

TENAGA NASIONAL BERHAD

EXTENSION OF POWER PURCHASE AGREEMENT (“PPA”) FOR KENYIR HYDRO POWER STATION PRIOR TO HYDRO LIFE EXTENSION PROGRAM (“HLEP”)

1. INTRODUCTION/BACKGROUND

Tenaga Nasional Berhad (“TNB” or “the Company”) wishes to announce that its wholly-owned subsidiary, TNB Power Generation Sdn. Bhd. (“TNB Genco”), has received approval from the Government of Malaysia via the Energy Commission for the extension of the existing Power Purchase Agreement (“PPA”) for the Kenyir Hydro Power Station (“SJ Kenyir”).

The approval follows TNB Genco’s application for an interim extension of the existing PPA for a period of five (5) years commencing 14 September 2025 until 31 August 2030, prior to the implementation of the Hydro Life Extension Program (“HLEP”).

SJ Kenyir currently operates four (4) generating units with a total installed capacity of 400MW and plays a critical role in grid stability, flood mitigation and water management in the eastern region of Peninsular Malaysia.

2. DETAILS OF THE CONSIDERATION

The interim PPA extension shall be effective from 14 September 2025 until 31 August 2030, with a tenure of five (5) years.

The key commercial terms include:

- Installed Capacity: 400MW (4 generating units)
- Capacity Factor: 37.5%
- Revised Capacity Rate Financial (“CRF”) and Fixed Operating Rate (“FOR”).

3. RATIONALE AND BENEFITS

The extension is necessary to:

- ensure continuous operation of SJ Kenyir prior to the implementation of HLEP;
- support system reliability, particularly in the eastern region of Peninsular Malaysia; and
- enable critical repair and overhaul works, including major rehabilitation of generating units.

SJ Kenyir also plays a key role in flood mitigation, water regulation and prevention of saline intrusion, which are critical for environmental protection and water security.

4. PROSPECTS

The PPA extension will:

- i. Ensure continuity of earnings contribution from SJ Kenyir during the interim period;
- ii. Support TNB’s generation portfolio stability; and
- iii. Facilitate the transition towards long-term operations under the HLEP.

5. RISKS OF THE EXTENSION

The Company has assessed the key risks associated with the proposal, including:

- operational risks relating to ageing assets; and
- execution risks for major overhaul and rehabilitation works

Appropriate mitigation measures are being undertaken, including planned maintenance, and engineering interventions.

6. EFFECTS OF THE EXTENSION

The PPA extension is expected to contribute positively to the earnings of TNB Group during the interim period.

The proposal is not expected to have any material effect on:

- the issued and paid-up share capital; and
- the shareholdings of major shareholders.

Any impact on gearing arising from required capital expenditure is not expected to be material.

None of the Directors or Major Shareholders of TNB and/or persons connected with them has any interest, direct or indirect, in relation to the PPA extension.