

CHAIRMAN'S STATEMENT

DEAR VALUED STAKEHOLDERS,

Amidst a rapidly evolving business landscape, UEM Edgenta stands at the forefront of transformation, championing innovation and sustainability as the cornerstones of our future. This year, we have continued to pursue our ambition to be a global Asset Management and Infrastructure Solutions company, underpinned by our Edgenta of the Future 2025 ("EoTF2025") strategy.

Our journey of transformation has seen us expand our horizons beyond traditional business segments and strengthened our ambitions in the Middle East. In doing so, we are harnessing our renowned expertise and innovative spirit to create more value for our stakeholders through our commitment to sustainability and technology. This not only sets new industry standards but also reflects our ambition to create a lasting impact, enabling us to meet the challenges of today and redefining the possibilities of tomorrow.



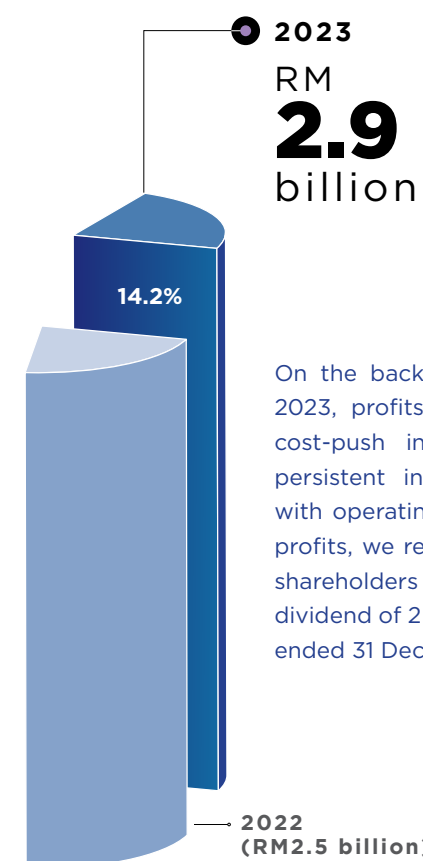
Further details of UEM Edgenta Berhad can be found on: www.umedgenta.com



TAN SRI DR. AZMIL KHALID
Independent Non-Executive Chairman

DELIVERING VALUE

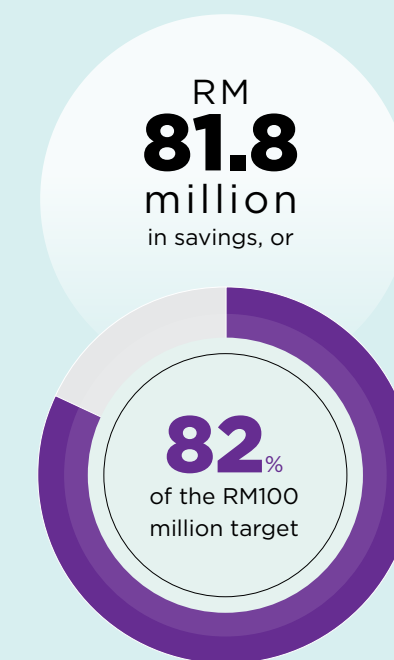
In the face of a challenging business landscape, UEM Edgenta demonstrated resilience in 2023, marking its best revenue growth in six years despite global economic uncertainties and competitive pressures. Our performance this year was bolstered by increased infrastructure projects and healthcare contracts, particularly benefiting from strong performance in Singapore, Taiwan and commencement of revenue recognition from our operations in the Kingdom of Saudi Arabia ("KSA"). Our proactive stance on delivery model optimisation, alongside a dedication to smart, sustainable solutions and technological innovations, also positioned us to effectively address the demands of a rapidly evolving market.



On the back of the 14.2% revenue growth in 2023, profits were impacted by the ongoing cost-push inflation that was influenced by persistent increases in the costs associated with operating our business. Despite the lower profits, we remain committed to rewarding our shareholders and declared a single-tier interim dividend of 2 sen per share for the financial year ended 31 December 2023.

ADDRESSING OUR CHALLENGES WITH EoTF2025

The main challenge in our industry, in addition to stiff competition, has been the rising costs in terms of labour, raw materials and consumables due to persistently high inflation. Appropriately, one of the key pillars of the EoTF2025 strategy is focused on extracting value from core businesses through cost optimisation and over the past three years, initiatives under this pillar has seen UEM Edgenta obtain RM81.8 million in savings, or 82% of the RM100 million target.



Most of the savings were generated through effective procurement and finance processes, digitalisation and automation, as well as rationalising non-core businesses.

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Besides that, we also focus on strategic levers that look at optimising our non-core businesses through diversification to help the company maximise profitability and attain sustainable success. By de-risking our portfolio profile and re-evaluating our business, we can seize greater opportunities to monetise our non-core businesses to generate additional revenue streams.

Coupled with our strategic levers, the EoTF2025 strategy is set to address the challenging business environment and to drive long-term resilience. The EoTF2025 plan has not only mitigated some of our cost challenges but is also unrelenting in finding ways to maintain a stable revenue base, generate more and diversify our revenue base, targeting higher margin services and ensuring that we continue to have the relevant skills, capabilities and technologies to continue winning new jobs while retaining our clients. I believe in no uncertain terms that UEM Edgenta's perseverance and diligent execution of the EoTF2025 strategy over the years is why we have produced a healthy revenue performance this year while setting the stage for a promising outlook going forward.

In reviewing what was accomplished in 2023, it has turned out reasonably well for UEM Edgenta on multiple fronts. Firstly, our revenue base remains solid on the back of healthy orderbook replenishment supported by strong contract renewal rates. In addition, UEM Edgenta has successfully diversified our business overseas, expanding market share in hospitality and manufacturing in Singapore and Taiwan, while operations in the United Arab Emirates ("UAE") successfully penetrated new markets in Abu Dhabi. The consolidation and integration of our businesses in the KSA through strategic acquisition is also predicated on capturing new revenue opportunities in this high growth market and seeks to ride on the KSA's ambitious Saudi Vision 2030 economic transformation plan. With the recent acquisition of Kaizen Owner Association Management Services LLC and Kaizen AMS Property Supervision LLC ("KAIZEN Group"), UEM Edgenta is poised to capitalise on the growth opportunities within the real estate sector in the UAE. This property management-facility management integration reinforces the value proposition of UEM Edgenta in the Middle East, aligning seamlessly with our EoTF2025 vision and supports our business portfolio de-risking strategy through diversification of products, services and markets.

We also continue to see contract wins that were tech-enabled, demonstrating that we are on the right path in the development of our technological capabilities such as UETrack™ and Asseto. In addition, our foray into fusing our own approach and brand of innovation in facilities management with the tenets of sustainability has also helped us penetrate new sectors and markets. Our quest to further promote our end-to-end sustainability capabilities has also been enhanced by the repositioning of Opus Consultants, through which we have pledged a sum of RM200 million to aid our clients in accelerating their transition to more energy and resource efficient buildings.

In all our operating markets, we are an attractive proposition for any customer looking for a reliable, tech-enabled and sustainability focused Integrated Facilities Management ("IFM") solutions partner. I believe that our strong track record, culture and commitment to operational excellence will hold us in good stead and help us navigate the challenges of the industry.

Sustainability

As a beacon of corporate responsibility, UEM Edgenta embraces Environmental, Social and Governance ("ESG") principles, recognising sustainability as the cornerstone of our resilient growth and value creation for our own operations, our clients' businesses and the communities we serve. In 2023, we continued to uphold our commitment to sustainability by embedding sustainable practices throughout our business while taking steps to align ourselves with national ambitions to achieve Net Zero Targets and implement energy transition plans.

At the forefront of our efforts is Opus Consultants which launched its suite of Energy and Sustainability Solutions this year, spearheaded by the Sustainable Zero-Capex programme to help our clients in Malaysia jumpstart their sustainability journeys. In addition, in a move to align with global standards and to champion decarbonisation, we signed Memorandums of Business Exploration ("MOBE") with Earth Finance Inc., Honeywell International Sdn. Bhd. and Yinson Green Technologies for collaboration in the areas of sustainable solutions and green financing. Meanwhile, under the Group's Net Zero Targets, we have set a goal to reduce our Scope 1 and Scope 2 greenhouse gas ("GHG") emissions to Net Zero with an interim target to reduce these operational emissions by 26% by 2030. We are enacting a structured process to monitor the progress of our Net Zero Target. Our efforts align with the International Energy Agency's ("IEA") Net Zero Emissions by 2050 Global Pathway and will support the National Energy Transition Roadmap's ambition for Malaysia to achieve Net Zero by 2050.

This year, we also initiated a vendor segmentation exercise to understand our suppliers' ESG practices. Results from this initiative will be used in our effort to compute our Scope 3 emission so we can make similar Net Zero pledge to reduce emission in our value chain. Additionally, we automated the process of calculating our carbon emission and have also developed processes around allocating carbon budgets to all our businesses for carbon management and reduction.

As a result of our sustained efforts in the ESG space, we have been recognised with several awards and accolades. These include the Gold award in the Energy Efficiency category at The Star ESG Positive Impact Awards 2023, along with three Silver awards in the Renewable Energy, Talent Management, and Good Health and Well-being categories.

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Supporting Our Communities

UEM Edgenta's commitment to ESG principles extends beyond traditional corporate responsibilities, incorporating Education and Community Enrichment and Well-Being as foundational pillars. This comprehensive approach is exemplified through various corporate social responsibility ("CSR") initiatives designed to foster long-term value and societal impact:

- Edgenta Jalanan Kasih – Festive CSR Programme**
 Celebrations of major festivals like Chinese New Year, Ramadan, Hari Raya Aidilfitri, Deepavali and Christmas were shared with local communities, embodying the spirit of unity and cultural appreciation. In 2023, the programme has benefitted 1,330 beneficiaries including 430 asnaf recipients, 600 highway users and 300 UEM Edgenta employees.
- The Lost Food Project – Pet Food Project**
 This initiative rescued and distributed 7,225kg of surplus pet food, which in turn prevented 20,230kg of carbon dioxide ("CO₂") emissions. It supported over 50 animal shelters and feeders in Klang Valley and Malacca, demonstrating a commitment to environmental sustainability and animal welfare.
- Zoo Negara Collaboration Programme**
 By sponsoring Aldabra Giant Tortoises and a giraffe, UEM Edgenta underscored our dedication to wildlife conservation. The transformation of Zoo Negara, facilitated by 60 volunteers and the organisation of an educational visit for students from SK Jenderam, Dengkil, enhanced both animal living conditions and the visitor experience.
- #EDGENTAACTGREENCAMPAIN Tree Planting CSR Programme**
 The planting of 1,000 trees at Sabai Forest Reserve in Sarawak supported green initiatives and local economies. This effort aligns with Sarawak's Greening Sarawak Programme and Malaysia's five-year Greening Malaysia Programme, emphasising the importance of ecological preservation and sustainability.
- EDGENTA Back-To-School Riang Ria's CSR Programme**
 This programme assisted underprivileged students from SK Bangsar, SK Jenderam and SMK Jenjarom by providing essential school supplies. Additionally, a donation was made to each school to further educational development, highlighting our investment in the future of education and community well-being.

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EMBODYING GOOD GOVERNANCE

At UEM Edgenta, we are guided by the principles of integrity and excellence, principles that shape our operations and define our corporate ethos. Our journey in 2023 has been marked by significant achievements, underscoring our dedication to setting the benchmark in corporate governance and ethical conduct.

In a momentous milestone for UEM Edgenta, we were honoured with the bronze award at the Integrity, Governance, and Anti-Corruption Awards ("AIGA") 2023. This prestigious event, organised by the Malaysian Institute of Integrity ("INTEGRITI"), recognised our commitment to upholding the highest standards of integrity and good governance practices. Our success at AIGA, particularly as first-time participants, serves as a powerful testament to our dedication to fostering an environment where ethical practices are not just encouraged but celebrated.

The criteria for AIGA's evaluation are rigorous, incorporating the ISO37001 Anti-Bribery Management System ("ABMS"), the Malaysian Code on Corporate Governance and critical legal frameworks such as the Malaysian Anti-Corruption Commission Act 2009, Whistleblower Protection Act 2010 and the Bursa Listing Requirements. This accolade arrives on the back of our achievement in May 2023, when we were awarded the ISO37001 ABMS certification by the Standard and Industrial Research Institute of Malaysia ("SIRIM").

Further amplifying our commitment to eradicating corruption, we have forged a strategic partnership with Rasuah Busters, a leading anti-corruption non-governmental organisation ("NGO"). This alliance creates a united front against corruption, enhancing our anti-bribery and anti-corruption efforts. By joining forces, we aim to elevate our internal practices and extend our reach, benefiting not only UEM Edgenta employees but also the broader community. Through targeted activities and awareness campaigns, we are dedicated to cultivating a culture of integrity and accountability.

OUTLOOK

Looking ahead to 2024, UEM Edgenta is cautiously optimistic, guided by Bank Negara Malaysia's forecast of 4-5% Gross Domestic Product ("GDP") growth which is expected to be fuelled by strong domestic consumption, a stable labour market and the hopeful resurgence of global trade. This economic backdrop presents a supportive environment for our ongoing endeavours and future plans.

Our commitment to providing innovative, technology-driven sustainability solutions remains central to our strategy. We aim to continue responding to the needs of our clients with precision and foresight, ensuring our services are not just relevant but ahead of the curve. The projected economic upturn offers us a valuable opportunity to expand into emerging markets and tailor our offerings to better serve our customers' evolving needs.

In navigating the year ahead, we will maintain a focus on charting the path to sustainable profitability involving mitigating structural challenges in the short-term and building transformational growth in the medium to long-term. Our focus remains on cost optimisation across all levels including corporate and business units, cost of sales and operational expenditure to manage costs effectively and mitigate the challenging market conditions while maximising productivity and profitability.

We have initiated strategic pivots to establish a strong starting point by strengthening our digital assets, building ESG capabilities and entering new high growth markets such as the KSA and the UAE. These key areas are essential for our continued growth and for realising the ambitions set forth in our EoTF2025 strategy. By fostering the growth of our team, advancing our technological capabilities and ensuring our business model is adaptable, we are preparing to meet both the challenges and opportunities that 2024 may bring.

With our global presence as a key asset, we are ready to tackle the challenges ahead, seize new opportunities and create sustainable value for our stakeholders and shareholders. Our goal is to be a leader in providing technological and sustainable solutions, contributing to our company's growth and the betterment of society.

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ACKNOWLEDGEMENTS

As we navigate through the ever-evolving landscape of our industry, it is with a sense of profound gratitude that I extend our collective thanks to all our key stakeholders for your unwavering support and commitment to our organisation. A special note of appreciation goes out to the management team and our Edgenta Stars for their dedication and unrelenting efforts in delivering value time and again.

It is also with a warm and respectful acknowledgment that we bid farewell to some of our esteemed board members. We extend our deepest gratitude to Dato' Noorazman Abdul Aziz for his five years of exemplary service upon his retirement. Additionally, we recognise Shirley Goh, who has resigned after two years of dedicated service. In light of these departures, it is with great pleasure that I welcome our new directors, Nurul Iman Mohd Zaman, Dato' Dr. Omar Abd Hamid and Simon Kua Choo Kai. Each brings a wealth of experience and insight that will undoubtedly propel our company forward.

As we move ahead, I am confident that the collective efforts of the Board, management and employees will steer us towards new horizons of success and innovation, overcome challenges and ultimately set us down a path of long-term and sustainable growth.

TAN SRI DR. AZMIL KHALID
Independent Non-Executive Chairman