



TAN SRI DR. AZMIL KHALID

Independent Non-Executive Chairman

CHAIRMAN'S STATEMENT

Dear valued stakeholders,

2022 was a seminal year for the Group. Driven to evolve by changing realities, we are now truly global both in presence and mindset, with an appetite to solidify our position as a technology-driven innovator across sectors and geographies. However, our drive to capture new opportunities has not swayed our attention from what matters most – delivering sustainable value for our people, our communities and our nation.

The notable progress that we have made across these dimensions is a testament to how fully the Edgenta Way of doing business has become embedded across our people and processes. It indicates, crucially, that we have secured the buy-in of our teams towards embracing transformation that delivers results for our bottom line and our sustainability agenda alike, in line with the theme of this year's report – Driving Technology, Advancing Sustainability.

It is this holistic approach – and its varied and encouraging outcomes – that I shall aim to articulate in this statement.

DELIVERING ON OUR STRATEGIC IMPERATIVES

Creating sustainable value begins with being a sustainable business and in this respect we have taken great strides during the past year.

By leveraging strategic partnerships and continuously investing in our digital capabilities through Edgenta NXT, our dedicated digital venture, we've made significant progress in the commercialisation of Asseto and our other digital solutions. Meanwhile, we have also gained traction in providing technology-driven green building solutions and integrated healthcare and facility solutions to our clients. These positive developments have served to further drive our differentiation in the increasingly competitive landscape for asset and facilities management.

As a result, we delivered a commendable 10.1% increase in both revenue and Normalised PAT during the year under review. This was achieved amidst a challenging, high cost operating environment and is a testament to the effectiveness of our operational efficiency and cost optimisation efforts. During 2022, we also secured RM1.36 billion in new wins – a 30% year-on-year increase – with 62% of these contracts being awarded for projects outside our home base of Malaysia.

As a result of our strong performance, we issued an increased dividend of 4 sen per share for the financial year ended 31 December 2022, consistent with our policy of providing optimum shareholder returns.

Just as important as our results, however, has been our attendant shift in mindset – from being a mere protector to an enhancer of asset value, integrating technologies into traditional setups in order to enhance the lives of people who use the facility and empower asset owners to track and improve their sustainability performance. By positioning ourselves as a technology and sustainability-centric company, we are moving up the value chain and strengthening our proposition in the global market.



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It has been equally encouraging to see the progress we have made in international expansion and diversification. During 2022, we officially entered the market of the KSA with the establishment of Edgenta Arabia Limited ("EAL") and the impending purchase of a 60% stake in MEEM, one of the country's leading facilities management companies. As a result, we are now in a strong position to bid for the sizeable Integrated Facilities Management ("IFM") contracts that will become available under the government's Saudi Vision 2030 masterplan.

At the same time, we have also deepened our penetration of the industrial and hospitality sectors while picking up key contracts for infrastructure services and asset consultancy in East Malaysia and Indonesia, thereby making strong headway on our Pan Malaysia strategy and building our regional presence. These wins are a testament to the dedication of our team, who are invested in our Edgenta of The Future 2025 ("EoTF2025") strategy and making it a success.

Due to the proactive steps we have taken in the past year, we are now a more diverse organisation than before, both in terms of geography and sectoral presence. This means that we can access growth markets and quality earnings opportunities across Asia with agility, leveraging technology and sustainability-driven solutions to deliver added value to asset owners and enhance value creation for all stakeholders.

DEEPENING OUR ESG COMMITMENT

At UEM Edgenta, sustainability is a key driver of our value creation aspirations. By embedding sustainable practices into our operations and offering products and solutions that improve our customers' sustainability performance, we aim to drive positive impact across our value chain and be recognised as an industry leader in ESG.

In June 2022, we launched our two-year sustainability roadmap (FY2022 – FY2024), outlining a focused, Group-wide sustainability pathway as well as a clear framework on governance, performance management and reporting that is in line with industry and global standards. Guided by our roadmap, we then commenced our inaugural emissions inventory exercise in August 2022 with the collection of emissions data from across the Group, while introducing capacity building programmes to empower our Board, management personnel and data owners in understanding our environmental footprint and how we can structure emissions reduction goals. Complementing these actions, we have also taken a more active role in climate action at the national level, becoming a member of Climate Governance Malaysia and shaping collective action through the CEO Action Network ("CAN").

While we develop our long-term action plan, our waste management, material utilisation and water consumption efforts continue apace. Leveraging on our partnership with PLUS Malaysia, a recycling campaign was initiated across three Rest and Service Areas ("RSA") along the North-South Highway, together with the rollout of the KLEAN machine, an AI-driven reverse vending machine. Conscious of the importance of effective stewardship in an increasingly water-stressed world, we are also looking to scale up our existing rainwater harvesting facilities beyond the eight sites they are currently situated at.

Beyond our own operations, we strive to deliver greater impact by embedding sustainability within our services and solutions. In 2022 alone, we delivered in this area by assisting eight hospital clients to receive the Green Building Index ("GBI") certification and commencing the tracking of waste in client premises for enhanced waste management. We are also working with Alibaba to integrate their sustainability platform within Asseto so that our customers can measure, analyse and manage their carbon emissions. In a world where sustainability performance is growing in importance, these solutions make a tangible difference for asset owners and are helping to drive our differentiation as a service provider.



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AS A **TECH AND SUSTAINABILITY-CENTRIC** SOLUTION PROVIDER, WE ARE **FUTURE-ORIENTED** AND WELL POSITIONED TO CONTINUE ON OUR GROWTH PATH. MOREOVER, BY EMBEDDING TECHNOLOGY WITHIN OUR OWN OPERATIONS, WE ARE EQUIPPED WITH THE TOOLS TO BE MORE SUSTAINABLE AND TO DRIVE **SHARED VALUE FOR OUR PEOPLE, COMMUNITIES AND PLANET.**

As a consequence of our focused efforts in sustainability, our FTSE4Good rating improved significantly – from 2.5 to 3.1 – during the past year. This places us above the emerging markets threshold for possible inclusion in the index and indicates that we are tracking well against global ESG standards. Meanwhile, we were honoured at the 2022 Malaysia Outstanding ESG Impact Corporate Awards by the KSI Strategic Institute for Asia Pacific, a testament to our strong performance across the ESG spectrum.

Our varied initiatives and their impacts are detailed in our expanded and enhanced Sustainability Statement, which provides insight into the role that sustainability will continue to play in building the Edgenta of The Future.

STANDING ASTRIDE OUR PEOPLE AND COMMUNITIES

Environmental action forms one focus area of our ESG framework, which also enshrines Education and Community Enrichment and Well-Being as pillars of our approach to creating long-term value.

In 2022, our community-based activities spanned 15 livelihood projects and stakeholder engagement activities, impacting more than 12,500 underserved communities nationwide and assisted by 790 volunteering hours contributed by our Edgenta Stars. These activities included support provided to underprivileged communities for festive celebrations, the donation of critical healthcare equipment, the refurbishment of school premises, the provision of school supplies to low-income families and disaster relief to mitigate against the impact of ever more frequent floods across Malaysia.

Looking forward, we will continue to attune ourselves to the evolving needs of communities in our vicinity, with the aim of delivering programmes that drive sustainable socio-economic development and further our impact as nation builders.

IN JUNE 2022, WE LAUNCHED OUR **TWO-YEAR SUSTAINABILITY ROADMAP (FY2022 - FY2024), OUTLINING A FOCUSED, GROUP-WIDE SUSTAINABILITY PATHWAY** AS WELL AS A CLEAR FRAMEWORK ON GOVERNANCE, PERFORMANCE MANAGEMENT AND REPORTING THAT IS IN LINE WITH INDUSTRY AND GLOBAL STANDARDS.



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NURTURING A PRODUCTIVE AND FULFILLED WORKFORCE

Advancing the nation also means advancing our people and providing them with employment that furthers their skills, rewards their performance and looks after their wellbeing. To this end, 2022 saw the launch of our Edgenta Workplace Wellness ("WoW") programme, providing comprehensive and personalised help to our Edgenta Stars in managing their work-life balance, health and other issues that may impact their work and personal lives. The programme reflects our commitment to supporting our employees in a more holistic and meaningful way, towards nurturing their capabilities and enhancing our proposition as a leading employer.

Supporting this, 32 wellness programmes were crafted for our workforce over the past year, providing support to our Edgenta Stars in enhancing their physical, emotional and financial wellbeing. We also organised a nationwide HR Roadshow in Malaysia to engage employees, address any concerns and enquiries, as well as educate them on our human resource tools, platforms, framework, policies and services. Further to this, we took the opportunity to educate Edgenta Stars on Human Rights through an initiative that was participated in by 1,083 employees.

With the pandemic having changed employee expectations, I am pleased to share that we have since formalised flexible work arrangements that enable our Edgenta Stars to achieve a more personalised balance between work and home-based duties. The arrangement is applicable to specific job functions where flexible work is feasible.

Meanwhile, from home to the world, our Global Talent Mobility Programme has been launched, providing our employees with the opportunity to take up placements of up to two years in our companies around the world. The programme seeks to improve employee engagement, motivation and retention while driving the cross-fertilisation of skills, knowledge and technologies across our increasingly global footprint.

Furthermore, and in cognisance of our growing responsibility as a globally diversified organisation, I am proud to note that we are elevating our commitment to Diversity, Equity and Inclusion ("DEI") through our active participation in CAN, utilising the network as a platform for collaborative discussion with other industry players on the development of a standard model for DEI policies, interventions and implementation across the country in 2023. The learnings from these engagements shall serve as a guide to our management-level teams in creating diverse and inclusive work environments where all our Edgenta Stars will feel equally supported by their peers and superiors, free of discrimination and any other unfair practices.



SAFEGUARDING AND FUTURE-PROOFING OUR BUSINESS

Today, we are a more global and diversified organisation than we have ever been. This means greater opportunity for growth, but it also heightens our responsibilities to safeguard value for our business and our stakeholders.

In today's rapidly changing digital landscape, we face the formidable challenge of increasingly sophisticated cyber-attacks. Therefore, as we transition to become a leading Technology-Enabled Solutions Company, our focus on fortifying cybersecurity defences is paramount. On this note, we are proactively deploying advanced technologies, such as EndPoint Detection & Response ("EDR") and Network Detection & Response ("NDR"), to bolster our capabilities in detecting and mitigating threats across our local and regional networks.

At the same time, the global scope of our operations necessitates that we remain vigilant in the face of heightened competition. Consequently, cost management has emerged as a strategic imperative for our organisation. Over the past year, we have executed comprehensive cost optimisation initiatives, emphasising the implementation of digitalisation and automation to maximise cost-efficiencies throughout our processes. A prime example of this innovative approach is the deployment of our "Low Code No Code" platform, an accessible solution that empowers our employees to become "citizen developers", enabling the transformation of manual processes into more cost-effective digital workflows.

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Through the adoption of such cutting-edge strategies to achieve our cost optimisation objectives, we will not only enhance productivity but also promote data-driven decision-making and elevate the customer experience. In doing so, we are poised to future-proof our Group in multiple critical dimensions, ensuring long-term resilience and success.

Ultimately, however, our ability to deliver long-term value is predicated on responsible and foresighted governance that considers all aspects of value creation. On this note, our Fit and Proper Policy outlines clear standards and procedures in relation to the appointment and re-election of Directors of the Group and our subsidiaries. Meanwhile, the Board has approved our revised Terms of Reference for the Board Governance and Risk Committee and a revised Board Charter, with both incorporating updates on sustainability aspects from the Malaysian Code on Corporate Governance.

In striving to ensure effective stewardship of the Group in the next phase of its value creation journey, we were pleased to welcome En. Mohd Asrul Ab Rahim as a Non-Independent Non-Executive Director on 21 January 2022. I would also like to take this opportunity to thank our outgoing directors, Ms Wong Shu Hsien and Mr Robert Tan, for their sterling contributions to the Group's success over the years.

SHARPENING OUR FOCUS ON FUTURE GROWTH

While our commendable performance in 2022 provides optimism, it should not distract us from the global macroeconomic challenges that remain. With geopolitical instability, inflation and supply chain disruptions persisting, the world's developed economies remain on a sluggish growth path, with Malaysia's economy forecasted to deliver moderate growth of between 4% to 5% in 2023.

To remain resilient amidst these headwinds, it is essential that we continue to focus on driving cost-efficiencies at all levels of our business. To facilitate this, we will continue to accelerate our ongoing digitalisation and automation efforts while implementing other measures to streamline our operations and business structure, including the disposal of underperforming assets where feasible. At the same time, bolstered by our strong cash position, we intend to explore further strategic partnerships in order to expand our addressable market while enhancing our margins by forging entry into high growth markets with high levels of tech readiness.

As we face up to the challenges and opportunities that lie ahead, we are emboldened by the foresighted moves we have made to make technology and sustainability central components of our solutions. As a result, we are now ahead of the curve and positioned to deliver greater impact for our business as well as our people, communities and planet.

This is a time for execution and in this respect, we can continue to count on the experience and know-how of our senior management and the over 16,000 Edgenta Stars who make up our workforce. Guided by the consistent and principled leadership of our Board, they will continue to be our rock of resilience and our driver of advancement as we breach brave new ground on our journey.

Lastly, I would like to thank you – our shareholders and stakeholders – for your continued support and faith. Together, we will surmount the challenges of today and bridge the gap to a brighter, smarter and more sustainable future for UEM Edgenta.

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