

CHAIRMAN'S STATEMENT

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DEAR SHAREHOLDERS,

We are pleased to share the continued progress of our company despite a challenging 2024. In a dynamic business environment and amid confronting market conditions, we remained steadfast in delivering long-term, sustainable growth and value to all our stakeholders. We are equally proud of our role in supporting the nation's efforts toward economic prosperity and energy security.

Ramon S. Ang
RAMON S. ANG
Chairman



CHAIRMAN'S STATEMENT

CONFRONTING A VOLATILE INDUSTRY LANDSCAPE

In 2024, the oil industry continued to be volatile due to geopolitical conflicts and the economic performance and policies of major economies. While Dated Brent crude averaged US\$81 per barrel in 2024, almost at par with US\$83 in 2023, prices continued to decline, falling from its peak of US\$90 in April to just US\$74 per barrel in December. Likewise, regional refining cracks significantly declined from their steep 2023 level.

This price downtrend reflected market sentiments on global demand, driven mainly by China's tepid economy, lingering inflationary pressures in advanced economies, and shifting US policies. Geopolitical conflicts in the Middle East and Europe further heightened market volatility, compounded by both Organisation of the Petroleum Exporting Countries (OPEC) and non-OPEC countries boosting their oil production.

The domestic market experienced a demand shift post-implementation of the diesel targeted subsidy programme in June 2024 where retail diesel prices rose by 56% to RM3.35 per litre effectively reducing demand in the retail sector.

NAVIGATING MARKET CHALLENGES

In response to the challenges, we strengthened our retail network to broaden our presence, boost brand visibility, and expand customer reach. As a result, we opened 27 new service stations, achieving a significant milestone with our 800th service station under the Petron Malaysia Group.

We also expanded our commercial business, with a strong focus on aviation fuel and Liquefied Petroleum Gas (LPG). Total commercial sales volume grew by 15% during the year, helping offset the temporary decline in retail sales following the implementation of the targeted diesel subsidy. We closed 2024 with a total domestic sales volume of 23.4 million barrels, slightly surpassing the previous year's level.

Apart from declining oil prices and regional refining cracks, our refining operation faced several challenges including an operational issue that led to the 76-day shutdown to repair the furnace in our Powerformer reforming unit to ensure safe and reliable operations. By early December, we had successfully restored normal refinery operations. We are also pleased to report that despite the production outage, our fuel product supply in all our retail stations and commercial accounts remained undisrupted as we remediated the situation with our Business Continuity Plan (BCP) through emergency importation of finished products with the assistance from our affiliate Petron Singapore Trading Pte. Ltd. (PSTPL).

Despite the various challenges, Petron Malaysia remained resilient in overcoming setbacks through prudent risk and resource management and a comprehensive BCP. We ended the year with an operating income of RM60 million and a net profit of RM18 million, driven by total sales of 35.8 million barrels and revenues of RM15.8 billion.



Petron marked its 800th retail service station milestone in Malaysia with the opening of the Petron Pedas-Linggi Layby Southbound

CHAIRMAN'S STATEMENT

ELEVATING CUSTOMER EXPERIENCE

At Petron, we remain committed to innovation and customer satisfaction, continuously adapting to meet the diverse needs of our customers. In 2024, we enhanced customer experience to stay relevant and competitive in an ever-evolving marketplace.

The rollout of our Indoor-Outdoor Payment Terminal 2.0 (IOPT 2.0) system at our service stations, which was completed eight months ahead of schedule, transformed the fuelling experience with seamless, secured, and cashless payment options. This innovation facilitated better convenience while supporting our sustainability efforts by promoting paperless transactions.

Committed to delivering exceptional customer experience, we continued to transform our service stations into one-stop centres. We further diversified our non-fuel products and services while welcoming more allied partners who share our passion for excellence.

Petron became the first oil and gas company to partner with Tenaga Nasional Berhad (TNB) on an electric vehicle (EV) charging station project, expanding access to EV charging facilities in rural areas. We piloted this project in two stations in the East Coast region, marking a major step in our ongoing efforts to enhance convenience while reducing our carbon footprint.

We further strengthened our community engagement by partnering with Radio Televisyen Malaysia (RTM) for the 'Jelajah Ramadan' and 'Jelajah Aspirasi Malaysia' programmes. These initiatives deepened our connection with customers, addressed social needs, and reinforced the public's trust in Petron.

BOLSTERING REFINERY AND SUPPLY CHAIN EFFICIENCY

Petron Malaysia further optimised its capabilities to produce and deliver cleaner energy reliably, efficiently, and safely.

At Port Dickson Refinery (PDR), we maximised the Diesel Hydrotreater (DHT) facility at our refinery to enhance our crude slate, allowing us to process more Malaysian Crude Oil (MCO) and reduce import reliance. This also allowed us to receive and process larger MCO parcels, improving efficiency and minimising environmental impact through lower carbon emissions from fewer vessel shipments. Our commitment to operational efficiency further resulted in a 16% reduction in the refinery's energy consumption compared to the previous year.

Infrastructure and operational upgrades across our distribution and terminal facilities improved reliability, safety, and product quality, while efficiently meeting growing market demand. Our safety practices resulted in 37.82 million injury-free man-hours and extended

our Loss Time Injury (LTI)-free record to 27.82 years.

The Group continued to earn accolades at the 42nd Malaysian Society for Occupational Safety and Health (MSOSH) Awards, Malaysian Industrial Safety and Health Association (MiSHA) National Excellence Awards, and the National Energy Awards (NEA). These achievements underscore our commitment to maintaining a safer workplace and promoting a sustainable environment.

FUELLING SUSTAINABLE GROWTH

Sustainability remained a core pillar of our business strategy, reinforcing our commitment to responsible growth. Through our Economic, Environmental, and Social (EES) initiatives, we improved operational efficiency, reduced our carbon footprint, and made a positive impact on our communities. These efforts strengthen our resilience and reinforce our role in driving progress while creating sustainable value for our stakeholders.



Our terminals have achieved high safety standards through strict adherence to stringent safety, security, health, and environmental management systems

CHAIRMAN'S STATEMENT



Our low-carbon innovations include energy-efficient LED lighting, which makes our Treats stores eco-friendly while also creating a safer environment for customers

We continue to embed tangible EES measures in our operations and organisational culture. Our Board, supported by the Board Sustainability Committee, oversees our sustainability roadmap, ensuring our strategies, targets, and programmes deliver economic value, protect the environment, and uplift the communities we serve.

In line with the National Energy Policy 2022-2040, Petron Malaysia remains on track to reduce its greenhouse gas (GHG) emissions while supporting Malaysia's renewable energy goals. Through our initiatives, we reaffirm our vision for a future wherein growth and sustainability complement each other. We share the details of our sustainability efforts in a separate Sustainability Report.

The ongoing construction of our second Palm Methyl Ester (PME) plant in Port Dickson, which further expands our capacity to produce PME as a renewable fuel and a

blending component for palm-based biodiesel, underscores our commitment to supporting Malaysia's biodiesel programme and advancing the sustainability goals of the National Energy Transition Roadmap (NETR).

As we continue to strengthen our environmental, social, and governance (ESG) efforts, we proudly joined the FTSE4Good Bursa Malaysia (F4GBM) Index in 2024, ranking among the top 18% of publicly listed companies recognised for exemplary ESG practices. By the end of the year, our ESG score further improved from 3.1 to 3.4.

GOOD WORKPLACE PRACTICES

Our people are the driving force behind our growth. That is why we are committed to fostering an inclusive and dynamic organisation, empowering our workforce through talent development and retention while nurturing growth from within.

In 2024, Petron Malaysia was honoured with several prestigious awards, recognising our commitment to employee welfare as well as our reputation as an employer of choice. We were awarded the Employees Provident Fund (EPF) Best Employer Award for the Central Region for our timely and accurate EPF contributions. We also won 1st Runner-Up in the Energy Sector and grew our overall ranking to 26th amongst companies in Malaysia at the Graduan Brand Awards. Additionally, we won the M100 Leading Graduate Employer Award in the Energy, Oil, and Utility Category for the second consecutive year in recognition of our strategic recruitment efforts and strong appeal to young talent. These achievements underscore our commitment to cultivating a supportive and dynamic workplace while reinforcing our position as a preferred employer.

CHAIRMAN'S STATEMENT



At Petron, we strive to provide a positive working environment for our employees by creating opportunities for growth and fostering a culture of inclusivity

LOOKING AHEAD

As we navigate challenges, we remain confident in our strong fundamentals and ability to overcome these hurdles successfully. Moving forward, we remain focused on delivering sustainable growth through strategic expansion, sustainability measures, and increased efficiency, while ensuring that we meet evolving market needs.

After more than a decade since we first established our vision to be the leading provider of customer solutions in the oil sector and its allied industries, we have recently redefined our vision, aspiring to contribute to an energy-secure nation, where every journey is fuelled by opportunities that create memorable experiences.

Guided by this vision, we will continue to deliver premium products and services while ensuring an exceptional customer experience. We are committed to further developing and strengthening our relationships with stakeholders and

partners, enhancing our facilities to achieve competitive advantage, and effectively managing business and operational risks. Recognising our employees as our most valuable asset, we will foster an inclusive, supportive, and purposeful work environment.

Looking ahead, Petron Malaysia remains unwavering in its commitment to innovation, sustainability, and responsible growth. With our resilience and strong fundamentals, we are well-equipped to overcome challenges, seize new opportunities, and create lasting value for our stakeholders. With a clear vision for the future, we are poised to deliver meaningful progress in the years to come.

ACKNOWLEDGMENTS

On behalf of the Board of Directors, we extend our heartfelt gratitude to our shareholders, employees, customers, and partners for their unwavering trust and support in Petron Malaysia. To my fellow

Directors, your guidance and dedication have been invaluable in navigating the challenges and opportunities of another transformative year.

I also take the opportunity to welcome Datuk Prakash Chandran, who joined the Board on July 25, 2024, as a new Independent Director. The Board will undoubtedly gain valuable insights from his extensive knowledge and experience.

As we continue our journey, we reaffirm our commitment to driving sustainable growth and progress. We ask for the continued support of our valued stakeholders as we move forward to building a brighter, more sustainable future for all.

RAMON S. ANG
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



In 2024, the **Petron Malaysia Group**, comprising **Petron Malaysia Refining & Marketing Bhd** and its sister companies **Petron Fuel International Sdn. Bhd.** and **Petron Oil (M) Sdn. Bhd.**, continued to grow despite the challenges faced throughout the year.



Amid a dynamic business environment, Petron stayed committed to providing reliable fuel solutions, expanding its market presence, enhancing efficiencies, driving operational excellence, and promoting sustainability. This Management Discussion & Analysis highlights the strategies and achievements in 2024, as well as our prospects and plans moving forward.

RESILIENCE AMID A CHANGING ENERGY LANDSCAPE

Guided by our new vision, we aspire towards a sustainable and energy-secure nation where everyone's journey is fuelled by opportunities for meaningful experiences. We have achieved key milestones and strengthened our market presence by leveraging on our strategies, adapting to market shifts, seizing new opportunities, and reinforcing our role as a trusted energy provider in Malaysia. The year's results speak for themselves:

Brand Building and Market Expansion

- A wider network of reliable retail service stations
- Innovative and high-quality products and services supported by effective marketing programmes
- Expansion of profitable commercial businesses through tie-ups and solicitation of major accounts

Supply Chain and Refinery Improvements

- Diversified crude and finished product sourcing and proactive inventory management
- Refining and distribution improvements in operational reliability and efficiency
- Prudent risk management

OUR STRATEGIC OBJECTIVES



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS SEGMENT REVIEWS

RETAIL



Petron's Quick Treats booth is located in the forecourt area of the Petron Pedas-Linggi Layby Southbound service station, offering grab-and-go snacks and drinks

Staying Resilient in a Dynamic Market

In 2024, Malaysia's retail fuel market experienced a demand shift. Despite changing consumer preferences for specific brands, domestic demand remained strong during the festive period in the first half. However, in the second half, local demand declined due to shifts in purchasing patterns and the rise in diesel pump prices following the government's targeted subsidy programme in Peninsular Malaysia.

We responded to the external pressures with strategic marketing and consumer engagement programmes, effectively mitigating the impact of market forces while reinforcing our position as a trusted fuel brand.

Driving Growth with Innovation and Customer Engagement

To stay competitive in a dynamic market, we expanded our retail network by adding 27 new service stations under the Group, reaching a total of 800 service stations nationwide by the end of the year.

We proudly opened our 800th service station at the Pedas-Linggi Layby Southbound in December 2024, further reinforcing our commitment to ensuring that a Petron station is always within reach. This is also our first station to have a Quick Treats booth at the forecourt, allowing customers to purchase selected snacks and beverages on the go.

One of the key highlights of the year was the successful rollout of the Indoor-Outdoor Payment Terminal 2.0 (IOPT 2.0) in April 2024 which was completed eight months ahead of schedule. This improved the fuelling experience by offering cashless payment options, with 20% of our customers choosing paperless transactions and opting not to print receipts.

The PMiles loyalty programme, supported by the Petron Mobile App (PMA), continues to deliver value to customers through exclusive rewards not only from the Company but also from our strategic partners. Our long-term partnership with Malaysia Airlines Enrich and AirAsia BIG allow our

PMiles members to earn points for redemptions. Klook has also recently offered discounts for PMA users.

In 2024, we rewarded our loyal PMA customers with various exciting deals, including the much-talked about 'Mobile Legends 1,000 Diamonds Flash Deal'. This was our first venture into e-sport, demonstrating Petron's commitment to connect with customers across age groups. The flash deal not only strengthened brand loyalty among existing users but also captured the interest of new customers, reinforcing Petron's appeal among the younger generation. With our marketing and promotion efforts during the year, we continued to boost PMA registration by 51% versus the prior year.

We also drove customer engagement and loyalty by offering free food and beverages, windscreen cleaning, and other exclusive rewards at our stations. We celebrated major Malaysian festivals with special promotions, giving away limited-edition festive bags to customers spending RM50 or more. Reinforcing our sustainability commitment, our 'No Plastic Bag Days/Merdeka dari Plastik' initiative was joined by 95% of our service stations.

These efforts, among others, showcased Petron Malaysia's ability to deliver value and meaningful experiences to our customers, promote sustainability, sustain competitiveness, and above all, strengthen our ties with our communities.

MANAGEMENT DISCUSSION AND ANALYSIS



Our VIA volunteers are spreading joy at 'Jelajah Ramadan RTM Bersama Petron' by participating in the distribution of 'bubur lambuk'

Enriching Communities, Driving Sustainable Change

At Petron, it has become our tradition to celebrate the month of Ramadan with our customers and local communities. Every year, Petron employees and service station dealers work together and volunteer for CSR activities with the goal of helping those in need during this special season. In 2024, we strengthened our community engagement efforts towards the environment, education and the socio-economy, all of which are part of Petron's sustainability agenda.

In March 2024, the 'Jelajah Ramadan RTM Bersama Petron' campaign marked our maiden collaboration with RTM. The programme was more than just a marketing initiative as it enabled us to reach out to underserved communities in rural areas. Our employees, service station dealers, and partners from the Government and private sectors worked together to provide aid to about 20,000 beneficiaries across 13 states nationwide. Activities include distributing porridge or 'bubur lambuk,' sponsoring Raya clothes for the poor or 'Asnaf', and breaking fast or 'Iftar' together with the underserved communities.

Following the success of 'Jelajah Ramadan', we collaborated again with RTM for the 'Jelajah Aspirasi Malaysia' during the National Month celebration. We were able to connect with people of different races, religions, ages, and backgrounds through the 28-day convoy across 14 locations nationwide with the programme benefitting over 3,000 individuals throughout the country. Petron, in partnership with our service station dealers and other business partners, raised over RM600 thousand in cash and in-kind contributions to fund various community-based projects such as greenhouse development,

gravity-fed water systems, business initiatives for single mothers, and facility upgrades for an Orang Asli school. Together, these initiatives reflected Petron Malaysia's commitment in creating meaningful impact while fostering resilience and sustainability in local communities.

Fuelling a Sustainable Retail Customer Experience

Petron Malaysia enhanced the retail experience by incorporating sustainable and innovative design elements into its network of industrial-style service stations. To reduce reliance on grid electricity, solar panels have been installed at 35 stations. Energy-efficient LED lights have also been installed across the Group's facilities. Moreover, rainwater harvesting systems at 24 stations promote water conservation, while the KLEAN AI-driven reverse vending machine programme at five of our stations supports recycling and contributes to our circular economy approaches.

We have also introduced more efficient designs at our stations, including the Cabin Design Treats concept, food counter upgrades, and Quick Treats layouts. These innovations are aimed at optimising



Petron employees and service station dealers worked hand in hand to plant Berembang trees and contributed to funding the construction of a nursery greenhouse and a rainwater harvesting system

MANAGEMENT DISCUSSION AND ANALYSIS



A strategic collaboration with Tenaga Nasional Berhad to officiate the launch of the TNB Electron charger at Petron Selising, Kelantan

space, enhancing convenience, and increasing revenue. Further upgrades, such as solar hybrid yard lights and red carpet line improvements, have enhanced functionality while minimising maintenance needs. Our Petron Mambau is the first Petron service station certified by the GreenRE¹ in silver category, meeting the Green building sustainability standard. These initiatives highlight Petron Malaysia's focus on sustainability and operational efficiency while creating a seamless, customer-centric experience.

From the socio-economic perspective, the 'Sapot Lokal' campaign continued to draw traffic to our stations while supporting local entrepreneurs. In 2024, we expanded the initiative to 60 additional sites, bringing the total to 101 stations. Two new vendors, who are single mothers, joined the programme as a testament to our commitment to support small and medium local businesses.

We also continued to diversify our non-fuel business, further enhancing customer experience through strengthened partnerships in convenience retailing. We welcomed new partners, including ZUS Coffee, and expanded collaborations with established brands, introducing three new Dunkin' outlets and additional car wash facilities to further enrich Treats' offerings.

We remain dedicated to offering a wide range of services at our stations to meet the diverse needs of our customers. Currently, we have approximately 200 allied businesses across our retail service station network, making them convenient 'one-stop centres.' This reflects our commitment to enhancing our customers' journeys with meaningful experiences.

In collaboration with TNB, we launched electric vehicle (EV) charging stations at two locations: Selising, Kelantan, and Gemuruh, Terengganu. This initiative supports

the nation's goal of reducing carbon emissions and improving accessibility for EV owners in rural areas. These two stations help expand EV infrastructure beyond major cities, with more locations planned for the future.

Upholding Consistent Service Excellence

Maintaining our high standards in customer service remains our core priority. In line with the United Nations Sustainable Development Goal 6, our 'Tandas Kita Bersih' programme ensures the cleanliness and functionality of restrooms across our retail network. In 2024, approximately 82% of restrooms at our service stations were rated with 4 and 5 stars, with seven stations receiving recognitions from local councils and authorities. Additionally, 272 prayer facilities ('Surau') were 'Qibla'-certified, providing peace of mind and enhancing convenience for Muslim travellers.

¹ The GreenRE was formed by Malaysia's Real Estate and Housing Developers Association (REHDA) in 2013 to promote sustainability in Malaysia's property sector

MANAGEMENT DISCUSSION AND ANALYSIS



The provision of a surau has been recognised as an integral part of public facilities at Petron service stations

Safety across our retail network was further strengthened through dealer training on the Department of Occupational Safety & Health (DOSH) self-regulated audit checklist, resulting in over 55% of our stations achieving a 'Grade A' rating. In partnership with the Royal Malaysia Police (PDRM), our Go-To-Safety-Point programme remains dedicated to enhancing community safety by converting 800 of our service stations into emergency assistance hubs. These initiatives reflect Petron Malaysia's unwavering commitment to championing service excellence and safeguarding the well-being of the communities we serve.

Recognised for Our Commitment to Excellence

The awards we receive underscore our commitment to customer satisfaction, safety, and operational excellence. In 2024, we celebrated our ninth consecutive win at the Putra Brand Awards, reaffirming our reputation as a trusted brand in the fuel and lubricants sector.

At the Malaysian Society for Occupational Safety and Health (MSOSH) Awards, four of our retail service stations received the

prestigious Gold Class 1 recognition for showcasing exemplary safety practices and adherence to occupational safety and health standards. In addition, two of our stations were recognised in the National Council for Occupational Safety & Health (NCOSH) 2024 awards under the 'Pemborong and Runcit' category.

As first-time participants, these stations passed a rigorous audit by DOSH Kedah and represented the state in the national competition, reflecting our unwavering focus on workplace safety. These accolades

We also participated extensively in Ministry of Domestic Trade and Cost of Living (KPDN) roadshows across Peninsular Malaysia, promoting SKDS 2.0 sign-ups at our service stations. Through these efforts, Petron Malaysia solidified its support to the nation's targeted subsidy programme while continuing to provide value and convenience to our customers.

highlight Petron Malaysia's dedication to delivering a superior customer experience while fostering safety and maintaining operational excellence across its retail network.

Supporting Targeted Subsidy Programmes

Petron Malaysia played a pivotal role in the Malaysian Government's implementation of the targeted subsidy for retail diesel or 'Sistem Kawalan Diesel Bersubsidi' (SKDS) 2.0, a national programme ensuring equitable subsidy allocation and preventing misuse among diesel consumers. In support of this initiative, Petron enhanced its fleet card system, introduced an online application form, and further streamlined the process via the Petron Fleet Card portal.

We achieved a remarkable milestone by securing a record-breaking 15 awards across our operations



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MANAGEMENT DISCUSSION AND ANALYSIS

COMMERCIAL



The expansion of our bulk LPG loading facility and the injection of more cylinders, supports our growing business with a focus on key growth areas

Adapting to Shifting Market Dynamics

In 2024, our Group's Commercial sales volume achieved a commendable 15% growth compared to the previous year. The Industrial and Commercial segment maintained strong relationships with key accounts, focusing on the plantation, fishery, and power sectors. This underscores our commitment to supporting industries that are vital to the country's progress and energy security. As a result of the targeted diesel subsidy programme in retail, which shifted demand to the wholesale sector, Petron seized this opportunity by optimising our diesel production yield at the refinery, ensuring our competitiveness and a reliable supply to the wholesale market.

In addition, Petron optimised its jet fuel production, allowing us to nearly double our Aviation Fuel sales compared to the previous year, while also focusing on key growth areas for our Liquefied Petroleum Gas (LPG) business.

A Stronger LPG Business

In 2024, Petron strengthened its LPG business by expanding its market presence and introducing more innovative campaigns. The Cash and Carry service, which has reached more than 200 service stations in Peninsular Malaysia, continued to reflect our desire to make our Gasul LPG products readily available anytime at the regulated price without any add-on for delivery charges.

Key campaigns and customer engagements reinforced Petron Gasul's position as a trusted and preferred LPG brand. The 'Gasul X Sinar Harian Bazar Ramadan Takeover' offered free LPG cylinder exchange at Ramadan bazaars in Melaka and Ipoh, boosting brand visibility and fostering community ties. Meanwhile, the 'Gasul @ SS X Red Chef Instant Noodles Redemption Promotion' incentivised purchases with free noodles. These initiatives, alongside community-focused CSR activities such as 'bubur lambuk' distribution during Ramadan, demonstrated Petron Gasul's commitment to innovation, strategic collaboration, and delivering value to customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Exceptional Growth in the Aviation Business

Our aviation business delivered remarkable growth in 2024, driven by the recovery of the tourism sector. We successfully secured new accounts and renewed existing ones, significantly expanding our aviation fuel sales volume by 93% compared to 2023. These efforts solidified Petron Malaysia's position as a trusted partner in the aviation industry both locally and internationally. Our commitment to operational excellence not only allows us to produce world-class products that meet the growing fuel demands of our airline accounts, but also positions us as a key contributor to supporting the nation's aviation mobility needs and tourism industry.



Petron Gasul sponsored LPG cylinder exchanges at the 'Gasul X Sinar Harian Bazar Ramadan Takeover' to enhance brand visibility and connect with local communities



We expanded and grew our aviation business by securing new accounts and strengthening existing partnerships

MANAGEMENT DISCUSSION AND ANALYSIS

SUPPLY, REFINERY
AND DISTRIBUTION

Kuantan Terminal received the Platinum Award, the highest category of the MSOSH Awards — a testament to our commitment to safety excellence, operational efficiency, and industry best practices

Petron continued to optimise its supply chain operations and refining processes, further strengthening its role as a reliable provider of high-quality fuel products. As we fuel the nation's growth, we continuously assess and upgrade our facilities, particularly Port Dickson Refinery (PDR). A new Variable Frequency Drive (VFD) for the gas compressors in PDR reforming unit was installed and commissioned in June 2024. This enhancement enables the refinery to operate at variable speeds, optimising crude feed rates and boosting the production of higher-value products like gasoline. Additionally, it helps reduce low-value by-products such as naphtha, ultimately improving our refining profitability.

The crude diversification strategy allowed us to avail co-loading opportunities for various grades such as Kimanis, Kikeh, and Tapis crude. This reduces freight cost, streamlines logistics operations, and improves efficiency. We also replaced a new Single Buoy Marine (SBM) for crude receiving to

ensure uninterrupted supply of our feedstock into the refinery. Since its commissioning in 2021, the Diesel Hydrotreater (DHT) facility has continued to enable the processing of nearly 100% Malaysian Crude Oil (MCO). This highlights our commitment to supporting the local economy while also reducing our carbon footprint due to shorter transport distances and less frequent crude oil shipments.

In September, PDR underwent a shutdown due to an operational issue in the furnace. This was necessary to conduct repairs and to ensure the safety and reliability of our operations. Through our Business Continuity Plan (BCP) and the support of external partners, we restored normal operations by early December, reducing downtime by two weeks from the original restart schedule.

During the production outage, supply to all our retail stations and commercial accounts remained uninterrupted. In particular, Petron Singapore Trading Pte Ltd (PSTPL)

went the extra mile in assisting Petron Malaysia to immediately source replacement products. This partnership with PSTPL fortified our supply chain by providing lower importation costs, better logistics, and greater operational flexibility. This is a strong testament to our operational resilience and commitment to provide an uninterrupted supply of fuel products at all times.

Prioritising Safety and Operational Excellence

Petron Malaysia prioritises operational safety and strives for excellence in all aspects of its operations. In 2024, we achieved zero unplanned equipment downtime across our distribution and terminal operations, demonstrating our commitment to seamless delivery and maintaining stringent product quality standards, underpinned by our robust safety protocols.

Notably, we sustained an impressive 37.82 million man-hours without Lost Time Injury (LTI) across our terminals, leading to 27.82 years of LTI-free operations. This achievement underscores our ability to maintain an impeccable safety record while managing growing operational demands.

Our refinery and terminal facilities retained their Integrated Management System (IMS) certifications under ISO 9001, ISO 14001, and ISO 45001, validated by rigorous Standards and Industrial Research Institute of Malaysia (SIRIM) audits. These certifications reaffirm our adherence to global safety, quality, and environmental standards.

In recognition of our exceptional safety practices, the Group was honoured with a historic achievement, securing 15 awards across its operations. These include one Platinum Award (the highest category of the MSOSH Awards), one President Award, one High Achiever Award, five Grand Awards, two Gold Merit Awards, and five Gold Class 1 Awards in the Petroleum, Gas, and Petrochemical Sectors category. Additionally, PDR was honoured with the Superior Performance Award, while Bagan Luar Terminal was honoured with the Superior Performance, Best Workplace Health Promotion and Most Valuable Practitioner Awards, highlighting their commitment to fostering a safe and efficient working environment.

For the first time in the Company's history, our Port Dickson Terminal and our sister company's Pasir Gudang JV Terminal were also awarded the Diamond recognition under the 4th Malaysian Industrial Safety and Health Association (MiSHA) National Excellence Awards. These awards, among others, highlight Petron Group's commitment to fostering a culture of safety and operational excellence at every level of the organisation.

Advancing Renewable Energy with Biodiesel

The Lumut PME Plant (LPP) produces high-quality, sustainably sourced Palm Methyl Ester (PME), which is blended for our biodiesel products at the Bagan Luar and KVDT terminals, serving northern and central Peninsular Malaysia. Certified by the Malaysia Sustainable Palm Oil (MSPO) Council, the LPP operates under a Preferential Certificate of Origin (PCO) issued by the Ministry of International Trade and Industry (MITI), in accordance with regional trade agreements, including the ACFTA, AIFTA, and ATIGA.

In 2024, the LPP earned the runner-up position at the National Energy Awards for energy management in large industries and renewed its Halal and Kosher certifications, reaffirming its commitment to sustainability and excellence.

To address the growing demand of biodiesel in Malaysia, Petron is in the process of constructing another PME plant located beside PDR. The Port Dickson PME (PDPME) plant project is also progressing smoothly, and once operational, the facility will produce PME to

meet the biodiesel requirements of our central and southern Peninsular Malaysia terminals. This supports Malaysia's biodiesel programme and aligns with national energy transition goals to reduce greenhouse gas emissions and enhance sustainability.

Our achievements during the year reflect the Group's dedication towards operational optimisation, cost efficiency, and sustainable practices across our supply chain and refining operations. These efforts reinforce Petron's position as a trusted energy provider in support of the nation's thrust in achieving affordable energy security which is necessary for achieving sustainable and inclusive progress for all Malaysians.

Furthermore, this year, we joined the United Nations Global Compact (UNGC), the world's largest corporate responsibility initiative, alongside over 20,000 participants from 160 countries. This underscores our commitment to conducting business in alignment with core corporate responsibilities in the areas of human rights, labour, environment, and anti-corruption.



Lumut PME Plant secured the runner-up position at the National Energy Awards 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

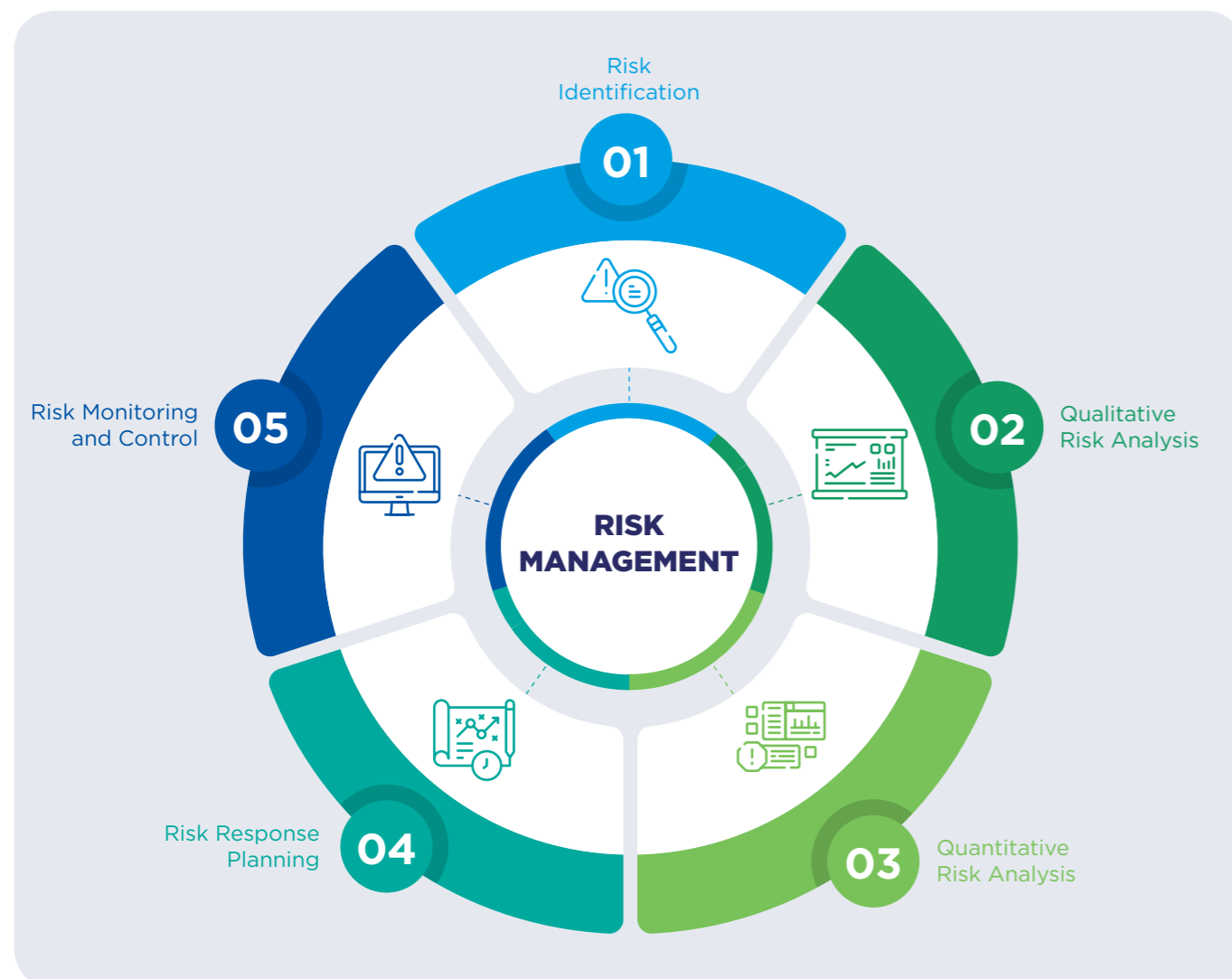
RISK MANAGEMENT

Petron Malaysia is deeply dedicated to upholding safe, reliable and sustainable operations by leveraging effective risk management principles across our business. We prioritise risk identification and mitigation by proactively embedding robust processes, policies, practices, and management systems into every aspect of our operations. Our skilled workforce plays a crucial role by diligently adhering to these frameworks, ensuring consistent compliance and upholding the highest standards of operational excellence.

The Board Audit & Risk Management Committee is tasked with overseeing the wide range of risks and challenges associated with the downstream oil and gas sector. These encompass crude price volatility, foreign exchange fluctuations, regulatory compliance, supply chain reliability, environmental sustainability, workplace safety, and workforce management, among others. By strategically managing such risks, Petron Malaysia is able to remain agile and responsive in a dynamic industry.

The Group's comprehensive management integrity framework combines rigorous risk management processes with robust internal controls, enabling Petron Malaysia to anticipate and mitigate principal risks effectively. This approach ensures uninterrupted operations, sustains business momentum, and drives long-term sustainable growth.

Our Risk Management Strategy is depicted in the following diagram:



MANAGEMENT DISCUSSION AND ANALYSIS

Any condition or situation with the potential to impede or damage the Group's performance is considered a risk. The following narrative outlines the four categories of risk most likely to impact Petron Malaysia's business as well as the proactive risk mitigation strategies we have adopted to counter these risks.

Operational Risk

Disruptions in refinery and terminal operations, equipment failures, cyber threats, and oil spills can significantly impact the Group's supply chain reliability and operational efficiency. To address these challenges, we focus on maintaining the operational integrity of all our facilities, including PDR, LPP and fuel terminals.

While the Group's facilities have been constructed in line with stringent industry standards and regulatory requirements, incidents such as process equipment failures and fire breakouts may still occur, leading to unplanned shutdowns or facility inoperability. By prioritising operational excellence across all our facilities, we are mitigating disruptions to our supply chain and ensuring uninterrupted operations.

To mitigate operational risks, all the Group's operating sites are mandated to conform to the stringent requirements of Petron's Operations Integrity Management System or POIMS. As a member of the Petroleum Industry of Malaysia Mutual Aid Group (PIMMAG) and Oil Spill Response Limited (OSRL), we are always ready to handle oil spill incidents, both in Malaysian or international waters.

Today, most of the Group's business processes, systems, and operations are dependent on and interlinked with information technology (IT). Our growing dependence on IT means we face increasing cybersecurity threats which we mitigate with robust IT security measures, including firewalls, anti-malware software, and cyber-attack prevention tools and management systems.

We actively safeguard our operations against cybersecurity risks through a tailored Information Security Management System (ISMS) based on our parent company's model but adapted for Petron Malaysia. The ISMS incorporates comprehensive policies, procedures, and system changes to safeguard our data, systems, and operations ensuring the integrity and reliability of our operations.

Recognising that sustainability risks can impact operations, we address key governance, environmental, and social risks by embedding the relevant sustainable practices throughout our operations. Further details of our sustainability risks can be found in the "Risks and Opportunities" section within our 2024 Sustainability Report.

Financial Risk

Crude oil price volatility, foreign exchange fluctuations, and delays in government subsidy reimbursements present challenges that could affect the Group's cash flow and profitability. Proactive financial management plays a key role in mitigating these risks.

Our Commodity Risk Management Committee meets regularly on a weekly basis to develop strategies for managing price volatility through inventory management decisions and hedging practices. Similarly, we address foreign exchange risks by hedging US dollar-denominated assets and liabilities with trusted counterparty banks.

Delays or non-receipt of government subsidies can strain our operational cash flow and working capital. To address this, we proactively engage with government agencies to secure timely reimbursements and ensure the accuracy and completeness of our reports and submissions. The Group also maintains robust borrowing facilities with partner banks to bridge any funding gaps when necessary. By maintaining constant dialogue with regulators about impending regulatory changes, we are able to adapt quickly to any policy shifts, such as subsidy adjustments or market deregulation.

MANAGEMENT DISCUSSION AND ANALYSIS

Strategic and Market Risk

Shifts in market dynamics, evolving regulatory requirements, and changing customer demands require us to consistently uphold product quality, environmental compliance, and competitive positioning. Our ability to adapt to these changes ensures we remain relevant and resilient in the marketplace.

To address these risks, we employ a comprehensive product quality management system that ensures stringent controls, minimises adverse incidents, and resolves quality-related complaints efficiently. These measures safeguard our reputation while meeting customer expectations.

Our refinery and fuel terminal operations in Peninsular Malaysia operate under a unified Integrated Management System or IMS which aligns with global standards to ensure excellence across multiple areas. This IMS encompasses ISO 9001:2015 for Quality Management, to ensure consistent product and service delivery; ISO 14001:2015 for Environmental Management, to minimise environmental impacts, and ISO 45001:2018 for Occupational Health and Safety, to promote safer workplaces. Annual audits by SIRIM, the ISO certification body, confirm our compliance with these global standards, while our sister company's terminals in Sabah also hold ISO 9001:2015 certification.

We strictly adhere to environmental regulations by embedding protective measures into daily operations to reduce reliance on non-renewable energy and treated water, to minimise waste and ensure safe disposal practices. Additionally, we actively engage with local communities near our operations, reflecting our commitment to sustainable and socially responsible practices.

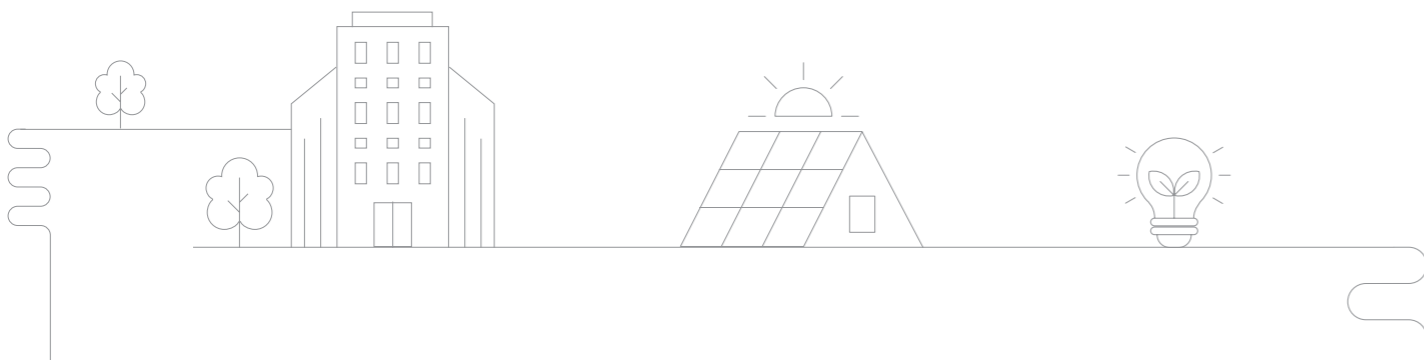
Hazard Risk

Workplace incidents, environmental hazards, and emergencies necessitate comprehensive safety measures and preparedness plans to protect employees, assets, and surrounding communities. We ensure readiness through proactive planning and continuous improvement of our safety frameworks.

By proactively implementing a comprehensive Emergency Response Plan (ERP) and Business Continuity Plan (BCP), we enhance our ability to handle disruptions, including workplace hazards and cyber threats. These measures ensure that our employees, assets, and surrounding communities remain protected during potential crises. Our Business Units regularly conduct drill exercises at their operating sites to ensure their teams are prepared to handle disruptions. Our safety protocols focus on eliminating workplace injuries or illnesses, preventing third-party liabilities, and safeguarding property.

We continue to prioritise employee health and safety by adhering to rigorous protocols, including vaccination requirements and preventive health measures. Each Business Unit tests the effectiveness of their plans, ensuring ongoing readiness to manage and respond to any incidents effectively. Through conducting annual reviews and refinement of our ERP and BCP, we maintain a high level of preparedness to address potential crises.

By proactively and efficiently addressing diverse risks, Petron Malaysia is safeguarding its operations and reinforcing its reputation as a trusted energy provider. This approach strengthens our ability to navigate challenges in the downstream oil and gas industry, ensuring we continue to deliver value to stakeholders while driving long-term business sustainability and operational excellence.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Petron Malaysia navigated a challenging year influenced by volatile international oil market prices amidst narrowed regional refining cracks. The average price of benchmark Dated Brent crude in 2024, while only 2% lower compared to 2023, continued to show volatility due to geopolitical tensions in the Middle East and Europe. Dated Brent fell as much as 18% to US\$74 per barrel in December from its US\$90 per barrel peak in April, as weak China economic data dampened market sentiment, resulting in inventory holding costs.

Total domestic sales volume in 2024 reached 23.4 million barrels, slightly higher than 23.1 million barrels in 2023, mainly driven by Commercial sales growth of 15%, offsetting the temporary decline in retail diesel demand following the implementation of the targeted subsidy. With lower refinery production during the year as a result of the repair shutdown, intercompany and exports sales were also reduced, bringing total sales volume to 35.8 million barrels in 2024, a dip from 37.2 million barrels in the prior year. The overall decline in oil prices and reduction in sales volume resulted in RM15.8 billion of revenue compared with RM17.2 billion in the prior year.

Gross profit ended 51% lower at RM274 million mainly driven by the downtrend in prices resulting in inventory holding losses, as well as from the contraction in regional refining cracks — a reflection of market sentiments on the global economy, and it is affecting the oil supply and demand balance.

Nevertheless, the Company continued to employ its comprehensive risk and sound resource management strategies, which helped mitigate the adverse effects of challenging market conditions, enabling PMRMB to still close the year with positive operating income and net profit of RM60 million and RM18 million, respectively.

Financial Position

The Company concluded 2024 with total assets of RM4.65 billion, slightly lower compared to 2023's RM4.70 billion. Receivables decreased by RM353 million mainly due to reduced subsidy claims after the diesel targeted subsidy implementation by the government, partly offset by a higher level of inventories at year end.

The Company's liabilities remained flat at RM2.3 billion as higher short-term bank loans to finance working capital requirements were offset by lower trade payables.

Capital Expenditure

With the continued spending on refinery and terminal facilities upgrades, as well as retail network expansion, the Company's total capital expenditures (CAPEX) for the year reached RM143 million or 78% higher compared to RM80 million in 2023. These investments support PMRMB's long-term growth targets and operational resilience initiatives.

Shareholders' Equity

The Company's share capital remained unchanged at RM143 million. Retained earnings declined by 2% to RM2.2 billion, from RM2.3 billion in 2023, due to the RM62 million in dividends paid during the year, net of the RM18 million net profit.

Dividends

At the Annual General Meeting held in June 2024, shareholders approved a dividend payout of 23 sen per share for the financial year 2023. In respect of financial year 2024, the Company is recommending a dividend payout of 10 sen per share, equivalent to a 150% payout from 2024 net profit, after considering cash flow, working capital, and capital expenditure requirements.

Forward-Looking Statement

Despite a challenging market, PMRMB remains committed to pursuing sustainable growth through investments in retail network expansion and operational efficiencies in the refinery and terminal operations. The Company will also continue pursuing supply chain optimisation and sustainability initiatives to reinforce its commitment to long-term value creation. The ongoing project of constructing a second PME plant in Port Dickson — the PDPME — highlights Petron's commitment to supporting Malaysia's National Energy Transition Roadmap (NETR), particularly in the production of sustainable energy such as PME for biodiesel products. Moving forward, Petron is steadfast in maintaining a proactive stance on sustainable operations for the benefit of its stakeholders, aiming to reduce its carbon footprint while supporting Malaysia's thrust towards becoming a sustainable and energy-secure nation.

