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MARC RATINGS AFFIRMS AA-*IS* RATING ON QSP SEMENANJUNG'S SUKUK

MARC Ratings has affirmed its **AA-*IS*** rating on Quantum Solar Park (Semenanjung) Sdn Bhd's (QSP Semenanjung) outstanding RM605.0 million Green Sustainable and Responsible Investment (SRI) Sukuk with a **stable** outlook. QSP Semenanjung owns three 50MW power plants located in Gurun, Kedah; Jasin, Melaka; and Merchang, Terengganu.

The rating is underpinned by QSP Semenanjung's diversified portfolio of solar power assets and its long-term power purchase agreements (PPAs) with Tenaga Nasional Berhad (TNB, AAA/Stable). The 21-year PPAs (expiring in 2039 for the Gurun plant, and in 2040 for the Jasin and Merchang plants) provide strong cash flow visibility. Under the agreements, TNB will purchase a specified volume of energy at a fixed tariff, mitigating exposure to demand and pricing volatility. The rating is moderated by exposure to variability in solar irradiation and operational risks arising from potential disruptions, including severe events and outages.

QSP Semenanjung's total energy output in 2025 exceeded P90 projections by 1.11%. Energy generation at the Gurun and Jasin plants surpassed P90 estimates by 2.73% and 2.99%, respectively. Output at the Merchang plant was 2.40% below P90 due to planned restoration of damaged string combiner boxes following a flooding event in December 2024. Notwithstanding this, the Merchang plant's energy generation improved by 3.9% y-o-y, reflecting stable operations during the year. Following flooding incidents in January and December 2024, mitigation measures implemented at the Merchang plant included elevated mounting structures, enhanced drainage systems, and the installation of four water pumps. No flooding incidents were reported in 2025 subsequent to these measures.

Driven by higher energy generation, QSP Semenanjung's revenue increased marginally to RM137.4 million in 2025 (2024: RM135.2 million). Pre-tax losses persisted, largely due to elevated finance costs related to redeemable convertible preference shares. Operating cash flow remained strong at RM106.6 million, supporting an interest coverage ratio of 2.72x. Liquidity remained stable, with cash balances of RM118.8 million as at end-March 2026, despite a RM39.5 million dividend payment in 2025.

The rating case projects an average finance service coverage ratio of 2.40x and a minimum of 1.95x over 2026–2035. Cash flows remain resilient under moderate stress scenarios, including lower plant availability (97.6%), a 10% increase in operations and maintenance costs, and P99 electricity generation over the sukuk tenure.

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10 June 2026

[This announcement is available on MARC's corporate website at www.marc.com.my]

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