

MD/CEO's Statement

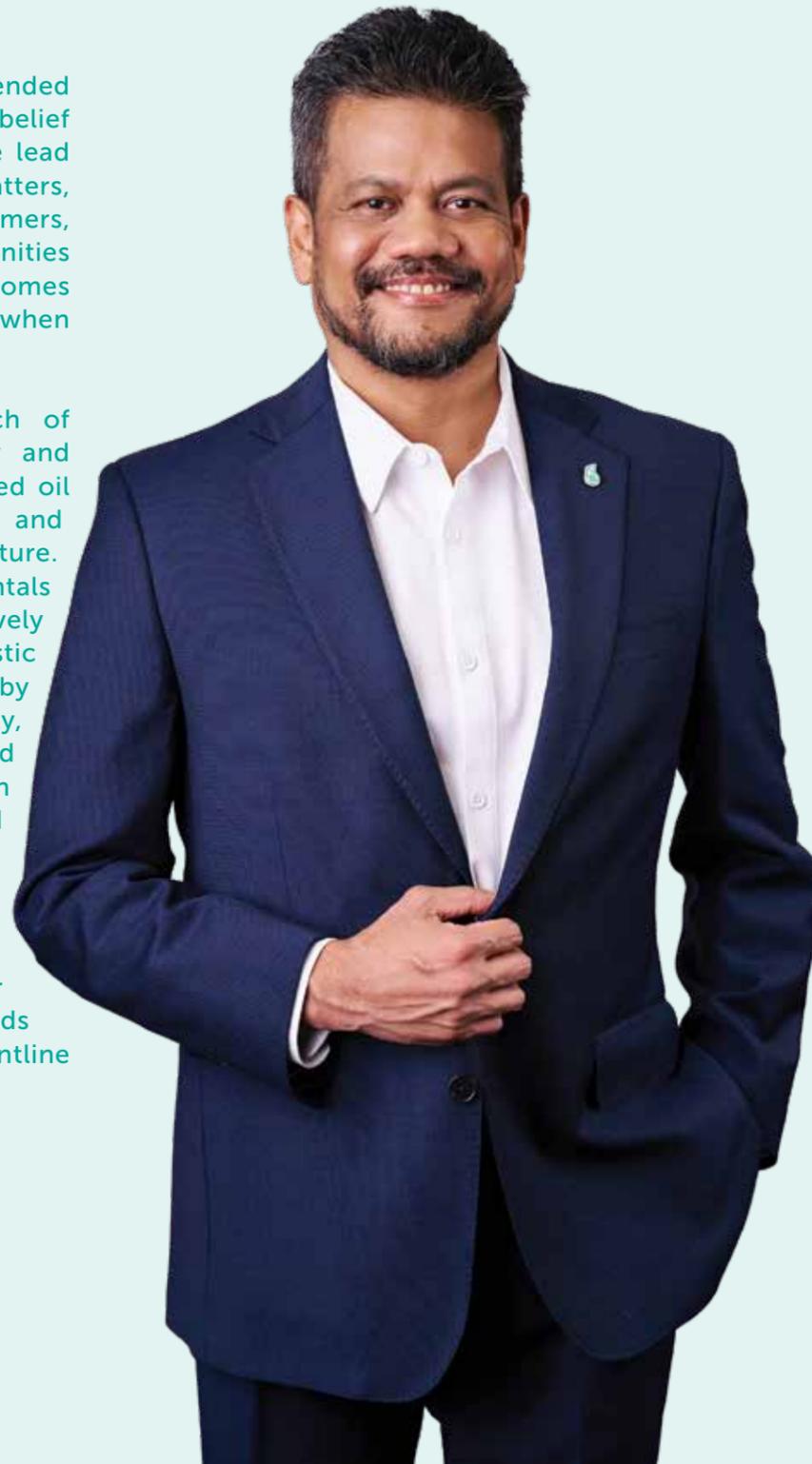
MD/CEO's Statement



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

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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.



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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.

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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.

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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 Fodd 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.

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**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.

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