PETRONAS Group Financial Report

For First Half Year Ended

30 June 2026

PETROLIAM NASIONAL BERHAD (PETRONAS) (197401002911 (20076-K))

FINANCIAL REPORT
FOR FIRST HALF YEAR ENDED 30 JUNE 2026

The Board of Directors of Petroliam Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the results of PETRONAS Group and its reportable segments for the first half year ended 30 June 2026 which should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying explanatory notes on page 6 to 22.

GROUP PERFORMANCE REVIEW

In RM Mil	**30 June 2026**	**30 June 2025**
Revenue	**152,441**	132,563
EBITDA[1]	**56,790**	54,446
PAT[2]	**27,224**	26,192
Cash flows from operating activities	**47,506**	48,092
Capital investments[3]	**41,363**	17,737

	As at 30 June 2026	**As at 31 December 2025**
Total assets	**794,290**	774,953
Shareholders' equity	**449,147**	448,308
Gearing ratio[4]	**21.2%**	20.7%
ROACE[5]	**8.5%**	8.2%

PETRONAS Group's revenue of RM152.4 billion for the first half of 2026 was higher by RM19.9 billion or 15% as compared to the same period in 2025 mainly attributable to higher average realised prices across major products coupled with the impact from higher sales volume mainly from liquefied natural gas ("LNG") and processed gas. This was partially offset by impact from foreign exchange.

The Group recorded EBITDA of RM56.8 billion, higher by RM2.3 billion or 4% as compared to the same period in 2025 primarily driven by higher revenue as described above partially offset by certain identified non-cash items[6]. PAT of RM27.2 billion was higher by RM1.0 billion in tandem with improved EBITDA.

Cash flows from operating activities was RM47.5 billion mainly comprised EBITDA after non-cash adjustments partially offset by working capital outflows.

Capital investments amounted to RM41.4 billion mainly attributable to Downstream's additional investment in a joint venture company, as well as investments in Upstream's development and production activities.

[1] Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") consists of profit before taxation and non-controlling interests, with the addition of amounts previously deducted for depreciation, amortisation, net impairment losses on property, plant and equipment and intangible assets, provision for onerous contracts, loss on remeasurement of net assets held for sale, loss/(gain) on remeasurement of financial assets measured at amortised cost and the exclusion of financing costs and interest income.

[2] Profit After Tax

[3] Capital investments are based on cash, comprising purchase of property, plant and equipment, investment properties, intangible assets and land held for development, as well as acquisition of subsidiaries, investments in associates and joint arrangements.

[4] Gearing ratio is calculated as adjusted total debt (total debt including financial guarantees) divided by adjusted total equity (total equity plus deferred tax liabilities and minus capitalised interest) and adjusted total debt.

[5] Return on average capital employed ("ROACE") is calculated as profit before interest expense after tax (calculated on 12-month preceding basis) divided by average total equity and long-term debt.

[6] Certain identified non-cash items amounting to RM14.8 billion comprised recognition of previously unrecognised accumulated share of losses of a joint venture following additional equity injection made during the period. This injection formed part of transactions undertaken by the Group to enhance operational alignment and flexibility across PRefChem's value chain, in support of PETRONAS' commitment to Malaysia's energy security and the strengthening of international partnerships that position Malaysia as a progressive energy nation (Refer Note A6 (iv)). This was partially offset by the gains on divestments and dilutions mainly arising from the Group's dilution of participating interests in certain assets and disposal of certain subsidiaries in exchange of equity interest in a newly established upstream joint venture company.

GROUP PERFORMANCE REVIEW (continued)

Total assets of the Group increased to RM794.3 billion as at 30 June 2026 against RM775.0 billion as at 31 December 2025 mainly due to higher investments in joint ventures, coupled with higher receivables and inventories. This was partially offset by lower cash and cash equivalents and a decrease in assets held for sale. Shareholders' equity of RM449.1 billion increased by RM0.8 billion primarily attributable to profit recorded during the period partially offset by dividends declared on 26 February 2026 to shareholders amounting to RM20.0 billion.

Gearing ratio marginally increased to 21.2% as at 30 June 2026 from 20.7% as at 31 December 2025 primarily due to higher borrowings. ROACE of the Group increased to 8.5% as at 30 June 2026 from 8.2% as at 31 December 2025 in line with higher profitability during the period.

UPSTREAM PERFORMANCE REVIEW

Financial Indicators

In RM Mil	30 June 2026	30 June 2025
Revenue		
Third party	**12,828**	16,519
Inter-segment	**48,727**	41,091
	61,555	57,610
PAT	**28,113**	16,549
Capital investments	**8,990**	8,565

Operational Indicators	30 June 2026	30 June 2025
Production[7] ('000 boe[8] per day)		
Crude oil and condensates	**657**	792
Natural gas	**1,677**	1,611
	2,334	2,403
Entitlement[9] ('000 boe per day)		
Crude oil and condensates	**427**	462
Natural gas	**1,178**	1,192
	1,605	1,654

Revenue of RM61.6 billion for the first half of 2026 was higher by RM3.9 billion or 7% as compared to the same period in 2025 mainly due to higher average realised prices partially offset by impact from foreign exchange.

PAT of RM28.1 billion was higher by RM11.6 billion in line with higher revenue, coupled with gains on divestments and dilutions arising from the dilution of participating interests in certain assets and disposal of certain subsidiaries in exchange of equity interest to a newly established joint venture company.

Capital investments amounted to RM9.0 billion mainly from development and production activities.

Total daily production average for the period ended 30 June 2026 was at 2,334 thousand boe per day, lower by 69 thousand boe per day as compared to the same period in 2025 mainly due to lower crude oil and condensates production.

[7] Represents Malaysia's production (PETRONAS Group and other operators) and PETRONAS Group's international equity production volume.
[8] boe: barrels oil equivalent. Volume of gas has been converted using gas heating values, reflecting PETRONAS gas portfolio.
[9] Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume.

GAS & MARITIME PERFORMANCE REVIEW

Financial Indicators

In RM Mil	30 June 2026	30 June 2025
Revenue		
Third party	**60,878**	53,039
Inter-segment	**7,246**	6,952
	68,124	59,991
PAT	**16,694**	10,409
Capital investments	**5,353**	5,357

Operational Indicators	30 June 2026	30 June 2025
Malaysia average sales gas volume (mmscfd[10])	**3,111**	2,769
Gross LNG sales volume[11] (million tonnes)	**20.29**	17.34

Revenue of RM68.1 billion for the first half of 2026 was higher by RM8.1 billion or 14% as compared to the same period in 2025 mainly contributed by higher LNG and processed gas sales volume coupled with higher average realised prices from LNG partially offset by impact from foreign exchange.

PAT of RM16.7 billion was higher by RM6.3 billion against RM10.4 billion in the same period of 2025 primarily driven by higher net product margin from LNG.

Capital investments for the first half of 2026 was RM5.4 billion, comparable to the same period in 2025.

Malaysia average sales gas volume increased by 342 mmscfd mainly due to higher offtake from power sector. Gross LNG sales volume increased by 2.95 million tonnes primarily attributed by higher production from PETRONAS LNG Complex and LNG Canada following its full commercial operations in the second half of 2025.

[10] mmscfd: million standard cubic feet per day.
[11] Gross volume refers to all LNG sales inclusive of volume subsequently sold as sales gas.

DOWNSTREAM PERFORMANCE REVIEW

Financial Indicators

In RM Mil	**30 June 2026**	**30 June 2025**
Revenue		
Third party	**73,926**	57,770
Inter-segment	**361**	375
	74,287	58,145
LAT[12]	**(15,157)**	(865)
Capital investments	**25,987**	1,562

Operational Indicators[13]	**30 June 2026**	**30 June 2025**
Petroleum products sales volume (in million barrels)	**102.0**	99.0
Chemical products sales volume (in million metric tonnes)	**5.0**	5.1

Revenue of RM74.3 billion for the first half of 2026 was higher by RM16.1 billion or 28% as compared to the same period in 2025 primarily due to higher average realised prices for petroleum and chemical products partially offset by impact from foreign exchange.

LAT was RM15.2 billion against RM0.9 billion in the same period of 2025, higher by RM14.3 billion mainly due to previously unrecognised accumulated share of losses of a joint venture following additional equity injection made during the period. This was partially offset by higher average realised petroleum and chemical products margins. Excluding the previously unrecognised accumulated share of losses of certain joint venture, PAT for the period is RM7.0 billion.

Capital investments for the first half of 2026 was RM26.0 billion mainly from additional investment in a joint venture company.

Petroleum products sales volume was 102.0 million barrels, higher by 3.0 million barrels mainly due to higher marketing volume partially offset by lower trading volume. Chemical products sales volume was marginally lower by 0.1 million metric tonnes as compared to the same period in 2025.

[12] Loss After Tax
[13] Refers to volume sold by the Group excluding volume traded and recognised net of cost.

CORPORATE AND OTHERS PERFORMANCE REVIEW

Financial Indicators

In RM Mil	**30 June 2026**	**30 June 2025**
Revenue		
Third party	**4,809**	5,235
Inter-segment	**758**	1,302
	5,567	6,537
LAT	**(1,119)**	(622)
Capital investments	**1,033**	2,253

Revenue of RM5.6 billion for the first half of 2026 was lower by RM1.0 billion or 15% as compared to the same period in 2025 primarily due to lower fund investment income.

LAT was RM1.1 billion as compared to RM0.6 billion in the same period in 2025 mainly due to lower revenue partially offset by lower operating expenditure.

Capital investments for the first half of 2026 was RM1.0 billion.

FINANCIAL REPORT

FOR FIRST HALF YEAR ENDED 30 JUNE 2026

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In RM Mil	30 June 2026	30 June 2025
Revenue	152,441	132,563
Cost of revenue	(81,453)	(78,768)
Gross profit	70,988	53,795
Selling and distribution expenses	(4,395)	(4,211)
Administration expenses	(7,179)	(8,234)
Net impairment losses/write-off[14]	(813)	(468)
Other expenses	(769)	(2,798)
Other income	10,472	2,814
Operating profit	68,304	40,898
Financing costs	(3,700)	(3,233)
Share of (loss)/profit after tax and non-controlling interests of equity accounted associates and joint ventures	(21,637)	170
Profit before taxation	42,967	37,835
Tax expense	(15,743)	(11,643)
PROFIT FOR THE PERIOD	27,224	26,192
Profit attributable to:		
Shareholders of the Company	22,728	23,640
Non-controlling interests	4,496	2,552
PROFIT FOR THE PERIOD	27,224	26,192
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss		
Net changes in fair value of equity investments at fair value through other comprehensive income ("OCI")	89	(40)
Items that may be reclassified subsequently to profit or loss		
Net movements from exchange differences	(75)	(9,244)
Cash flow hedge	(2,585)	582
Others	30	(194)
Total other comprehensive loss for the period	(2,541)	(8,896)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	24,683	17,296
Total comprehensive income attributable to:		
Shareholders of the Company	20,113	15,682
Non-controlling interests	4,570	1,614
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	24,683	17,296

[14] Excludes well costs and includes loss on remeasurement of financial assets measured at amortised cost.

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

FINANCIAL REPORT
FOR FIRST HALF YEAR ENDED 30 JUNE 2026

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In RM Mil	**As at 30 June 2026**	**As at 31 December 2025**
ASSETS		
Property, plant and equipment	**279,915**	283,923
Investment properties and land held for development	**18,753**	18,939
Investments in associates and joint ventures	**43,367**	11,558
Intangible assets	**31,897**	30,332
Long-term receivables	**52,708**	49,111
Fund and other investments	**18,034**	18,698
Deferred tax assets	**22,665**	21,661
TOTAL NON-CURRENT ASSETS	**467,339**	434,222
Trade and other inventories	**16,663**	12,805
Trade and other receivables	**84,106**	74,235
Fund and other investments	**22,553**	19,046
Cash and cash equivalents	**193,635**	204,375
	316,957	310,461
Assets classified as held for sale	**9,994**	30,270
TOTAL CURRENT ASSETS	**326,951**	340,731
TOTAL ASSETS	**794,290**	774,953
EQUITY		
Share capital	**100**	100
Reserves	**449,047**	448,208
Total equity attributable to shareholders of the Company	**449,147**	448,308
Non-controlling interests	**55,226**	53,777
TOTAL EQUITY	**504,373**	502,085
LIABILITIES		
Borrowings	**102,847**	108,137
Deferred tax liabilities	**8,903**	9,527
Other long-term liabilities and provisions	**60,847**	63,122
TOTAL NON-CURRENT LIABILITIES	**172,597**	180,786
Trade and other payables	**64,989**	65,204
Borrowings	**23,934**	13,466
Taxation	**10,140**	2,300
Dividend payable	**12,000**	–
	111,063	80,970
Liabilities classified as held for sale	**6,257**	11,112
TOTAL CURRENT LIABILITIES	**117,320**	92,082
TOTAL LIABILITIES	**289,917**	272,868
TOTAL EQUITY AND LIABILITIES	**794,290**	774,953

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

FINANCIAL REPORT

FOR FIRST HALF YEAR ENDED 30 JUNE 2026

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				
	Non-distributable				
In RM Mil	**Share Capital**	**Capital and Other Reserves**	**Foreign Currency Translation Reserve**	**Fair Value through OCI Reserve**	**Hedging Reserve**
Period ended 30 June 2026					
Balance at 1 January 2026	100	16,339	24,442	(3)	302
Net changes in fair value of equity investments at fair value through OCI	–	–	–	89	–
Net movements from exchange differences	–	–	(68)	–	–
Cash flow hedge[15]	–	–	–	–	(2,664)
Other comprehensive income	–	28	–	–	–
Total other comprehensive income/(loss) for the period, net of tax	–	28	(68)	89	(2,664)
Profit for the period	–	–	–	–	–
Total comprehensive income/(loss) for the period	–	28	(68)	89	(2,664)
Additional issuance of shares to non-controlling interests	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	–	(61)	–	–
Disposal of subsidiaries	–	25	(479)	–	–
Redemption of redeemable preference shares in a subsidiary	–	113	–	–	–
Dividends to shareholders of the Company	–	–	–	–	–
Dividends to non-controlling interests	–	–	–	–	–
Total transactions with shareholders	–	138	(540)	–	–
Balance at 30 June 2026	100	16,505	23,834	86	(2,362)

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Period ended 30 June 2025					
Balance at 1 January 2025	100	16,444	41,095	(20)	(965)
Net changes in fair value of equity investments at fair value through OCI	–	–	–	(40)	–
Net movements from exchange differences	–	–	(8,479)	–	–
Cash flow hedge[15]	–	–	–	–	726
Other comprehensive loss	–	(165)	–	–	–
Total other comprehensive (loss)/income for the period, net of tax	–	(165)	(8,479)	(40)	726
Profit for the period	–	–	–	–	–
Total comprehensive (loss)/income for the period	–	(165)	(8,479)	(40)	726
Additional issuance of shares to non-controlling interests	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	–	(3)	–	–
Disposal of subsidiaries	–	(329)	(292)	–	–
Dividends to shareholders of the Company	–	–	–	–	–
Dividends to non-controlling interests	–	–	–	–	–
Total transactions with shareholders	–	(329)	(295)	–	–
Balance at 30 June 2025	100	15,950	32,321	(60)	(239)

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[15] Includes reduction of RM184 million (30 June 2025: RM20 million) to the cost of hedging reserve during the financial period.

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company				
	Distributable				
In RM Mil	General Reserve	Retained Profits	Total	Non-Controlling Interests	Total Equity
Period ended 30 June 2026					
Balance at 1 January 2026	12,000	395,128	448,308	53,777	502,085
Net changes in fair value of equity investments at fair value through OCI	–	–	89	–	89
Net movements from exchange differences	–	–	(68)	(7)	(75)
Cash flow hedge[15]	–	–	(2,664)	79	(2,585)
Other comprehensive income	–	–	28	2	30
Total other comprehensive income/(loss) for the period, net of tax	–	–	(2,615)	74	(2,541)
Profit for the period	–	22,728	22,728	4,496	27,224
Total comprehensive income/(loss) for the period	–	22,728	20,113	4,570	24,683
Additional issuance of shares to non-controlling interests	–	–	–	21	21
Changes in ownership interests in subsidiaries	–	998	937	643	1,580
Disposal of subsidiaries	–	243	(211)	(2)	(213)
Redemption of redeemable preference shares in a subsidiary	–	(113)	–	(58)	(58)
Dividends to shareholders of the Company	–	(20,000)	(20,000)	–	(20,000)
Dividends to non-controlling interests	–	–	–	(3,725)	(3,725)
Total transactions with shareholders	–	(18,872)	(19,274)	(3,121)	(22,395)
Balance at 30 June 2026	12,000	398,984	449,147	55,226	504,373

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In RM Mil	General Reserve	Retained Profits	Total	Non-Controlling Interests	Total Equity
Period ended 30 June 2025					
Balance at 1 January 2025	12,000	382,561	451,215	55,395	506,610
Net changes in fair value of equity investments at fair value through OCI	–	–	(40)	–	(40)
Net movements from exchange differences	–	–	(8,479)	(765)	(9,244)
Cash flow hedge[15]	–	–	726	(144)	582
Other comprehensive loss	–	–	(165)	(29)	(194)
Total other comprehensive (loss)/income for the period, net of tax	–	–	(7,958)	(938)	(8,896)
Profit for the period	–	23,640	23,640	2,552	26,192
Total comprehensive (loss)/income for the period	–	23,640	15,682	1,614	17,296
Additional issuance of shares to non-controlling interests	–	–	–	42	42
Changes in ownership interests in subsidiaries	–	2,850	2,847	71	2,918
Disposal of subsidiaries	–	–	(621)	–	(621)
Dividends to shareholders of the Company	–	(32,000)	(32,000)	–	(32,000)
Dividends to non-controlling interests	–	–	–	(2,628)	(2,628)
Total transactions with shareholders	–	(29,150)	(29,774)	(2,515)	(32,289)
Balance at 30 June 2025	12,000	377,051	437,123	54,494	491,617

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[15] Includes reduction of RM184 million (30 June 2025: RM20 million) to the cost of hedging reserve during the financial period.

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

FINANCIAL REPORT

FOR FIRST HALF YEAR ENDED 30 JUNE 2026

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In RM Mil	30 June 2026	30 June 2025
Cash flows from operating activities		
Profit before taxation	**42,967**	37,835
Adjustments for:		
Change in contract liabilities and provisions	**(214)**	(39)
Depreciation and amortisation	**14,917**	18,762
Financing costs	**3,700**	3,233
Interest income	**(5,419)**	(5,583)
Loss/(Gain) on remeasurement of financial assets measured at amortised cost	**310**	(45)
Loss on remeasurement of net assets classified as held for sale	**415**	—
Net impairment losses of assets	**388**	239
Net (reversals)/impairment/write-off of well costs	**(213)**	81
Net inventories written down to net realisable value/written off	**700**	57
Net (gain)/loss on disposals of investments in an associate, subsidiaries, property, plant and equipment and other investments	**(6,763)**	462
Net gain on realisation of foreign currency translation reserve from disposals	**(1,138)**	(292)
Net unrealised (gain)/loss on derivatives	**(158)**	279
Net unrealised gain on foreign exchange	**(2,398)**	(426)
Net write-off of assets	**115**	160
Share of loss/(profit) after tax and non-controlling interests of equity accounted associates and joint ventures	**21,637**	(170)
Operating profit before changes in working capital	**68,846**	54,553
Net changes in working capital	**(17,051)**	554
Cash generated from operations	**51,795**	55,107
Interest income received	**5,419**	5,583
Interest expenses paid	**(2,338)**	(2,370)
Taxation paid, net of refund	**(7,370)**	(10,228)
Net cash generated from operating activities	**47,506**	48,092

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The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In RM Mil	**30 June 2026**	**30 June 2025**
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	—	(823)
Dividends received	**569**	264
Investments in:		
- associates and joint ventures	**(24,557)**	(123)
- securities and other investments	**(7,879)**	(6,601)
Long-term receivables paid by joint arrangements	—	1,151
Proceeds from capital reduction in joint ventures	**185**	—
Proceeds from disposal/partial disposal of:		
- investments in subsidiaries, net of cash disposed	**35**	3,532
- investments in an associate	**15**	—
- property, plant and equipment and land held for development	**1,617**	1,003
- securities and other investments	**5,027**	2,158
Proceeds from redemption of preference shares in a joint venture	**8**	—
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	**(16,806)**	(16,791)
Reimbursement paid arising from dilution of participating interests in joint arrangements and cash in subsidiaries disposed of	**(6,976)**	—
Net cash used in investing activities	**(48,762)**	(16,230)
Cash flows from financing activities		
Dividends paid	**(8,000)**	(10,000)
Dividends paid to non-controlling interests	**(3,725)**	(2,628)
Drawdown of borrowings	**22,331**	34,849
Payment of lease liabilities	**(1,961)**	(3,395)
Payment to non-controlling interests on additional equity interests	—	(165)
Payment to non-controlling interests on redemption of redeemable preference shares	**(41)**	—
Proceeds from partial disposal of equity interest to non-controlling interests	**1,593**	2,856
Repayment of borrowings	**(17,898)**	(19,339)
Net cash (used in)/generated from financing activities	**(7,701)**	2,178
Net (decrease)/increase in cash and cash equivalents	**(8,957)**	34,040
(Increase)/decrease in cash and cash equivalents restricted	**(417)**	35
Net foreign exchange differences	**(2,269)**	(6,011)
Cash and cash equivalents at beginning of the period	**202,710**	186,197
Cash and cash equivalents at end of the period	**191,067**	214,261
Cash and cash equivalents		
Cash and cash equivalents	**193,635**	216,540
Bank overdrafts	**(11)**	—
	193,624	216,540
Less: Cash and cash equivalents restricted	**(2,557)**	(2,279)
	191,067	214,261

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The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

These financial statements should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2025.

The explanatory notes attached to these condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2025.

Within the context of these condensed consolidated financial statements, the Group comprises the Company, its subsidiaries and joint operations, as well as the Group's interests in joint ventures and associates as at and for the financial period ended 30 June 2026.

A2. MATERIAL ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the financial year ending 31 December 2026 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the financial year ended 31 December 2025 except as disclosed below.

During the financial period, the Group has adopted the following Amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective for annual periods beginning on or after 1 January 2026

Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures (Classification and Measurement of Financial Instruments)*
Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards,* MFRS 7 *Financial Instruments: Disclosures,* MFRS 9 *Financial Instruments,* MFRS 10 *Consolidated Financial Statements* and MFRS 107 *Statement of Cash Flows (Annual Improvements to MFRS Accounting Standards - Volume 11)*

The initial application of the above pronouncements do not have any material impact to the consolidated financial statements of the Group.

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the financial year ended 31 December 2025 were not subject to any audit qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group's operations, on overall, are not significantly affected by seasonal or cyclical fluctuations of the business/ industry.

A5. DIVIDENDS PAID

During the financial period, the Company paid a dividend of RM8 billion, being partial payment of the approved dividend of RM200,000 per ordinary share amounting to RM20 billion declared on 26 February 2026.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A6. SIGNIFICANT EVENTS

i. On 2 November 2025, PETRONAS and Eni S.p.A., through their respective subsidiaries, signed an Investment Agreement to establish a regional upstream joint venture company.

On 31 May 2026, the Shareholders Agreement and other related agreements including fulfilment of conditions precedent and regulatory approvals were completed. The transactions resulted in dilution of participating interests in certain Malaysia upstream assets and disposal of certain subsidiaries in exchange of 50% interest in a new joint venture company, Searah Limited ("Searah"). The joint venture marks PETRONAS' first satellite business model, which aims to unlock significant opportunities for accelerated growth in value creation, operational performance and energy security from the combined asset portfolio.

The transactions resulted in gains on disposal amounting to RM5.0 billion. The finalisation of the net effect of transactions is subject to final customary adjustment.

ii. On 9 April 2026, PETRONAS via its wholly-owned subsidiary, PETRONAS Petróleo Brasil Ltda. ("PPBL") entered into a Sale and Purchase Agreement ("SPA") with Petróleo Brasileiro S.A. ("Petrobras") in line with the pre-emptive rights exercised, for the sale of its entire 50% interest in Tartaruga Verde field (BM-C-36 Concession) and Module III of the Espadarte field (Espadarte Concession), as part of continuous portfolio optimisation strategy.

The transaction is expected to be completed upon customary approvals. As at 30 June 2026, the related assets and liabilities were classified as held for sale.

iii. On 30 April 2026, PETRONAS and ENEOS Netherlands B.V. (part of ENEOS Xplora) ("ENEOS") signed a Sale and Purchase of Shares Agreement, formalising ENEOS re-entry into Malaysia LNG Tiga Sdn. Bhd. ("MLNG Tiga") with a 10% equity interest. The reinvestment reaffirms the long-standing partnership between PETRONAS and ENEOS, reflecting a shared commitment to strengthening long-term energy security and supporting reliable energy supply to international market, particularly Japan. The transaction was completed on 8 June 2026, with PETRONAS retaining control of MLNG Tiga, resulting in the transaction being accounted for as an equity transaction at the Group level.

iv. In May 2026, PETRONAS and its wholly-owned subsidiary, PETRONAS Refinery and Petrochemical Corporation Sdn. Bhd. ("PRPC") signed a Share Purchase Agreement with Aramco Overseas Company B.V. ("AOC") for PRPC to acquire AOC's 50% equity stake in Pengerang Refining Company Sdn. Bhd. ("PRC") and Pengerang Petrochemical Company Sdn. Bhd. ("PPC"), collectively ("PRefChem").

Subject to the fulfilment of customary closing conditions, PRefChem will become wholly-owned subsidiaries of PETRONAS Group upon completion of the share transfer which is expected to be completed during the second half of the year.

The transaction enhances operational alignment and flexibility across PRefChem's value chain, while allowing PETRONAS to draw on its international supply network and integrated operating model to support reliability across varying market conditions. PETRONAS remains committed to Malaysia's energy security and to building the international partnerships that position Malaysia as a progressive energy nation.

Separately, crude supply arrangements between Saudi Arabian Oil Company ("Aramco") and PETRONAS under existing commercial agreements remain unaffected by this transaction.

v. As part of ongoing portfolio high-grading exercise, on 9 June 2026, the Group via its wholly-owned subsidiaries, PETRONAS Carigali Sdn. Bhd. ("PCSB") and E&P Malaysia Venture Sdn. Bhd. ("EPMV") entered into Farm-Out Agreements ("FOAs") with EnQuest Petroleum Production Malaysia Limited ("EnQuest") involving participating interests in four PSCs in Malaysia, under three separate packages. The arrangement is intended to enhance assets value creation by leveraging on an operator that has proven expertise in optimising and maximising value from late-life assets. Accordingly, as at 30 June 2026, the Group has classified the related assets and liabilities as held for sale.

Following the fulfilment of customary conditions precedent in August 2026, the transfer of the participating interests under all three packages from PCSB and EPMV to EnQuest is expected to occur on the agreed effective date in January 2027.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A7. COMMITMENTS

Outstanding commitments in respect of capital expenditure at the end of the reporting period not provided for in the financial statements are:

In RM Mil	As at 30 June 2026	As at 31 December 2025
Capital expenditure		
Approved and contracted for	**61,931**	51,862
Approved but not contracted for	**81,617**	93,251
	143,548	145,113
Share of capital expenditure of associates and joint ventures		
Approved and contracted for	**4,458**	4,346
Approved but not contracted for	**14,325**	8,495
	18,783	12,841
	162,331	157,954

A8. INSURANCE CONTRACTS

Exposure to insurance contracts

The Group had entered into agreements which may include agreements where the Group accepts insurance risks by agreeing to compensate third party if a specified uncertain future event adversely affect the guaranteed entities in the normal and on-going business requirements, consistent with generally acceptable and recognised industry practices. The exposure of the Group is therefore triggered upon the default by the guaranteed entities' obligation under the contracts. As at 30 June 2026, there were no exposures on the default of the guaranteed entities' obligations under the contracts.

A9. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the financial period under review.

A10. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions for the financial period under review are as follows:

In RM Mil	30 June 2026	30 June 2025
Federal and State Governments of Malaysia:		
Cash payments	**(5,856)**	(5,132)
Lease income	**489**	574
Sales of petroleum products	**187**	157
Sales of utilities	**92**	96
Project management income and building maintenance	**169**	169
Government of Malaysia's related entities:		
Sales of petroleum products, chemicals and processed gas	**6,917**	5,645

A10. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

In RM Mil	30 June 2026	30 June 2025
Associate companies:		
Sales of chemicals and processed gas	3,911	4,314
Joint arrangements:		
Sales of industrial utilities	1,060	1,338
Sales of chemicals and processed gas	619	1,307
Sourcing of crude oil	7,692	3,377
Site services charges	339	353
Purchase of crude oil, natural gas, petroleum products and chemicals	(4,482)	(5,804)

A11. FAIR VALUE INFORMATION

The following table analyses financial instruments carried at fair value by valuation method. The different levels in a fair value hierarchy based on the input used in the valuation technique have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group recognises transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current financial period and comparative period.

30 June 2026

In RM Mil	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	8,459	—	—	8,459
Quoted securities	—	52	—	52
Unquoted shares	—	—	1,726	1,726
Malaysian Government Securities	—	2,326	—	2,326
Corporate Bonds and Sukuk	—	11,687	—	11,687
Deposit	—	28	—	28
Forward foreign exchange and other contracts	—	381	—	381
Commodity derivatives	450	950	—	1,400
Interest rate swaps	—	344	—	344
	8,909	15,768	1,726	26,403
Financial liabilities				
Forward foreign exchange contracts	—	(260)	—	(260)
Commodity derivatives	(321)	(1,308)	—	(1,629)
	(321)	(1,568)	—	(1,889)

A11. FAIR VALUE INFORMATION (continued)

31 December 2025

In RM Mil	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	7,319	–	–	7,319
Quoted securities	–	599	–	599
Unquoted shares	–	–	1,698	1,698
Malaysian Government Securities	–	2,066	–	2,066
Corporate Bonds and Sukuk	–	9,580	–	9,580
Deposit	–	2	–	2
Forward foreign exchange and other contracts	–	165	–	165
Commodity derivatives	58	2,336	–	2,394
Interest rate swaps	–	195	–	195
	7,377	14,943	1,698	24,018
Financial liabilities				
Forward foreign exchange contracts	–	(134)	–	(134)
Commodity derivatives	(178)	(188)	–	(366)
Interest rate swaps	–	(23)	–	(23)
	(178)	(345)	–	(523)

Derivative financial instruments

As disclosed in the Group's audited consolidated financial statements for the financial year ended 31 December 2025, the Group is exposed to various risks which may affect the value of the Group's assets, liabilities or expected future cash flows. To mitigate these exposures from a business perspective, the Group enters into various hedging activities and applies hedge accounting on the fair value movement of certain commodity derivatives and interest rate swaps to hedge its exposures. Methods and assumptions used to estimate the fair values as at 30 June 2026 are consistent with those used as at 31 December 2025.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A12. OPERATING SEGMENTS

The Group's reportable segments comprise Upstream, Gas & Maritime and Downstream. Each reportable segment offers different products and services and are managed separately as described in the Group's audited consolidated financial statements for the financial year ended 31 December 2025.

For each of the reportable segment, the Group chief operating decision maker, which in this case is the PETRONAS Executive Leadership Team ("ELT"), reviews internal management reports at least on a half yearly basis.

Performance is measured based on segment PAT, as included in the internal management reports. Segment PAT is used to measure performance as the PETRONAS ELT believes that such information is the most relevant in evaluating the results of the segments.

A12.1 Segment revenue

In RM Mil	30 June 2026	30 June 2025
Third-parties		
Upstream	12,828	16,519
Gas & Maritime	60,878	53,039
Downstream	73,926	57,770
Corporate and Others	4,809	5,235
Total third-parties	152,441	132,563
Inter-segment		
Upstream	48,727	41,091
Gas & Maritime	7,246	6,952
Downstream	361	375
Corporate and Others	758	1,302
Total inter-segment	57,092	49,720
Gross total revenue		
Upstream	61,555	57,610
Gas & Maritime	68,124	59,991
Downstream	74,287	58,145
Corporate and Others	5,567	6,537
Total revenue	209,533	182,283

A12.2 Segment PAT

In RM Mil	30 June 2026	30 June 2025
Upstream	28,113	16,549
Gas & Maritime	16,694	10,409
Downstream	(15,157)	(865)
Corporate and Others	(1,119)	(622)
Total PAT for reportable segments	28,531	25,471
Elimination of inter-segment transactions	(1,307)	721
Consolidated PAT	27,224	26,192

A13. REVENUE

The following table includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

In RM Mil	**30 June 2026**	**30 June 2025**
Revenue from contract customers		
Upstream	**11,005**	15,416
Gas & Maritime	**57,431**	49,636
Downstream	**71,531**	56,966
Corporate and Others	**1,324**	1,407
Total revenue from contract customers	**141,291**	123,425
Other revenue		
Upstream	**1,823**	1,103
Gas & Maritime[16]	**3,447**	3,403
Downstream[16]	**2,395**	804
Corporate and Others	**3,485**	3,828
Total other revenue	**11,150**	9,138
Total revenue		
Upstream	**12,828**	16,519
Gas & Maritime	**60,878**	53,039
Downstream	**73,926**	57,770
Corporate and Others	**4,809**	5,235
Total revenue	**152,441**	132,563

[16] Inclusive of net trading gain/(losses).

PART B – OTHER EXPLANATORY NOTES

B1. COMMENTARY ON PROSPECTS

The global energy landscape remains fragile and uncertain amid elevated geopolitical headwinds and prolonged West Asia conflict. These conditions continue to influence prices, trade flows and cost structures, creating a challenging operating environment and cost pressures across the value chain. Despite the challenging environment, PETRONAS is demonstrating its resilience through prudent financial management and a steadfast commitment to advancing its transformation agenda. The Board and management will ensure that the Group remains well-positioned to navigate the market volatility and create long-term value.

In strengthening regional and global energy security, PETRONAS has achieved significant milestones across its integrated portfolio. These include the establishment of Searah joint venture with ENI, upstream discoveries in Malaysia, Suriname and Indonesia, and the expected completion of the acquisition of full ownership in PRefChem during the second half of the year. The Group has further expanded its supply footprint through the diversification of long-term LNG supply arrangements via strategic partnerships, underpinning supply resilience and supporting sustainable growth.

PETRONAS is resolute in capturing growth opportunities and delivering sustainable value by leveraging its integrated portfolio across businesses. The Group continues to be guided by its energy transition agenda, reinforcing its commitment to meeting customers' energy needs.

B2. TAXATION

In RM Mil	**30 June 2026**	**30 June 2025**
Components of tax expenses include:		
Current tax expenses		
Malaysia	**14,105**	9,704
Overseas	**1,586**	1,170
	15,691	10,874
Deferred tax expenses		
Origination and reversal of temporary differences	**52**	769
	15,743	11,643

The Group's effective tax rate for the current period to date was 37% which is reflective of the various tax legislations within which the Group operates, including among others Petroleum (Income Tax) Act 1967 ("PITA"), Malaysia Income Tax Act 1967, Global Incentive for Trading ("GIFT") under Labuan Financial Services and Securities Act 2010, Labuan Business Activity Tax 1990 ("LBATA") and international tax legislations.

PART B – OTHER EXPLANATORY NOTES (continued)

B3. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables as at 30 June 2026 are as follows:

In RM Mil	As at 30 June 2026	As at 31 December 2025
Trade receivables		
Third party	33,116	30,086
Amount due from associates and joint arrangements	38,768	29,798
Contract assets	64	119
Derivative financial assets	1,301	2,293
	73,249	62,296
Less: Impairment losses	(1,924)	(2,007)
	71,325	60,289
Other receivables	56,997	54,915
Less: Impairment losses	(777)	(1,203)
	56,220	53,712
Trade and other receivables	127,545	114,001

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is equal to the carrying amount.

B4. BORROWINGS

The details of the Group borrowings as at 30 June 2026 are as follows:

In RM Mil	As at 30 June 2026	As at 31 December 2025
Non-Current		
Term loans	17,381	21,911
Lease liabilities	18,791	17,189
Notes and Bonds	64,628	67,389
Islamic financing facilities	2,047	1,648
Total non-current borrowings	102,847	108,137
Current		
Term loans	5,645	4,001
Lease liabilities	2,396	2,851
Notes and Bonds	4,455	2,026
Islamic financing facilities	1,861	1,742
Revolving credits	9,236	2,682
Bankers' acceptances	330	164
Bank overdrafts	11	–
Total current borrowings	23,934	13,466
Total borrowings	126,781	121,603

B4. BORROWINGS (continued)

In RM Mil	As at 1 January 2026	Net changes from financing cash flows	Non-cash changes[17]	As at 30 June 2026
Term loans	25,912	(2,766)	(120)	**23,026**
Lease liabilities	20,040	(1,961)	3,108	**21,187**
Notes and Bonds	69,415	–	(332)	**69,083**
Islamic financing facilities	3,390	520	(2)	**3,908**
Revolving credits	2,682	6,512	42	**9,236**
Bankers' acceptances	164	167	(1)	**330**
Bank overdrafts	–	–	11	**11**
Total borrowings	121,603	2,472	2,706	**126,781**

In RM Mil	As at 30 June 2026	%	As at 31 December 2025	%
By Currency				
USD	**110,447**	**87.1**	104,880	86.2
RM	**7,289**	**5.7**	7,370	6.0
INR	**4,805**	**3.8**	5,058	4.2
EUR	**1,742**	**1.4**	1,793	1.5
SEK	**1,158**	**0.9**	1,185	1.0
AUD	**813**	**0.6**	810	0.7
CAD	**320**	**0.3**	336	0.3
CNY	**207**	**0.2**	171	0.1
	126,781	**100.0**	121,603	100.0
By Repayment Schedule				
< 1 year	**23,934**	**18.9**	13,466	11.1
1 to 5 years	**33,446**	**26.4**	41,385	34.0
5 to 10 years	**20,582**	**16.2**	26,365	21.7
> 10 years	**48,819**	**38.5**	40,387	33.2
	126,781	**100.0**	121,603	100.0

Term loans

Included in the Group's term loans is 50% share of project financing facility of a joint operation entity amounting to USD300 million (2025: USD315 million), which is undertaken with a joint venture entity, under an integrated borrowing structure for contractual obligations for project completion and delivery and for the repayment of bridge loan facilities and other expenditures.

As per the integrated borrowing structure, PETRONAS has provided a project completion guarantee to the lenders, via a Debt Service Undertaking ("DSU") for a Guaranteed Project Completion Date ("Guaranteed PCD") on 31 December 2023. The DSU further defines that the lenders have the right to request for full repayment of outstanding amount if the project completion delays beyond the Guaranteed PCD.

The Guaranteed PCD was extended from 31 December 2023 to 31 December 2025 and subsequently further extended to 31 December 2027.

Subsequent to the financial period ended, the project financing facility of the joint operation which is undertaken with a joint venture under the integrated borrowing has been fully prepaid and accordingly all obligations under the DSU have been terminated.

[17] Non-cash changes consists of foreign exchange translation, other amortisation and bank overdrafts.

PART B – OTHER EXPLANATORY NOTES (continued)

B5. PROFIT FOR THE PERIOD

In RM Mil	30 June 2026	30 June 2025
Included in profit for the period are the following charges:		
Depreciation and amortisation	14,917	18,762
Loss on remeasurement of financial assets measured at amortised cost	310	–
Loss on remeasurement of net assets classified as held for sale	415	–
Net impairment losses of:		
- intangible assets	–	16
- investment in a joint venture	–	42
- property, plant and equipment	352	148
- trade and other receivables	36	38
Net impairment/write-off of well costs	–	81
Net write-down of inventories to net realisable value/inventories written off	700	57
Net loss on:		
- derivatives[18]	5,838	460
- foreign exchange	–	1,433
Net loss on disposals of investments in subsidiaries	–	905
Net write-off of:		
- intangible assets	–	89
- property, plant and equipment	85	71
- receivables	30	–
and credits:		
Dividend income	113	71
Gain on remeasurement of financial assets measured at amortised cost	–	45
Interest income	5,419	5,583
Net change in contract liabilities	184	38
Net impairment reversals of other investments	–	5
Net impairment reversals on well costs	213	–
Net gain on foreign exchange	56	–
Net gain on disposals of:		
- investment in an associate	15	–
- investments in subsidiaries	4,216	–
- other investments	386	–
- property, plant and equipment	2,146	443
Net gain on realisation of foreign currency translation reserve from disposals	1,138	292

[18] The net loss on derivatives arose from the Group's hedging strategies to manage market risk exposures. It includes fair value remeasurement effects and gains or losses upon settlement of derivative contracts, which are substantially offset by the corresponding impacts from the underlying exposures being hedged recognised in profit or loss.

By order of the Board

Azizi Md Ali (LS0008803)
Company Secretary
Kuala Lumpur
28 August 2026