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**Khazanah records improved profit for 2022
amidst a challenging year**

Continues to focus on Advancing Malaysia strategy in value creation and societal value efforts towards its nation building journey

2022 Highlights

- Achieved RM1.6b profit from operations as compared to RM670m in FY2021
- Deployed RM6.6b new investments while RM2.5b of assets monetised
- RM500m of Dana Impak projects identified to deliver socioeconomic impact
- Executed value creation plans for our Malaysian assets including Farm Fresh, Cenviro and Celcom-Digi
- Achieved a 4-year rolling TWRR of 2.2% for the Investments Portfolio

KUALA LUMPUR, 21 March 2023 - Khazanah Nasional Berhad (“Khazanah”) today announced its 2022 financial performance, outlook for 2023 and progress in fulfilling its mandate to deliver sustainable value for Malaysians.

2022 was a challenging year for Khazanah and the global markets, with rising inflationary pressure, aggressive monetary tightening and energy crisis due to the Russia-Ukraine conflict.

Khazanah Managing Director, Dato’ Amirul Feisal Wan Zahir said “Despite the challenging market conditions globally, we delivered a satisfactory performance in the first full year of implementing our refreshed strategy. Our nation building mandate of delivering long-term sustainable value remains unchanged and we will ride through the short-term market volatility and remain focused on our long-term goals.”

“There are ongoing concerns that the inflationary environment and tightening monetary conditions will lead to a global recession, exacerbated by continuing geopolitical risks. However, Khazanah’s disciplined investment approach, as guided by our long-term Strategic

Asset Allocation (SAA) and active portfolio management helped navigate the volatility in the markets as we maintained discipline in our value creation and monetisation efforts.”

Financial and Portfolio Performance

Khazanah recorded a profit from operations of RM1.6b, mainly contributed from monetisation activities and lower impairment in the portfolio. Debt increased marginally to RM49.1b compared to RM48.5b in the previous year, while its Realisable Asset Value (“RAV”) over debt ratio remained healthy at 2.7x, on track to achieve the long-term target of 3.0x – 4.0x. The Net Asset Value (NAV) saw a decline of 5% from RM86b in 2021 to RM81b in 2022 attributed by the global market downtrends.

Khazanah is focused on building long-term financial return and continued its portfolio rebalancing towards the target Strategic Asset Allocation with deployments into Public Equities, Private Equities and Real Assets. RM6.6b was deployed in new investments and RM2.5b raised from monetisation of assets. The Investment Portfolio rolling NAV Time-Weighted Rate of Return (“TWRR”) recorded a 2.2% in its 4-year rolling TWRR.

Khazanah declared a dividend of RM500m for 2022 to the Government of Malaysia, with cumulative dividends declared since 2004 amounting to RM17.1b.

Advancing Malaysia

2022 was the first year that Khazanah implemented its refreshed strategy and approach, anchored on the theme of Advancing Malaysia, with the aim of delivering sustainable value for Malaysians.

This includes being an active corporate player in driving best in class performance in its investee companies, crowd-in new private investments, grow its portfolio value globally across various asset classes and facilitate flow of knowledge, networks and investment opportunities

into Malaysia. All of which, are governed by sustainability and good governance that would further deliver social impact and creation of societal value in its nation building journey.

Khazanah continued to stay the course in creating and capturing value, catalysing selected investments and successfully executed value creation plans for its Malaysian assets such as the successful IPO of Farm Fresh Bhd on Bursa Malaysia which was the largest IPO for 2022, strategic partnership with SK ecoplant of South Korea to accelerate Cenviro Sdn Bhd's growth into a regional waste management champion, and the Celcom-Digi merger which would generate scale to deliver innovative products and services and enhance digital connectivity.

Khazanah's investment in Farm Fresh Bhd ("FFB") has not only created wealth but delivered nutrition to Malaysian consumers at a competitive price. Through its satellite farmer network, FFB has also increased household income, created micro-entrepreneurs and improved wealth of local farmers.

On the other hand, Khazanah sees Cenviro as playing an important role in the circular economy and our partnership with SK ecoplant will strengthen Cenviro's service delivery and capabilities through the adoption of globally competitive technology and innovation.

On Dana Impak, RM500m worth of projects have been identified across various impact areas, aiming at building national resilience and new growth opportunities. Key areas include agrifoods and work force digital upskilling as well as a commitment to support entrepreneurs and venture capital (VC) ecosystem.

In driving efforts toward creating a sustainable future, Khazanah launched its Sustainability framework and ESG targets, a more structured approach to deliver an equitable and responsible transition of its portfolio and companies. In line with this, Khazanah published its Shareholder Expectations and Investment Stewardship as well as updated its voting guidelines, outlining expectations and stances on ESG adoption across its investee companies to achieve a positive impact on the environment and in the communities where Khazanah operates.

Delivering Societal Value

While making financial returns, Khazanah continued to deliver societal value and impact to the Malaysian community through its affiliated entities. Yayasan Hasanah, provided a total of RM54m in grants, allocated to 164 projects on key impact areas namely education, environment, community development, arts & public spaces and various other programmes.

Meanwhile, the Khazanah Research Institute (KRI) continued to conduct research on key pressing issues for the country with a total of 26 publications released in 2022, in which the findings and recommendations would be used to assist the Government and other relevant stakeholders in developing policies to improve the well-being of Malaysians. Some of the key KRI policy proposals are on social protection, climate, food, digital and housing, among others.

Taman Tugu, Khazanah's non-profit initiative for the community, attracted more than 700,000 visitors to-date with new trails and recreational spaces to accommodate more wellness and community programmes for all ages.

In addition, in 2022, Think City (a wholly-owned subsidiary of Khazanah) an impact organisation focused on making cities more people-friendly, resilient, and liveable, played a catalytic role in the heritage conservation of Coronation Avenue with Johor Bahru City Council. Think City also implemented the Northern Region Archaeotourism Network under the auspices of Ministry of Finance to preserve unique tangible and intangible cultural assets.

Moving Forward

In anticipation of another challenging year ahead of below trend global growth on the back of monetary policy shift to combat inflation, and persistent geopolitical tensions, Khazanah will continue to remain vigilant in its investing activities with the aim of maintaining portfolio resilience through diversification.

Despite the uncertainties, Khazanah remains optimistic in identifying investment opportunities within emerging global trends - structural changes to the multipolar global system and the growing challenges of climate change, energy transition and sustainability. Khazanah remains

firmly committed in its role as an active steward and shareholder of its portfolio companies in Malaysia as it seeks performance, value creation and long-term shareholder value. Khazanah will also continue its quest to seed new growth areas and ecosystems via Dana Impak.

In line with the Budget 2023: *Membangun Malaysia Madani*, Khazanah launched the *Future Malaysia Programme*, an initiative under Dana Impak, to support the local ecosystem of entrepreneurs, start-ups, venture funds, and corporate venture initiatives, which is an essential source of innovation, employment and investment for the nation. The programme involves working with domestic and international partners to fund high-growth and innovative Malaysian companies with sustainable business models that delivers socioeconomic impact and benefits for our country.

To this end, Khazanah believes that the availability of talent is crucial to the continuous development of any industry, especially the rapidly evolving digital industry which is facing increasing talent demand. Khazanah will invest, via its *Future Malaysia Skills* initiative, in upskilling and reskilling initiatives with the aim to generate a sustainable pipeline of talent, and in the process, provide Malaysians with in-demand skills for access to high quality jobs, leading to improved livelihood and spurring competitive industries that drive economic growth for the nation.

In preserving Malaysia's national heritage, Khazanah will lead the formation of the National Heritage Fund, a public-private partnership initiative which aims to restore and rejuvenate historic heritage buildings, including the redevelopment of the Sultan Abdul Samad Building and Carcosa Sri Negara, which will be executed in collaboration with ThinkCity. Restoration of the heritage buildings will be conceived in a sustainable and inclusive manner to ensure that it is accessible to the wider public. Given the significant historical value of the heritage buildings, these preservation efforts will add vibrancy to the city of Kuala Lumpur and connect people across diverse backgrounds by instilling a sense of national pride as well as shared identity and cultural values.

“Khazanah will continue to deliver on our mandate and remain committed to Advancing Malaysia, that is to drive Malaysia’s success in the global arena and continue to focus on value

creation initiatives while staying ahead of the curve in a rapidly changing market environment. Our Dana Impak initiatives will remain focused to increase Malaysia's economic competitiveness and build national resilience via innovative partnerships and new growth areas. This, along with our efforts in building on our financial strength, focus on sustainability and developing a winning team would complement our purpose for the country," Dato' Amirul Feisal concluded.

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For further information, please contact Sherliza Zaharudin at Tel: +603 2034 0000 or email sherliza.zaharudin@khazanah.com.my.

About Khazanah Nasional Berhad

Khazanah Nasional Berhad ("Khazanah") is the sovereign wealth fund of Malaysia entrusted to deliver sustainable value for Malaysians. In line with its long-term strategy of *Advancing Malaysia*, Khazanah aims to deliver its purpose by investing in catalytic sectors, creating value through active stewardship, increasing its global presence, as well as building capacity and vibrant communities for the benefit of Malaysians. For more information on Khazanah, visit www.khazanah.com.my.