment to achieving net zero carbon emissions, thriving with nature and fostering a just transition.

Sustainability Agenda

PDB Enhanced Sustainability Framework

Our Enhanced Sustainability Framework continues to anchor our efforts, aligned with the PETRONAS Sustainability Approach and building on the foundations established in 2021. Anchored to PETRONAS' purpose and PDB's promise, the framework embeds sustainability into decision-making, resource allocation and day-to-day operations, driving clear targets, accountability across business units and consistent, measurable progress.



Our Operating Environment and Market Outlook

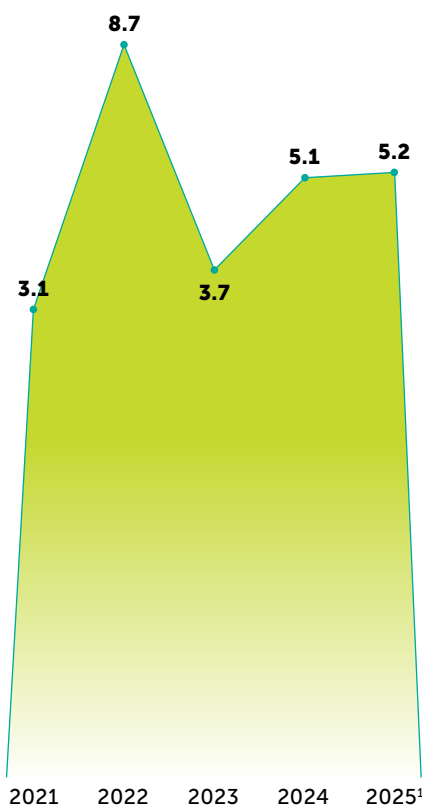
Our operating environment for 2025 reflected strong domestic demand, policy developments and changing mobility and consumption patterns nationwide, setting the conditions in which PETRONAS Dagangan Berhad (PDB) operated. Stable employment, rising wages and moderate inflation supported economic resilience, while targeted subsidy reforms and early energy transition measures influenced pricing, mobility and energy use. Shifts in travel behaviour and convenience-led consumption shaped future forecourt usage pattern and customer expectations, while oil price movements formed the wider backdrop to market conditions for the year.

DOMESTIC ECONOMIC RESILIENCE

In 2025, Malaysia's economy remained resilient despite a challenging global backdrop, supported by strong domestic demand, a stable labour market and sustained momentum across key sectors. These fundamentals provided continuity across consumption, mobility and industrial activity, shaping the operating environment in which businesses continued to perform.

The economy expanded by 5.2%¹, led by strong household spending, supported by steady employment conditions, rising wages and moderate inflation.

Real GDP Annual Change (%)



The unemployment rate averaged about 3.0% in 2025, improving from 3.3% in 2024², reflecting a firmer job market. Wage growth strengthened following civil service salary revisions and minimum wage adjustments, lifting household income and supporting customer spending, while inflation remained moderate in 2025. These factors strengthened household purchasing power and sustained private consumption.

Growth in construction and services added to this domestic demand-driven expansion. Construction activity expanded steadily through ongoing public infrastructure projects and private investment. Major national infrastructure projects increased demand for machinery, transport and logistics, supporting higher activity across construction and related sectors. These project phases required significant fuel and energy use, while associated commercial and urban development increased demand for fuels and lubricants, particularly for logistics and transport.

Growth in the services sector accelerated, driven primarily by tourism-related activities. Malaysia's tourism performance strengthened in 2025, with 42.2 million foreign visitors recorded, reflecting an 11.2% increase from 38 million in 2024³. Higher travel activity lifted mobility, increasing vehicle usage and customer traffic at service stations, which supported demand across both fuel and convenience offerings.

Planned Project Values and Timeline⁴



PUBLIC TRANSPORT

Light Rail Transit (LRT) Mutiara Line

RM16.8 billion 2025-2031

Rapid Transit System (RTS) Link

RM5.2 billion 2021-2026

East Coast Rail Link (ECRL)

RM50 billion 2018-2027



PUBLIC INFRASTRUCTURE

Sabah-Sarawak Link Road Phase 2

RM7.2 billion 2024-2029

Pan Borneo Sabah 1B

RM9.7 billion 2025-2029

¹ Bank Negara Malaysia, Economic and Financial Development in Malaysia in the Fourth Quarter of 2025

² Department of Statistics Malaysia (DOSM) Dashboard

³ Malaysia Tourism Statistics, Malaysia Tourism Statistics Dashboard

⁴ Bank Negara Malaysia, Economic and Financial Development in Malaysia in the Third Quarter of 2025

Our Operating Environment and Market Outlook

IMPACT ON PDB

Malaysia's domestic economic strength in 2025 translated into a solid performance for PDB. Total sales volume reached 17.1 billion litres, up from 16.8 billion litres in 2024, supported by reliable product delivery and disciplined operations. Strong mobility, resilient consumer spending and active industrial and logistics sectors lifted demand across fuel and non-fuel segments, keeping the business on track for another high-performing year.

Retail-Fuel volumes benefited from domestic travel and steady household spending, while LPG demand was supported by household usage and higher food service activities linked to increased consumer and tourist spending.

The Commercial segment's performance reflected higher activity in aviation and construction, driving demand across key sectors. The Lubricants segment recorded healthy momentum across industrial, original equipment manufacturer (OEM) and Retail segment, reflecting broad-based economic activity and an expanding distribution reach.

Non-fuel retail performance (MESRA) reflected broader economic spillovers from higher mobility and consumer activity, resulting in stronger *Kedai Mesra* sales. Increased customer traffic supported sustained chargeable sales, with *Kedai Mesra* surpassing RM1 billion for the fourth consecutive year.

PDB'S RESPONSE

PDB aligned its strategies with Malaysia's strong domestic conditions in 2025 by expanding network reach, strengthening customer propositions and improving operational readiness. These actions positioned the business to capture rising demand across Retail, Commercial and Convenience segments while maintaining delivery reliability and service standards.

To reinforce its presence, PDB focused on network expansion and asset performance. The Retail-Fuel business broadened its footprint and strengthened its network reach, while improving station standards through service and operational upgrades. The Commercial business grew its customer base across the various business segments and strengthened supply arrangements to support future volume growth. The LPG business built stronger positions in key states and responded quickly to market programmes by ensuring product availability and improving delivery effectiveness.

To extend market reach, the Lubricants business strengthened its position in the Industrial and OEM segments by deepening OEM relationships and broadening distributor coverage. It also expanded the AutoExpert and MotoExpert networks to support premium and synthetic product penetration while improving channel execution. In Convenience, MESRA optimised and refreshed selected *Kedai Mesra* outlets, strengthened in-house merchandising and broadened complementary offerings through expanded food and beverage partnerships, new concepts and partner-operated sites. These efforts supported stronger outlet performance, wider customer choice and improved visibility across the retail network.



OUTLOOK

Strong domestic demand is expected to continue shaping Malaysia's economy. Gross domestic product (GDP) growth is projected at about 4.0% - 4.5% in 2026, with private consumption remaining the main driver⁵. Consumer spending is expected to grow about 4.8% annually in 2026⁶, supported by stable employment, rising wages, moderate inflation and targeted government support. This environment supports continued mobility and day-to-day activity, which remains closely linked to demand for PDB's Retail, Commercial and Convenience offerings.

Growth is expected to be driven primarily by the services sector, with tourism serving as a key contributor alongside sustained activity across other key segments⁷. Visit Malaysia Year 2026 is set to boost travel activity, aviation traffic and related fuel demand. In response, authorities have approved new flight routes, increased frequencies and expanded charter services to strengthen international connectivity and support higher passenger volumes⁸. Strong approved investments in semiconductors, renewable energy and data centres indicate sustained demand from industrial and commercial customers, creating further opportunities for PDB.

The domestic outlook remains positive and PDB will move forward with a disciplined and cautious approach. Strategies will focus on strengthening market position, expanding customer reach and enhancing customer experience while aligning with market opportunities and risks.

^{5 & 8} Budget 2026: Economic Outlook 2026

⁶ PublicInvest Research

⁷ Bank Negara Malaysia, Economic and Financial Development in Malaysia in the Fourth Quarter of 2025

Our Operating Environment and Market Outlook

POLICY AND REGULATORY TRANSITION

Malaysia's operating environment in 2025 reflected major policy shifts aimed at strengthening fiscal discipline and preparing the economy for long-term sustainability. Federal reforms focused on reducing subsidy leakages, improving fiscal balance and redirecting savings into social and development programmes. Climate policy measures moved firmly into national policy through Budget 2026, the Thirteenth Malaysia Plan (RMK-13), and the National Energy Transition Roadmap (NETR), placing greater emphasis on emissions reduction, energy efficiency and climate resilience. These policy directions are expected to influence consumption patterns, mobility trends and energy use over the medium to long term.

Fiscal Reform: Targeted Fuel Subsidy

A major fiscal reform was introduced through the targeted RON95 fuel subsidy under the BUDI MADANI RON95 (BUDI95) programme. By limiting subsidised fuel to eligible Malaysians, the policy strengthened subsidy targeting and reduced unintended leakages. Within its first month, more than 13 million Malaysians used BUDI95, covering 1.33 billion litres of fuel, while generating significant fiscal savings to government⁹. These savings are being redirected into public welfare, healthcare, infrastructure and social support, strengthening the link between subsidy reform and broader economic well-being.



Climate Change and Energy Transition

National policy increasingly reflects the shift toward lower-carbon growth. Malaysia has aligned with international decarbonisation efforts through the National Climate Change Policy 2.0 and a commitment to a net zero emissions target by 2050. Budget 2026 introduced targeted funding and policy measures to support this direction, including RM150 million for the National Energy Transition Fund. These frameworks and funding mechanisms provide the foundation that translates national climate ambitions into implementation across transport and energy systems.

Ongoing policy initiatives are driving the adoption of electric mobility, lower-carbon public transport, Sustainable Aviation Fuel (SAF) and biodiesel. These measures signal the gradual shift toward a more diversified, lower-carbon energy mix, reshaping consumer travel patterns, goods transportation and industrial operations.

Electric mobility is expected to expand across both four-wheeler and two-wheeler segments, with adoption progressing over time as electric vehicles form a growing share of new vehicle sales. Urban public transport is also moving toward electrification, with the introduction of electric buses and electric vans supporting lower-emission mobility in cities.

In aviation, the transition includes the gradual introduction of SAF through blending requirements over time. Road transport decarbonisation efforts also include higher biodiesel blends, with promotion focused on targeted sectors.

⁹ Ministry of Finance (MOF) Press Citations, BUDI95: Over 13 Million Malaysians Enjoy RM800 Million In Savings in First Month



Our Operating Environment and Market Outlook

IMPACT ON PDB

Targeted subsidy reforms strengthened PDB's role as a trusted market leader in the Retail-Fuel business. Post-BUDI95 data shows petrol volumes remained steady, demonstrating the resilience of PDB's network and brand as consumers placed greater importance on reliability, convenience and trust. The policy also accelerated digital engagement, creating stronger incentives for customers to use Setel as the preferred channel for subsidised refuelling.

Energy transition policies opened new growth pathways. The shift toward electric mobility, biodiesel and SAF creates opportunities for PDB to extend beyond conventional fuel retailing into broader energy and mobility solutions. Electric two-wheeler adoption, supported by national policy, aligns with PDB's role in enabling charging and battery-swapping infrastructure, driving non-fuel service-based revenue and increasing station footfall. Policies promoting electric four-wheeler and alternative fuels also influence how PETRONAS stations respond to changing mobility patterns, supporting network relevance over time.

Decarbonisation policies also create new commercial opportunities. Targets for SAF blending and higher biodiesel use in ports and logistics support future demand for lower-carbon fuels, enabling PDB to support government decarbonisation efforts across key transport and logistics segments.

PDB'S RESPONSE

PDB supported the nationwide rollout of BUDI95 through Setel by focusing on service continuity and system stability during peak periods. Early performance showed sharp growth in daily volumes and rapid adoption of Setel, strengthening PDB's digital relationship with customers during the subsidy transition.

In response to national energy transition policies and rising sustainability requirements, industry players are placing greater emphasis on carbon reduction and offsetting efforts. Against this backdrop, PDB advanced the targeted adoption of biodiesel across key commercial sectors to deliver practical carbon mitigation solutions. Consistent with national policy priorities, PDB focused on deploying B20 and B30 blends in selected sectors where operational readiness and emissions impact were clearer. Execution was further strengthened through strategic partnerships with key industry players, including a B20 diesel supply arrangement with Sime Darby Guthrie, following successful pilot programmes at selected airports and seaports.

In addition, continuous solar panel installations across fuel stations form part of PDB's broader strategy to develop a more integrated energy ecosystem within its station network. PDB's on-site solar generation contributes to the overall energy ecosystem at designated stations and may also support the energy requirements of electric two-wheeler battery swapping facilities. These initiatives support incremental improvements in energy efficiency and emissions management, aligned with PDB's lower-carbon mobility initiative.

Complementing this, PDB expanded its electric two-wheeler presence through a strategic joint venture with Blueshark Ecosystem to deliver integrated mobility solutions. The collaboration facilitates the distribution of electric motorcycles and the deployment of one of Malaysia's early battery swapping models, supported by charging infrastructure at designated fuel stations. Backed by partnerships with manufacturers and fleet operators, this asset light model leverages PDB's retail footprint and service based revenue streams, while supporting customer traffic growth and the expansion of lower-carbon mobility.

In aviation, PDB advanced early-stage SAF capability through pilot programmes and collaboration with airline partners and technology providers. In September 2025, PETRONAS, through PDB, successfully delivered Malaysia's first locally blended SAF to Malaysia Airlines Group (MAG), validating PDB's integrated supply and blending capability. PDB was also certified as Malaysia's first International Sustainability and Carbon Certification (ISCC) CORSIA-recognised SAF trader, reinforcing readiness to support national SAF adoption and alignment with international aviation decarbonisation requirements.

OUTLOOK

Evolving US trade and tariff measures continue to shape the global operating landscape, contributing to periodic adjustments in trade flows and cross-border commercial activity. In this environment, Malaysia's competitive trade positioning and integration within global supply chains support stability and enable the country to respond to changes in global trade policy¹⁰. Recent developments in international trade policy have improved market sentiment and moderated near-term downside risks for export-oriented economies. Key sectors, particularly electrical and electronics, semiconductors, machinery and selected technology segments, remain key contributors to industrial activity, reinforcing downstream demand across logistics, transport and energy-related sectors.

Fiscal reform through targeted subsidies is expected to continue on a steady path, supporting price stability and sustaining fuel demand. Budget 2026 prioritised fiscal discipline and social support, with allocations directed toward targeted cash assistance programmes to help manage cost-of-living pressures. This approach helps preserve household purchasing power and supports private consumption. As subsidy reforms are implemented in a targeted manner, fuel remains accessible to Malaysians, supporting steady usage and stable demand for PDB's Retail-Fuel business.

Climate and energy policies will play an increasingly important role in shaping the operating landscape. Energy transition measures under RMK-13 and NETR continue to guide the shift toward lower-carbon growth, reinforcing cleaner mobility and energy efficiency as long-term priorities. Looking ahead, potential carbon taxation, adjustments to Electric Vehicle (EV) policies and expanded decarbonisation requirements may influence production costs, mobility choices and fuel demand patterns. PDB will move forward with a measured approach, strengthening its core business, while progressively expanding and enhancing its alternative fuels, electric mobility support and lower-carbon solutions.

¹⁰ Hong Leong Investment Bank Research, Economics and Equity Strategy

Our Operating Environment and Market Outlook

SHIFTS IN CONSUMER AND MOBILITY PATTERNS

Rising household income and changing lifestyles have reshaped how Malaysians travel, spend and use everyday services, driving more varied mobility patterns and consumption behaviour. Spending has shifted from basic necessities toward discretionary and convenience-led categories such as eating out, travel and on-the-go purchases, reinforcing higher footfall and engagement at retail-linked locations. These shifts, alongside a more diverse vehicle mix, signal a structural change in how customers interact with forecourts and highlight the need for formats that adapt to evolving consumer and mobility needs.

Travel and daily mobility in Malaysia have become more varied, changing how people use forecourts and what they expect from them. PETRONAS stations now serve different needs rather than a single, uniform customer journey. Short, routine commuter stops coexist with fast pass-through trips and longer destination-driven journeys associated with domestic and international travel. These groups exhibit different dwell times, spending patterns and service needs, signalling that a single-station format no longer fits all.

Rising household income has shifted spending patterns toward discretionary and mobility-related categories. The reallocation of household expenditure from basic necessities to eating out

and travel reflects stronger purchasing power, evolving lifestyles and continued urbanisation. These shifts have supported higher mobility, increased travel activity and sustained demand across transportation, retail and fuel-related services.

This trend is reflected in data from the Household Expenditure Survey (HES), which shows that the average monthly household expenditure in Malaysia increased from RM5,150 in 2022 to RM5,566 in 2024, indicating steady growth in purchasing power among Malaysians over the period¹¹.

Average Monthly Household Expenditure in Malaysia (2022 - 2024)

Source: Budget 2026: Economic Outlook 2026

RM5,150
2022

Compound Annual Growth Rate (CAGR) Increase

4.0%

RM5,566
2024

Growth in Food Away from Home Spending

Spending on food and beverage (F&B) services has continued to increase, reflecting higher discretionary income and changing consumption patterns. Data from Economic Outlook 2026 shows that the share of household expenditure on restaurants and accommodation services rose from 16.1% in 2022 to 17.0% in 2024, signalling a sustained shift toward eating out and travel-related consumption. This trend is expected to continue, with Quick Service Restaurant sales value projected to grow at about 6.0% annually from 2025 to 2029¹², supported by urbanisation, lifestyle changes and stronger mobility. Rising demand for F&B services reinforces higher footfall, longer dwell times and increased activity across retail and transport-linked locations.

Rise of Convenience-led Consumption

Convenience-led consumption is gaining ground, whereby consumers increasingly prioritise ease, speed and accessibility in everyday purchases. The convenience retail sales value in Malaysia is forecast to grow at about 9.0% CAGR from 2025 to 2029¹³. Wholesale and retail trade grew around 5.6% in 2025¹⁴, as customers continue to shift toward purchasing formats that support rising consumer spending and convenience driven purchasing behaviour.

Rising Vehicle Ownership and Changing Mobility Patterns

Vehicle ownership in Malaysia continues to diversify, reflecting evolving consumer preferences and usage patterns. Total vehicle sales grew at a 5.33% CAGR from 2022 to 2025, showing strong personal mobility growth. EV sales rose sharply, growing over 100%, but still accounted for only 5.15% of total vehicle sales in 2025¹⁵. Petrol and diesel vehicles continue to make up the majority of vehicles on the road, resulting in frequent, short duration refuelling stops remaining common, while the gradual adoption of EVs leads to longer dwell times associated with charging. This mix creates demand for convenience offerings that serve both quick transactions and longer, dwell-based consumption.

¹¹ Budget 2026: Economic Outlook 2026

¹² Euromonitor, Sector Capsule: Limited Service Restaurants in Malaysia

¹³ Euromonitor, Sector Capsule: Convenience Retailers in Malaysia

¹⁴ Department of Statistics, Malaysia

¹⁵ JPJ Data from Department of Statistics Malaysia (DOSM)

Our Operating Environment and Market Outlook

IMPACT ON PDB

These shifts reinforce the relevance of PDB's convenience-led forecourt model and reflect changing customer behaviour observed across the network in recent years. Higher travel activity and eating-out habits drive greater footfall at stations, where motorists increasingly combine refuelling with the purchase of snacks, drinks and quick meals. This evolving usage pattern has translated into a larger contribution from non-fuel offerings over time, supporting stronger sales of ready-to-eat food, beverages and convenience items at *Kedai Mesra*.

More varied travel patterns and uneven dwell times reinforce the value of flexible station formats. Locations serving commuters need fast service, while tourist and highway locations benefit from broader food, beverage and retail offerings. These trends validate PDB's strategy of combining fuel, convenience retail and complementary services at forecourts.

PDB'S RESPONSE

PDB adjusted its retail and convenience strategy to reflect more varied travel patterns, higher mobility and stronger demand for on-the-go consumption. The focus remained on strengthening core formats, improving flexibility by location and increasing value per stop, while keeping execution disciplined and phased.

Across the network, PDB refreshed convenience and food offerings, strengthened private labels and improved store environments to suit both quick-stop commuters and longer-dwell travellers. This included the introduction and the expansion of well-recognised foodservice brands such as Steers and Debonairs, along with refreshed formats at selected locations to enhance choice, speed and dining quality. PDB also expanded its mix of partner brands and complementary services to capture different travel and consumption needs without over-standardising station formats.

New and refreshed forecourt formats, such as the MEX Highway station, illustrate this approach in practice. The station features smart dispenser systems that improve fuel bay availability, as well as double-storey station designs that optimise land use and provide dedicated rest and dining spaces. These features support smoother traffic flow, shorter wait times and more comfortable stopovers. This reinforces a more adaptable forecourt model, where each site responds to traffic flow, customer profile and travel purpose.



OUTLOOK

More varied travel patterns, rising demand for travelling foodservice and convenience, and uneven dwell times from diversified vehicle types will continue to change how forecourts are used. PETRONAS stations are evolving from single-purpose refuelling points into multi-hub convenience destinations that support food, retail and mobility needs.

This supports a strategy of differentiated station formats, zoning within stations and selective service rollout based on location, traffic flow and customer mix. The opportunity lies less in volume alone and more in increasing value per stop by serving different travel patterns more effectively.

EV adoption is expected to progress gradually, while petrol and diesel vehicles remain dominant and account for most mileage on the road. Over the longer term, PDB will continue to integrate EV-related services and multi energy offerings to ensure stations remain relevant as mobility patterns evolve.



Our Operating Environment and Market Outlook

OIL PRICE MOVEMENT

Oil prices in 2025 were shaped by episodic market events, influenced by geopolitical developments and changing supply expectations. The average crude oil price for 2025 declined to USD69.10 per barrel from USD80.76 in 2024. Prices fluctuated across quarters, reflecting shifting geopolitical risks as well as concerns over tariffs, growing supply and weakening demand¹⁶.

Q1 2025

Brent crude oil prices were volatile, averaging USD75.73 per barrel in the first quarter and briefly peaking above USD80 per barrel in mid-January, due to intensified US sanctions on Russia. However, prices softened towards the end of the quarter amid trade policy uncertainty and growing oversupply concerns after OPEC+ announced in March 2025 that it would gradually increase production to regain market share.

Q2 2025

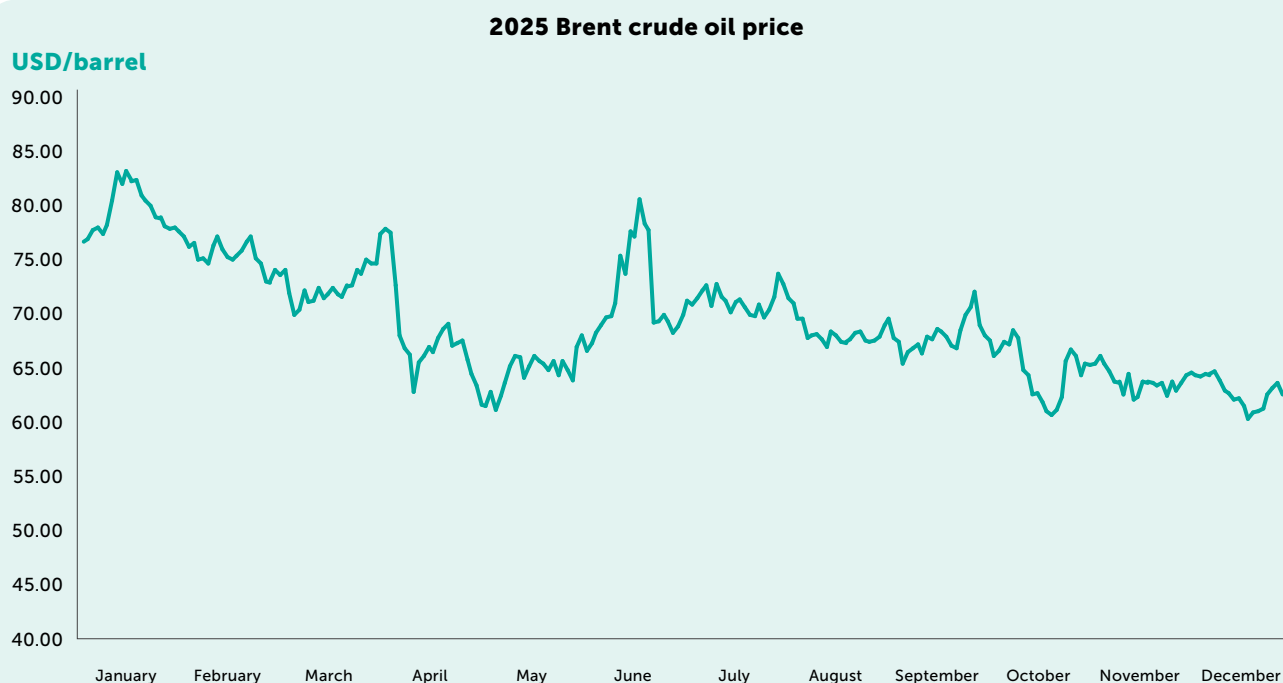
Prices declined by 10% from the previous quarter, averaging USD67.88 per barrel, as concerns on global economic growth and trade tensions weighed on demand. Escalating Israel-Iran tensions briefly lifted oil prices in June on fears of potential supply disruptions in the Middle East, however, persistent macroeconomic headwinds and an accelerated increase in OPEC+ supply capped further price gains.

Q3 2025

Brent prices stabilised within a narrow range, averaging USD69.13 per barrel. Intensifying Russia-Ukraine airstrikes provided some support to prices. However, mounting oversupply concerns amid accelerated production return from OPEC+ and persistent macroeconomic headwinds prevented further gains.

Q4 2025

Brent prices declined to average USD63.73 per barrel, as the market remained preoccupied with the risk of a supply glut despite rising geopolitical tensions in Russia and Venezuela. The US ordered a complete blockade of oil tankers moving in and out of Venezuela, while Russia and Ukraine peace efforts reached a stalemate.



¹⁶ Woodmac Short-term Outlook Report 2025

Our Operating Environment and Market Outlook

IMPACT ON PDB

Oil price movements in 2025 had limited direct impact on PDB's earnings profile. Since the implementation of its New Operating Model in 2021, PDB has operated under an integrated supply chain structure that centralises inventory ownership and trading activities, effectively removing inventory holding risk from PDB. This model reduces sensitivity to short-term crude oil price movements.

As a result, PDB sustained margin stability despite fluctuations in crude oil prices. The model also supported stronger working capital efficiency and more predictable cash flows, allowing the business to operate with greater financial resilience even as global oil markets remained volatile.

PDB'S RESPONSE

PDB focused on maintaining resilience and operational discipline in a volatile pricing environment. Strong cost management, careful working capital control and income from cash balances supported overall financial performance.

In the Retail-Fuel segment, the focus remained on expanding the network, improving station appeal and capturing eligible segments under targeted subsidy programmes. In Commercial, contract rationalisation, particularly with airline customers, helped shorten exposure periods and manage oil price volatility.

PDB also continued to broaden its presence through complementary non-fuel services and new business areas. Forecourts increasingly served as integrated service points for fuel, convenience and mobility needs. Partnerships in emerging mobility segments, including electric two-wheeler and supporting infrastructure, extended PDB's role beyond traditional fuel retailing while keeping investment phased and disciplined.

OUTLOOK

The oil market is expected to be influenced by oversupply conditions into 2026. The International Energy Agency (IEA) projects a global oversupply of around 2 million barrels per day (bpd) in 2026, exceeding expected demand growth of 0.9 million bpd¹⁷. Nonetheless, market sentiment is expected to be cautiously optimistic, supported by signs of stabilising demand. Geopolitical developments remain a key factor influencing market dynamics.

For PDB, business performance is driven primarily by product demand, customer volumes and retail margins rather than movements in crude oil prices. The operating model continues to buffer the business from short-term crude oil volatility, allowing management to focus on operational performance, customer reach and portfolio development.

¹⁷ IEA Oil Market Report



Engaging with Our Stakeholders

We engage with stakeholders across our value chain to understand their expectations and priorities. Their perspectives shape our decisions, strengthen our relationships and guide how we create value in a changing market.

MATERIAL MATTERS

- M1** Economic Growth and Performance
- M2** Customer-centricity
- M3** Ethics and Corporate Governance

Stakeholder Group

S1 Investors

Engagement Platforms

- Quarterly results announcements and analyst briefings
- Group and one-on-one meetings
- Non-deal roadshow and corporate conferences
- MyMesra website
- Periodic reports such as Integrated and Sustainability Reports
- Bursa Link under IR's Events and Announcements on MyMesra website

Why They are Important to Us

Investors enable us to access capital, create long-term value, manage risks, secure sustainable financing and strengthen our governance. Their confidence positions us to attract continued investment, support innovation and contribute to a more sustainable and prosperous future.

Key Areas of Concern

- Strategic direction, business growth, performance and opportunities
- Cash utilisation and dividends
- Corporate governance and business ethics; Environment, Economic, Social and Governance (EESG) practices
- Policy and regulatory changes

Our Response

- Maintaining business excellence for optimised financial performance
- Establishing strong corporate governance policies
- Ensuring compliance with relevant requirements and standards
- Embedding EESG elements in our business strategies

Link to

Material Matters

M1 M2 M3 M4 M5 M6 M7 M8 M9 M10 M11

Capitals **F**

S2 Customers

- Events, campaigns, roadshows and other related initiatives
- Mesralink Customer Experience Centre (via call, email, WhatsApp and Facebook Messenger chat)
- Mainstream and digital media platforms (via television, radio, newspapers, PETRONAS Brands' social media accounts and the MyMesra website)
- Customer surveys and/or feedback channels using QR codes at PETRONAS stations and/or events

Customers drive PDB's competitiveness and shape how we position our products, services and brand. Their preferences influence our marketing direction and help us design campaigns that resonate with diverse customer segments. As expectations evolve toward greater convenience, transparency and personalised engagement, their feedback guides continuous improvements in service delivery and brand experience. By engaging customers proactively, we build loyalty, protect brand integrity and create shared value that supports long-term growth.

- Fair product pricing, safety and consistent quality
- Access to innovative, value-add products and services
- Attractive loyalty rewards, benefits and personalised offers
- Clear commitment to sustainability, responsible practices and community impact
- Seamless convenience and experience across stations, digital platforms and Mesralink channels

- Improving fuel quality and customer-centric product innovations
- Developing targeted marketing campaigns to strengthen engagement
- Digitalising the Mesra loyalty experience through Setel
- Expanding brand partnerships to enrich loyalty rewards
- Advancing sustainability initiatives across retail operations and customer campaigns

Material Matters

M1 M2 M5 M6 M7 M11

Capitals **SR**

Stakeholder Highlights



BUDI95 Transition Support

PDB supported the national BUDI MADANI RON95 (BUDI95) subsidised fuel programme by delivering clear, consistent communication to guide motorists through subsidy changes and new fuelling requirements. Unified messaging across point-of-sale materials (POSM), digital channels and social platforms simplified BUDI95 steps and reinforced PETRONAS as a convenient choice for eligible motorists.

PDB also drove strong customer acquisition and usage through targeted activation. The *Mesra Rewards x Setel Champions League* initiative secured new Mesra users and saw an increase in Setel app downloads during the campaign period. High-intensity digital and radio media placement kept BUDI95 communication visible, accessible and top-of-mind nationwide.

Influencer and Key Opinion Leader advocacy further strengthened understanding. Instructional content explained subsidy eligibility and how to activate BUDI95 at stations, helping reduce confusion and improve customer confidence while driving significant digital traction. Strong cross-functional alignment between PDB and Setel ensured message consistency and amplified media impact.

Tight timelines, phased confirmation of the BUDI95 requirements and varying station readiness required agile coordination and rapid execution. These challenges encouraged closer collaboration and opened opportunities to tailor support strategies across more than 1,000 stations.

Engaging with Our Stakeholders

M4 Data Privacy and Security	M8 Safety, Health and Well-being	CAPITALS	F Financial	M Manufactured
M5 Sustainable and Ethical Supply Chain	M9 Human Capital		I Intellectual	H Human
M6 Climate Change and GHG Emissions	M10 Capability Building		SR Social and Relationship	N Natural
M7 Environmental Management	M11 Community Investment			

Stakeholder Group

S3 Rakan Niaga/Dealers

Engagement Platforms

- Conferences, roadshows
- Training sessions
- Circulars
- Mesralink
- MyStation portal

Why They are Important to Us

Dealers form a core part of our business network and operate as the frontline extension of the PETRONAS brand. They support retail operations, ensure reliable product availability and uphold service standards across our nationwide network. Their role in managing station performance, engaging customers and maintaining operational discipline directly influences business continuity and market reach. Working closely with our dealers also enables us to promote sustainable practices, advance the adoption of new products and strengthen our contributions to a more responsible retail ecosystem.

Key Areas of Concern

- Strategic direction, business growth, performance and future opportunities
- Workforce development and capability building
- Health, Safety and Environment (HSE) management, compliance and operational safety
- Governance, business ethics and responsible conduct

Our Response

- Implementing effective strategies for business growth
- Tracking performance to strengthen operational and financial outcomes
- Developing workforce capability and enforcing consequence management programmes
- Upholding the Code of Conduct and Business Ethics (CoBE) to ensure responsible behaviour

Link to

Material Matters

M3 M5 M6 M7 M8

Capitals SR

Stakeholder Highlights

Dealer Enablement and Frontline Readiness for BUDI95

Rakan Niaga played a central role in supporting the smooth rollout and customer acceptance of BUDI95 at PETRONAS stations. As frontline operators, they managed day-to-day station operations, provided real-time customer assistance and maintained consistent service standards across the network, helping motorists adapt quickly to the new subsidy processes.



To support this transition, Setel introduced a dealer-exclusive engagement programme ahead of the BUDI95 launch to strengthen app familiarity and onboarding readiness. Dealers guided motorists through account registration and verification, enabling customers to activate and use Setel with confidence during the early adoption phase.

Direct dealer engagement created a trusted support channel that improved customer assurance ahead of nationwide implementation. This proactive partnership accelerated digital adoption, reduced uncertainty at the pump and reinforced the dealers' role in delivering a smooth BUDI95 experience at PETRONAS stations.



Stakeholder Group

S4 Employees

Engagement Platforms

- Townhalls and roadshows
- Group and one-on-one engagement sessions
- Webinars
- Training sessions
- Union management
- Employee surveys
- Messages through videos, newsletters, intranet and emails

Why They are Important to Us

Employees are crucial to our success because they drive operational excellence, uphold compliance and ethics, and embed sustainability across the organisation. Their skills, leadership and collective commitment enable us to deliver strong economic results while advancing environmental and social outcomes. By supporting their well-being and growth, we strengthen organisational capability and build a more resilient, high-performing workforce.

Key Areas of Concern

- Strategic direction, business growth, performance and opportunities
- Employee well-being
- Employee volunteerism
- Diverse and inclusive career development

Our Response

- Offering flexible working arrangements
- Establishing regular, open and transparent communication
- Providing structured development programmes
- Monitoring employee well-being and organising programmes and initiatives

Link to

Material Matters

M3 M8 M9 M10 M11

Capitals H

Engaging with Our Stakeholders

Stakeholder Group

S5

Authorities/Regulators/ Financial Institutions

Engagement Platforms

- Formal meetings and briefings
- One-on-one engagement sessions
- Site visits
- Periodic reports

Why They are Important to Us

Authorities, regulators and financial institutions shape the policy environment, enforce compliance expectations, enhance transparency and support financial stability through investment and guidance. Their involvement also enables national coordination and collaboration that strengthens sustainable progress. By engaging them strategically, we navigate regulatory requirements more effectively, secure financial resources and advance initiatives that support long-term resilience and sustainable growth.

Key Areas of Concern

- Legal and regulatory compliance
- HSE management and compliance
- Corporate governance and business ethics
- Human rights
- Nation-building initiatives

Our Response

- Strengthening governance frameworks, policies and standards to ensure robust oversight and accountability
- Ensuring full compliance with legal, regulatory and industry requirements
- Facilitating and coordinating site visits by regulatory authorities
- Establishing structured, transparent and continuous communication channels with stakeholders

Link to

Material Matters

M1 M3 M4 M5 M6 M7 M8 M9 M10 M11

Capitals **SR**

Stakeholder Highlights

Supporting the National Implementation of BUDI95

PDB worked closely with government ministries and industry partners to enable a smooth rollout of the BUDI95 targeted fuel subsidy programme. Through a series of high-level workshops involving the Ministry of Finance (MOF), the Ministry of Domestic Trade and Cost of Living (KPDN) and other oil companies, PDB aligned implementation strategies, shared technical inputs and supported policy refinement to ensure the initiative met national objectives.

Throughout the pre-launch and launch phases, regular progress updates were shared to provide transparency on system readiness, key milestones and emerging risks. Ongoing technical engagements also enabled the exchange of strategic inputs on integration and operational considerations, supporting overall readiness and facilitating a coordinated implementation.

PDB managed multiple ministerial and stakeholder visits before and after the launch, reinforcing confidence in station preparedness and operational delivery. These engagements strengthened oversight visibility and supported relationship-building with regulatory authorities.

Setel supported the delivery of BUDI95 by preparing digital systems, participating in regular reviews and conducting on-ground product demonstrations. These efforts strengthened app readiness and operational processes, enabling a smooth customer experience across the network.

This collaboration with government bodies strengthened industry alignment, improved programme execution and helped ensure that BUDI95 was introduced with clarity, transparency and operational readiness across the retail network.



Stakeholder Group

S6

Contractors/Suppliers/ Business Partners

Engagement Platforms

- Formal meetings and briefings
- Group and one-on-one engagement sessions
- Signing ceremonies
- Emails
- Mesralink Customer Experience Centre
- Periodic reports
- Annual dealer conferences
- Training sessions
- PETRONAS Brands' social media accounts and MyMesra website
- Joint events
- Media releases

Why They are Important to Us

Contractors, suppliers and business partners form an important part of our business ecosystem, supporting our supply chain, project delivery and operational continuity. Their performance, practices and service quality influence customer experience, cost efficiency and brand reputation. By engaging closely with them, we strengthen collaboration, improve transparency and encourage responsible practices that support shared economic, environmental and social outcomes.

Key Areas of Concern

- Strategic direction, business growth, performance and opportunities
- Fair tender processes, contract terms and negotiation practices
- HSE management, operational safety and regulatory compliance
- Sustainability and EESG expectations across the supply and value chain
- Cyber security, data privacy and digital system integrity
- Clear mutual understanding of business expectations, objectives and goals
- Corporate governance, ethical conduct and accountability
- Fair opportunities, negotiations and contracts

Our Response

- Establishing open and transparent tender and procurement processes
- Engaging and communicating regularly with contractors and suppliers
- Integrating HSE, sustainability and EESG requirements into procurement practices
- Strengthening cyber security systems, controls and awareness across the value chain
- Conducting regular engagement and communication
- Collaboration frameworks

Link to

Material Matters

M3 M4 M5 M6 M7 M8

Capitals **SR**

Engaging with Our Stakeholders

Stakeholder Group

S7 Communities

Engagement Platforms

- Social impact and outreach programmes
- PETRONAS Brands' social media accounts and MyMesra website
- Mesralink Customer Experience Centre

Why They are Important to Us

Communities shape our social licence to operate and influence our reputation, business continuity and long-term growth. By partnering with communities, PDB delivers social impact, strengthens trust, manages social and operational risks, and contributes to national development. These efforts support shared value creation for both the company and the people we serve.

Key Areas of Concern

- Visibility and impact of initiatives
- Inclusivity and local engagement
- Transparency and communication

Our Response

- Delivering targeted social impact programmes
- Investing in community development and engagement
- Partnering with local organisations to improve inclusivity and reach

Link to

Material Matters

M7 M8 M11

Capitals **SR**

Stakeholder Highlights

Providing Aid During Flood Emergencies



The major flash floods that struck Bintulu and Miri in 2025 placed significant strain on local families and communities. In response, PDB mobilised immediate assistance and distributed care packages containing hygiene items, cleaning supplies and non-perishable food to six *Pusat Pemindahan Sementara*. This effort supported 1,274 people who were displaced or affected by the floods, offering comfort and basic necessities while recovery efforts continued.

Community Emergency Relief Support

The fire incident in Putra Heights in early April 2025 had a significant impact on surrounding communities, with residents affected and emergency services mobilised in response. Recognising the severity of the situation and the hardship faced by those involved, PDB extended support by providing care packages to affected individuals receiving assistance through Serdang Hospital, Putrajaya, Cyberjaya and Ampang. The relief effort aimed to offer practical help and comfort during a difficult time, reflecting our responsibility as part of the wider PETRONAS Group and our commitment to supporting communities during times of crisis.

Stakeholder Group

S8 Media

Engagement Platforms

- Mainstream media channels (such as print, online, broadcast and radio)
- Media statements and press releases
- Media interviews and briefings
- Issues and crisis communications
- Dedicated email channels for media queries

Why They are Important to Us

The media helps shape public understanding of our business, sustainability efforts and performance. It influences perception, supports transparency and strengthens trust among wider stakeholder groups. Effective media engagement allows us to communicate our direction, highlight progress and demonstrate leadership to audiences in Malaysia and beyond.

Key Areas of Concern

- Strategic direction, business growth, performance and opportunities
- Sustainability and EESG initiatives
- New offerings, projects and partnerships
- Business outlook and aspiration

Our Response

- Ensuring timely response to media queries
- Building rapport through purposeful engagements and briefings
- Conducting targeted outreach with key media editorial teams
- Maintaining regular informal interactions to strengthen understanding
- Enhancing collaboration to improve visibility and crisis readiness
- Ensuring consistent delivery of key PETRONAS corporate business messages

Link to

Material Matters

M1 M2 M3 M4 M5 M6 M7 M8 M9 M10 M11

Capitals **SR**

Material Matters

Material matters are key sustainability priorities that hold significant importance to our business and stakeholders. Identifying these material matters enables us to align with stakeholders' expectations, effectively mitigate risks and uncover potential opportunities. In PDB, we periodically review and evaluate our material matters through comprehensive surveys conducted with diverse stakeholder groups, ensuring a robust and inclusive approach to addressing key concerns.

The following three steps determine our material matters:



IDENTIFICATION

We conduct a thorough review of our operating environment and expectations of our key stakeholders. Following that, we benchmark our current position against relevant standards and frameworks, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), United Nations Sustainable Development Goals (UN SDGs), FTSE4Good Index Series as well as the practices of industry peers and sustainability leaders. This allows us to identify gaps and areas for improvement, as well as revising our existing material matters, if needed.



PRIORITISATION

We conduct internal assessments with key personnel at PDB, including the Leadership Team and engage with external stakeholders via surveys and multiple channels to rank our material matters. Ranking is done according to their potential impact on our strategy and performance as well as relevance to stakeholders' expectations. We then validate our ranking via workshops held with key focal persons across various functions within PDB and prioritise them according to the Economic, Environment, Social and Governance (EESG) pillars.



INTEGRATION

The prioritised material matters are integrated into all areas of our corporate strategy and embedded into our business planning and operations. These material matters underpin the delivery of PDB's promise of Making Your Everyday Life Simpler and Better.

We review our material matters and undertake a comprehensive materiality assessment once every three years to ensure continued alignment with PDB's strategy, risk profile and long-term value creation. In 2025, the materiality assessment progressed through the prioritisation phase, involving direct engagement with all eight key stakeholder groups that are material to PDB. The outcomes of the assessment inform our sustainability priorities and related disclosures in the Sustainability Report 2025, in accordance with the Bursa Malaysia Sustainability Reporting Guide. For 2025, five material matters were prioritised: Climate Change and GHG Emissions; Ethics and Corporate Governance; Safety, Health and Well-being; Capability Building and Customer-centricity. These areas are considered most critical to PDB's ability to create sustainable value over the short, medium and long-term. The outcomes of the materiality prioritisation exercise were reviewed by Management, endorsed and approved by the Board of Directors, ensuring alignment with PDB's strategy, risk profile and long-term sustainability objectives. Other material matters have been reclassified as secondary and will continue to be monitored and managed. This shift in prioritisation reflects PDB's strategic focus on organisational resilience, digital trust and decarbonisation as key enablers of long-term business sustainability.

CREATING SUSTAINABLE VALUE THROUGH RESPONSIBLE GOVERNANCE

M1 Economic Growth and Performance

Definition

Our ability to sustain strong business performance over the short, medium and long-term, while contributing to national economic development through developing and strengthening suppliers' capacity and capabilities, both locally and regionally.

Why it matters

Sustained economic performance enables PDB to meet its growth aspirations, honour financial commitments and build enduring relationships with stakeholders. It forms the foundation of our long-term sustainability, ensuring that we continue to create and deliver value in a resilient and responsible manner while supporting broader economic development.

M2 Customer-centricity

Focuses on enhancing customer experience by continuously adapting to evolving needs and preferences through innovative, reliable and accessible solutions.

In an increasingly competitive market landscape, maintaining customer trust and confidence is critical. A strong customer-centric approach strengthens loyalty, reinforces our brand reputation and supports sustainable business performance over the long term.

Cross Reference

Section	Page
5-Year Group Financial Highlights	31
Statement of Value Added/ Distribution of Value Added	36
Segmental Analysis	33
Our Approach to Value Creation	38
Engaging with Our Stakeholders	50
Sustainability Review	24
Economic Growth and Performance	35

Section	Page
Our Approach to Value Creation	38
Engaging with Our Stakeholders	50
Customer-centricity	41

Link to

UN SDGs



Stakeholders



Capitals



Strategic Pillars



UN SDGs



Stakeholders



Capitals



Strategic Pillars



Material Matters



M3 Ethics and Corporate Governance

Involves the establishing of a robust governance framework and upholding ethical business practices anchored on accountability, transparency and stewardship.

Strong governance is essential for protecting stakeholder interests and ensuring responsible decision-making. It enhances confidence in our leadership, reinforces our reputation as a trusted organisation and supports our ability to consistently deliver sustainable value.

M4 Data Privacy and Security

Implementing comprehensive systems and controls to safeguard customer data and protect our digital infrastructure.

As digitalisation increasingly underpins our operations and product offerings, robust data protection and cyber resilience are critical. These measures help prevent data breaches, mitigate operational risks and maintain the trust of customers and other stakeholders.

M5 Sustainable and Ethical Supply Chain

Ensuring that partners, suppliers and contractors operate in line with the same EESG principles upheld by PDB, with particular emphasis on compliance in highly regulated areas.

Embedding sustainability and ethical practices across the value chain supports business resilience and long-term growth. It strengthens stakeholder relationships, reinforces environmental stewardship and enhances our credibility as an organisation committed to responsible and inclusive value creation.

Legend: ■ Prioritised Material Matter ■ Integrated Report ■ Sustainability Report

Section	Page
Engaging with Our Stakeholders	■ 50
Board Audit Committee Report	■ 162
Board Sustainability and Risk Committee Report	■ 169
Corporate Governance Overview Statement	■ 136
SORMIC	■ 175
Sustainability Review	■ 24
Our Sustainability Governance	■ 138
Ethics and Corporate Governance	■ 46

Section	Page
Our Approach to Value Creation	■ 38
Data Privacy and Security	■ 48

Section	Page
Our Approach to Value Creation	■ 38
Corporate Integrity and Ethics	■ 172
Engaging with Our Stakeholders	■ 50
Sustainability Review	■ 24
Sustainable and Ethical Supply Chain	■ 51

UN SDGs



Stakeholders



Capitals



Strategic Pillars



UN SDGs



Stakeholders



Capitals



Strategic Pillars



UN SDGs



Stakeholders



Capitals



Strategic Pillars



Material Matters

DELIVERING NET ZERO



M6 Climate Change and GHG Emissions

Definition

Focuses on contributing to climate change mitigation through energy efficiency initiatives and investments in renewable energy, while implementing appropriate adaptation measures.

Why it matters

Transitioning towards renewable energy is critical to protecting the environment, ensuring long-term business sustainability and meeting the evolving expectations of stakeholders.

THRIVING WITH NATURE



M7 Environmental Management

Involves the sustainable management of water resources, emissions, pollution, spills and waste, to preventing environmental degradation and promoting circular economy practices.

Effective environmental management safeguards natural ecosystems, supports regulatory compliance and enhances long-term business sustainability. It also reinforces our commitment to Delivering Net Zero while responding to growing stakeholder expectations on environmental responsibility.

FOSTERING A JUST TRANSITION

M8 Safety, Health and Well-being

Focuses on ensuring a safe working environment across operations to protect employees and assets, while prioritising the mental and physical well-being of our workforce.

Healthy and safe employees are essential for operational continuity and strong business performance. Prioritising well-being enhances workforce engagement, strengthens partnerships and builds confidence among suppliers and business partners.

Cross Reference

Section	Page
Our Approach to Value Creation	38
Sustainability Review	24
Climate Change and GHG Emissions	58

Section	Page
Our Approach to Value Creation	38
Environmental Management	64

Section	Page
5-Year Group Financial Highlights	31
Statement of Value Added/Distribution of Value Added	36
Segmental Analysis	33
Our Approach to Value Creation	38
Engaging with Our Stakeholders	50
Sustainability Review	24
Safety, Health and Well-Being	71

Link to

UN SDGs



Stakeholders



Capitals



Strategic Pillars



UN SDGs



Stakeholders



Capitals



Strategic Pillars



UN SDGs



Stakeholders



Capitals



Strategic Pillars



Material Matters



M9 Human Capital

Refers to fostering an inclusive, engaging and rewarding work environment that empowers employees, encourages accountability and enables them to perform at their best.

An inclusive and supportive workplace strengthens employee motivation and ownership. This directly enhances organisational performance and supports the achievement of our strategic and corporate objectives.

M10 Capability Building

Involves investing in people through structured development programmes to cultivate a skilled, high-performing and future-ready workforce.

A competent and capable workforce is critical to driving PDB's transformation agenda. Continuous capability development supports sustainable growth, innovation and long-term organisational success.

M11 Community Investment

Focuses on strengthening our presence within local communities through targeted programmes that address priority societal needs.

Communities form a natural extension of our stakeholder base. Meaningful community investments enhance our reputation, reinforce our social licence to operate and support sustained demand for our products and services over the long term.

Legend: ■ Prioritised Material Matter ■ Integrated Report ■ Sustainability Report

Section	Page
Our Approach to Value Creation	■ 38
Corporate Integrity and Ethics	■ 172
Engaging with Our Stakeholders	■ 50
Sustainability Review	■ 24
Human Capital	■ 76

Section	Page
5-Year Group Financial Highlights	■ 31
Statement of Value Added/Distribution of Value Added	■ 36
Segmental Analysis	■ 33
Our Approach to Value Creation	■ 38
Engaging with Our Stakeholders	■ 50
Sustainability Review	■ 24
Capability Building	■ 86

Section	Page
Our Approach to Value Creation	■ 38
Engaging with Our Stakeholders	■ 50
Community Investment	■ 89

UN SDGs



Stakeholders



Capitals



Strategic Pillars



UN SDGs



Stakeholders



Capitals



Strategic Pillars



UN SDGs



Stakeholders



Capitals



Strategic Pillars



Key Risks and Mitigation

2025 RISK LANDSCAPE

Regulatory change, market shifts and sustainability pressures shaped our risk environment.



The introduction of Malaysia's National Sustainability Reporting Framework (NSRF), aligned with the International Sustainability Standards Board (ISSB) requirements under the International Financial Reporting Standard S1: General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and International Financial Reporting Standard S2: Climate-related Disclosures (IFRS S2) has elevated sustainability and climate risks to the same level of rigour as financial risks. As a result, these risks are no longer viewed as optional considerations, but as essential components of enterprise risk management. Stakeholder expectations for visible economic, environmental, social and governance (EESG) progress continues to rise, supported by National Climate Policy, driving a lower-carbon transition. External uncertainties, including global trade pressures such as US tariff developments and evolving expectations in Sabah and Sarawak, remained under close Board oversight.

STRENGTHENING RISK MANAGEMENT

The Enterprise Risk Management (ERM) system sets out how risks are identified, assessed, treated and monitored across PDB, aligned with PETRONAS Group ERM standards and IFRS sustainability-related disclosure requirements. Risk considerations feed into strategy, performance delivery, investment decisions and operations through regular reviews. The framework brings together business objectives, risk appetite, material matters, sustainability focus areas, historical trends and industry insights. Oversight sits with the Board and its committees, supported by Management and Approving Authorities, and operates through a Three Lines of Defence model where business owners hold risk ownership, risk and compliance functions provide oversight, and internal audit delivers independent assurance.

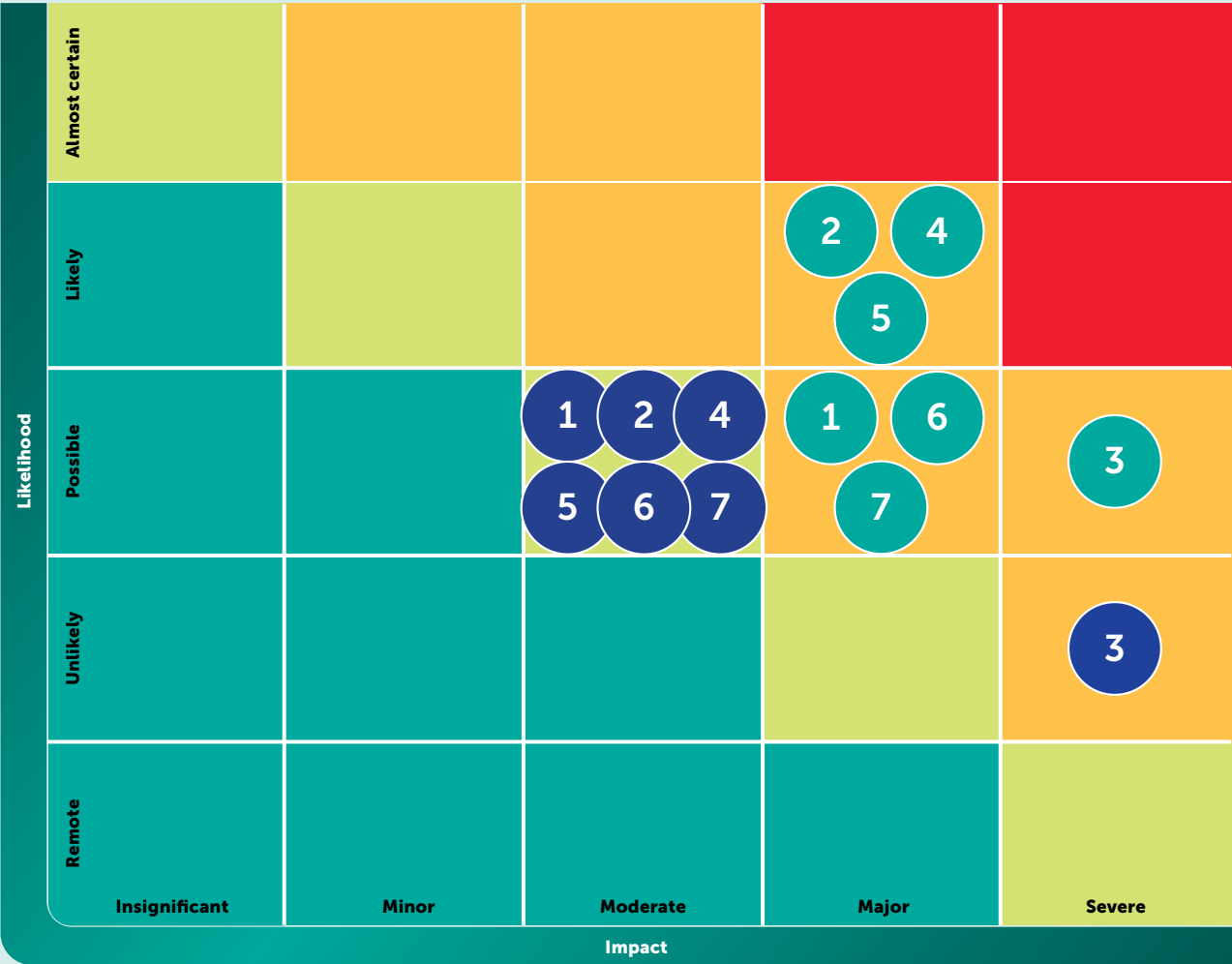
We strengthened our risk management approach in 2025 through tighter governance, deeper integration and stronger capability. The ERM framework now embedded climate-related financial risks into financial assessments, strategic planning cycles and relevant Terms of Reference.

The 2025 Sustainability Reporting structure and training programmes support the shift from Task Force on Climate-related Financial Disclosures (TCFD) to IFRS across governance, strategy, risk and metrics and targets. Materiality prioritisation exercises were conducted to assess whether its sustainability priorities remained relevant to the company. We advanced our risk culture through the Resiliency Roadmap, Risk Maturity Survey and Risk Clinics. Portfolio-level oversight strengthened through quarterly Board Risk Reviews and Operational Risk Reports are consolidated through myRisk and supported by focused engagement across business lines.

Key Risks and Mitigation

RISK PRIORITISATION AND REPORTING

Risks are prioritised using likelihood and impact assessments and mapped on a risk matrix to guide treatment decisions. Matters requiring close oversight form the Corporate Risk Profile and tabled quarterly to Management and the Board. Each risk carries a mitigation plan and a named risk owner responsible for delivery and ongoing monitoring.



Key Risks

- 1 Market
- 2 Operations
- 3 Legal and Regulatory
- 4 Project Execution
- 5 Strategy/Economic
- 6 Sustainability
- 7 HSE

Risk Rating

- Very High
- High
- Medium
- Low

Legend

- Current
- Target

Key Risks and Mitigation

HSE RISK

Risk Movement

Stable  Increase

Time Horizon



Risk Description

Our operations span multiple geographies and include activities such as handling, storage and distribution of flammable products. These activities inherently expose PDB to HSE risks. Risk exposure remained significant due to the scale and intensity of operations, with higher throughput, increased maintenance activity and wider geographic reach.

Key exposures arose from operational safety risks at facilities, hazardous materials risks as well as transport and logistics risk from expanded movement of goods and personnel. Managing these risks remains critical to protect employees, contractors and the public, and to prevent incidents that could harm people, the environment, assets, financial performance and reputation.

Risk Indicators

- Unsafe Act Unsafe Conditions (UAUC) reported quarterly
- Number of proactive interventions to ensure compliance with HSE operational requirements

Implications and Financial Impact

- Risk of injury or fatality to employees and contractors
- Environmental damage, including loss of primary containment (LOPC)
- Damage to corporate reputation
- Potential regulatory fines and legal liabilities
- Higher insurance premiums

Mitigation Strategies

Existing

- Inculcate HSE generative culture programme
- Implement UAUC-focused intervention programme
- Execute operational strategy at selected sites

New

- Enabled safety monitoring for critical equipment
- Enhanced contractor HSE onboarding and training

Opportunities

- Stronger EESG credentials through proactive HSE governance
- Enhanced operational resilience

Link to

Strategic Pillars



Material Matters



Capitals



Stakeholders



UN SDGs



For more information, refer to Safety, Health and Well-being in the Sustainability Report on page 71.
For more information, refer to Customer-centricity in the Sustainability Report on page 41.
For more information, refer to Environmental Management in the Sustainability Report on page 64.

STRATEGY RISK

Risk Movement

Stable  Increase

Time Horizon



Risk Description

PDB is exposed to the risk of ineffective or delayed execution of its growth strategies, which could materially hinder the achievement of PDB's strategic targets and value creation for stakeholders. This risk is driven by uncertainties in delivering long-term objectives amid shifting market dynamics, evolving regulatory requirements, the transition to a lower-carbon economy and changing stakeholder expectations.

In addition, macroeconomic pressures such as reduced consumer spending, rapidly evolving customer preferences, heightened competition and the impacts of climate change may adversely affect sales performance and profitability, across both the fuel and non-fuel business segments.

PDB will continue to closely monitor developments affecting this risk and implement appropriate mitigation measures to ensure that risk exposures remain within PDB's risk appetite and that risk movement remains stable.

Risk Indicators

- Progress against key project milestones
- Financial performance of growth projects and new businesses

Implications and Financial Impact

- Failure to diversify income streams
- Loss of competitive advantage

Mitigation Strategies

- Execute growth projects on time, in line with approved plans
- Execute new business strategy across all business pillars

Opportunities

- Stronger brand reputation and stakeholder trust
- Strategic partnerships that enable access to new markets
- Broader strategic focus beyond fuel retailing to capture new growth opportunities
- Stronger innovation and differentiation through unique products, services and customer experiences

Link to

Strategic Pillars



Material Matters



Capitals



Stakeholders



UN SDGs



For more information, refer to Retail-Fuel, Convenience: MESRA, Convenience: Setel and Enablers: Digital – Key Initiatives, refer to Business Review on page 68, 76, 78 and 82.
For more information, refer to Growth in Our Strategy on page 64.
For more information, refer to Climate Change and GHG Emissions in the Sustainability Report on page 58.

Key Risks and Mitigation



LEGAL AND REGULATORY RISK

Risk Movement

Stable Increase

Time Horizon

Risk Description

PDB is exposed to legal and regulatory risk arising from potential breaches of applicable laws, regulations and industry standards across the jurisdictions in which PDB operates. Non-compliance in critical legal and regulatory areas, including adherence to the Malaysian Anti-Corruption Commission Act, may result in regulatory enforcement actions, investigations, litigation, financial penalties, remediation costs, reputational damage and in severe cases, operational disruption or suspension of business activities.

In 2025, stricter regulatory and enforcement scrutiny in areas such as anti-bribery and corruption, data protection and privacy, trade and sanctions compliance, and sustainability-related disclosures under IFRS and applicable EESG reporting requirements, significantly increases PDB's exposure. The evolving regulatory landscape, increased assurance expectations over EESG and financial disclosures, and varying jurisdictional requirements may challenge consistent and timely compliance.

Risk Indicators

- Number of breaches in Critical Legal Areas
- Number of cyber security incidents

Implications and Financial Impact

- Regulatory fines and legal liabilities
- Tarnished reputation
- Decrease in stakeholder confidence

Mitigation Strategies

Existing

- Develop and implement communication plan for Management on Ethics and Integrity
- Deliver targeted, risk-based training for high-risk employees on Anti-Money Laundering (AML), Counter-Financing of Terrorism (CFT), sanctions and anti-bribery
- Conduct training and communications on the five Critical Legal Areas
- Conduct Data Privacy Impact Assessment (DPIA) for new transactions, businesses, ventures and data-sharing arrangements

New

- Execution of digital compliance monitoring tools
- Enhanced third-party due diligence

Opportunities

- Stronger ethical and integrity culture
- Position PDB as a secure, digital-ready energy business
- Position as industry leader in ethical practices

Link to

Strategic Pillars



Material Matters



Capitals



Stakeholders



UN SDGs



For more information on Corporate Integrity and Ethics, refer to page 172.

For more information on Key Elements of Internal Controls Systems, refer to SORMIC on page 175.

For more information, refer to Data Privacy and Security in the Sustainability Report on page 48.

OPERATION RISK

Risk Movement

Stable Increase

Time Horizon

Risk Description

Operational risk arises from day-to-day operations, equipment reliability issues and process inefficiencies that affect production and service delivery.

In 2025, this risk is elevated due to ageing assets, and dependency on critical infrastructure. This could affect asset reliability, process safety and supply chain dynamics.

Risk Indicators

- Unplanned downtime hours
- Maintenance backlog
- Number of supply chain delay incidents

Implications and Financial Impact

- Production delays and reduced output
- Higher maintenance and logistics costs

Mitigation Strategies

Existing

- Execute a long term business plan on supply chain capability to support growth
- Enforce strict process safety standards
- Monitor supplier performance

New

- Developing maintenance strategies with minimal operation disruptions
- Strengthen supply chain resilience through diversified sourcing

Opportunities

- Better operational efficiency
- Stronger and more reliable supplier partnerships
- Lower costs through optimisation strategies

Link to

Strategic Pillars



Material Matters



Capitals



SR

Stakeholders



UN SDGs



For more information on Supply and Distribution – Key Initiatives, refer to Business Review on page 81.

For more information on BCP Testing, refer to SORMIC on page 181.

For more information, refer to Sustainable and Ethical Supply Chain in the Sustainability Report on page 51.

Key Risks and Mitigation

MARKET RISK

Risk Movement

Stable  Increase

Time Horizon



Risk Description

PDB faces market risk from changes in regulation, demand patterns and competitive intensity. For example, in Retail-Fuel, an evolving regulatory landscape affects pricing and operating conditions. Meanwhile, in Highstreet Lubricants, strong competition challenges business continuity and the ability to deliver value to stakeholders.

Market risk reflects uncertainty in demand, pricing and competitive dynamics that can affect revenue and profitability. In 2025, exposure increased due to volatile global energy markets, shifting customer preferences and growing competition from alternative energy providers. Key drivers included price volatility affecting margins, demand shifts toward cleaner energy and new consumption patterns, competitive pressure from new entrants and aggressive pricing strategies.

Risk Indicators

- Financial performance
- Sales volume

Implications and Financial Impact

- Lower revenue and profitability
- Potential loss of customers

Mitigation Strategies

Existing

- Dynamic pricing models and hedging strategies
- Strengthened customer engagement and loyalty programmes

New

- Diversification into cleaner energy products
- Expansion into high-growth regional markets
- Digital platforms for predictive demand analytics

Opportunities

- Strategic partnerships that open access to new markets
- Use of digital channels to acquire and retain customers

Link to

Strategic Pillars



Material Matters



Capitals



Stakeholders



UN SDGs



For more information on Market Outlook, refer to Operating Environment and Market Outlook on page 42.

For more information on Our Business Review on page 68.

For more information, refer to Customer-centricity in the Sustainability Report on page 41.

SUSTAINABILITY RISK

Risk Movement

Stable  Increase

Time Horizon



Risk Description

Sustainability risk relates to PDB's ability to meet EESG commitments, regulatory obligations and stakeholder expectations, including disclosure requirements under ISSB and IFRS sustainability standards.

In 2025, PDB's exposure to sustainability risk increased due to stricter climate regulations, intensified investor and stakeholder scrutiny and higher public expectations for responsible business practices. These pressures are driven by climate-related risks such as carbon pricing, emissions reduction targets and the transition to a lower-carbon economy; social expectations around labour practices, human rights and community engagement; and governance requirements, including EESG-related disclosure obligations, reporting transparency and board-level oversight.

PDB will continue to oversee sustainability risks through established governance, risk management and reporting processes, with actions aligned to ensure exposures remain within PDB's risk appetite.

Risk Indicators

- EESG rating score

Implications and Financial Impact

- Reputational damage leading to loss of investor confidence

Mitigation Strategies

Existing

- Implement energy efficiency programmes
- Align EESG reporting with IFRS S2 and Global Reporting Initiative (GRI) Standards
- Conduct supplier sustainability audits

New

- Implement circular economy initiatives to reduce waste
- Strengthen stakeholder engagement and disclosure practices

Opportunities

- Stronger brand reputation and stakeholder trust
- Innovation in sustainable products and services

Link to

Strategic Pillars



Material Matters



Capitals



Stakeholders



UN SDGs



For more information, refer to our Sustainability Report.

Key Risks and Mitigation

Risk Movement

Stable

←

Increase

Stable

→

Increase

Time Horizon

→→→

Short, Medium and Long-Term

→→

Medium to Long-Term

→

Medium-Term

PROJECT EXECUTION RISK

Risk Movement

Stable

→

Increase

Time Horizon

→

Risk Description

Project execution risk refers to delays, cost overruns, and quality issues that can arise during the implementation of capital projects and operational initiatives.

In 2025, this risk is heightened by the complexity of multi-site projects, resource constraints, and dependency on third-party contractors.

Risk Indicators

- Percentage of projects delivered on time
- Percentage of projects delivered within approved budget

Implications and Financial Impact

- Delays in revenue realisation and operational readiness
- Reputational impact with stakeholders and partners

Mitigation Strategies

Existing

- Robust project governance and stage-gate reviews
- Enhanced contractor performance monitoring

New

- Closely monitor progress of key digital projects to ensure timely delivery
- Closely monitor projects executed by internal teams and third-party contractors

Opportunities

- Stronger organisational capability to deliver predictable, high-quality project outcomes
- Stronger coordination and smoother execution of strategic initiatives

Link to

Strategic Pillars

🔧

🏗️

🌱

Material Matters

M1

M2

Capitals

F

M

I

Stakeholders

S2

S3

S4

S5

S6

UN SDGs

9

12

🔗

For more information on Market Outlook, refer to Operating Environment and Market Outlook on page 42.

For more information on Our Business Review on page 68.

For more information, refer to Customer-centricity in the Sustainability Report on page 41.

OUTLOOK

PDB continues to operate in a risk environment shaped by policy shifts, energy transition pressures and changing consumer behaviour. Subsidy rationalisation and possible changes to the Automatic Pricing Mechanism (APM) will continue to influence Retail-Fuel economics, while rising living costs, higher electric vehicle (EV) adoption and greater use of public transport may soften traditional fuel demand. Conversely, jet fuel volumes are expected to rise with Visit Malaysia Year 2026, supporting growth in the commercial segment despite margin volatility from price fluctuations. These dynamics require careful balancing between protecting core earnings and scaling new growth areas.

Operational and delivery risks will remain a priority as infrastructure constraints and supply chain vulnerabilities persist across regions. Strong risk governance, zero tolerance for bribery and corruption, and close tracking of key risk indicators will remain central to managing these pressures while supporting sustainable growth.

Building climate readiness through stronger governance and disclosure

Climate change continues to be a strategic priority as Malaysia advances its energy transition and faces an increasing frequency of extreme weather events.

In 2025, PDB conducted an internal gap assessment to align its practices with ISSB Standards, particularly IFRS S2. The assessment strengthened the governance, planning and management of climate-related matters across the organisation.

The team built capability through targeted training on the IFRS Sustainability Disclosure Standards and embedded climate considerations more systematically into strategic planning and ERM processes. Risk assessment methods were refined to reflect the longer-term and distinct nature of climate-related risks.

Climate issues also received greater focus during the annual strategy and risk profile review, improving visibility of climate risks and opportunities across business units. As the NSRF comes into effect, PDB continues to raise the quality and clarity of its sustainability disclosures in line with IFRS S2.

63