



sto EVOLVE

2026 - 2030

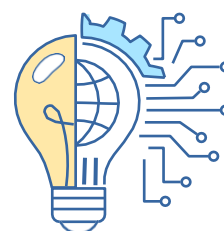
STRATEGIC BUSINESS PLAN SUMMARY



For Employees, Stakeholders, Partners, and the Public

Contents

1. A Message to Our People and Stakeholders
2. Why EVOLVE? Purpose and Context
3. Who We Are: STO at a Glance
4. Our Vision and Ambition for 2030
5. The Six Strategic Pillars of EVOLVE
6. Our Core Businesses Under EVOLVE
7. How EVOLVE Will Be Delivered
8. Expected Impact: What EVOLVE Delivers
9. National Mandate and Commercial Sustainability
10. What EVOLVE Means for Our People
11. 2030 Targets
12. The Journey Ahead



1. A Message to Our People and Stakeholders

For six decades, State Trading Organization Plc (STO) has served as a cornerstone of life in the Maldives. From the fuel that powers our homes and transport, to the medicines that protect our health, the food that reaches our tables, and the construction materials that build our future — STO touches nearly every aspect of daily life across the nation.

Today, the world around us is changing at an unprecedented pace. Global supply chains face new pressures. Technology is reshaping how businesses operate. Climate risks demand urgent attention. And the people we serve; our customers, communities, and stakeholders rightfully expect more. More reliability, more transparency, and more innovation.

In response, we have developed EVOLVE 2026–2030: STO's five-year strategic business plan. EVOLVE is more than a corporate strategy document. It is a clear and comprehensive roadmap for transforming STO into a stronger, smarter, and more resilient organisation — one that continues to serve the nation reliably while building the capabilities needed to thrive in a changing world.

This summary is written for everyone with a stake in STO's future: our employees, our partners, our shareholders, our regulators, and the public we serve. It sets out, in plain language, what EVOLVE aims to achieve, why it matters, and what it means for each of us.

We invite you to read on and to join us on this journey.





2. Why EVOLVE?

Purpose and Context

STO is one of the most strategically important enterprises in the Maldives. With approximately 2,800 employees and annual revenues exceeding MVR 16 billion, STO operates as the backbone of national supply chains. Every day, STO ensures that fuel reaches power plants, medicines reach hospitals, food reaches families, and construction materials support the infrastructure projects that drive national development.

Yet the environment STO operates in is becoming increasingly complex and demanding. Several forces are converging to create both challenges and opportunities:

- Global supply chain disruptions and rising costs are placing pressure on margins and working capital.

- Foreign currency constraints and commodity price volatility directly affect STO's cost of goods.
- Climate change poses physical risks to infrastructure and operations across the islands.
- Digital transformation is reshaping customer expectations and competitive dynamics.
- Governance and regulatory standards continue to tighten, demanding greater transparency and accountability.
- Public expectations are higher than ever. Citizens and stakeholders want better service, greater efficiency, and responsible corporate behaviour.

At the same time, STO must balance its national responsibilities — ensuring every island has access to

essential goods and services —with the financial discipline expected of a publicly listed company. These are not competing goals; EVOLVE recognizes that they must work hand in hand.

EVOLVE was created to address these realities. It provides a unified, enterprise-wide framework for making better decisions, investing wisely, strengthening operations, embracing digital tools, developing people, and embedding sustainability and governance into everything STO does. It ensures that every part of the organization; every segment, every function, every team is working toward the same shared goals.

3. Who We Are:

STO at a Glance

Established in 1964 and listed on the Maldives Stock Exchange in 2001, STO has evolved from a basic trading entity into one of the nation’s most significant enterprises. As a publicly listed company with majority government ownership, STO operates under a unique dual mandate:

First, to fulfil critical national responsibilities —ensuring nationwide access to fuel, medicine, food, and essential goods and maintaining stability in strategic supply chains.

Second, to achieve and sustain commercial soundness and operational excellence —ensuring profitability, efficient use of resources, and disciplined financial management.

STO’s operations span four core business segments, supported by operational and corporate enablement functions:



Energy & Fuel

National fuel security, volume-led growth, revenue and cash generation

Healthcare Solutions

Pharmaceutical distribution, biomedical services, selective service expansion

General Trading & Retail

Food security, price stability, modern retail and wholesale operations

Construction Solutions

Construction materials supply, local manufacturing, infrastructure support, real estate

Operational Enablers

Logistics, and projects and asset management

Corporate Enablers

IT, HR, Finance, Procurement, Corporate Affairs, Internal Audit, Corporate Marketing Communications

STO’s existing corporate vision is “Enriching Lives,” with a mission to expand through sustainable business practices, achieve customer excellence, and encourage community engagement. Under EVOLVE, an aspirational vision and set of values guide the transformation journey, complementing the established corporate identity.

4. Our Vision and Ambition for 2030

EVOLVE sets out a clear ambition for what STO will look like by the end of 2030. The aspirational vision captures this direction:

“To be a resilient, future-ready enterprise delivering essential goods and services with excellence, sustainability, and digital innovation across the Maldives and beyond.”

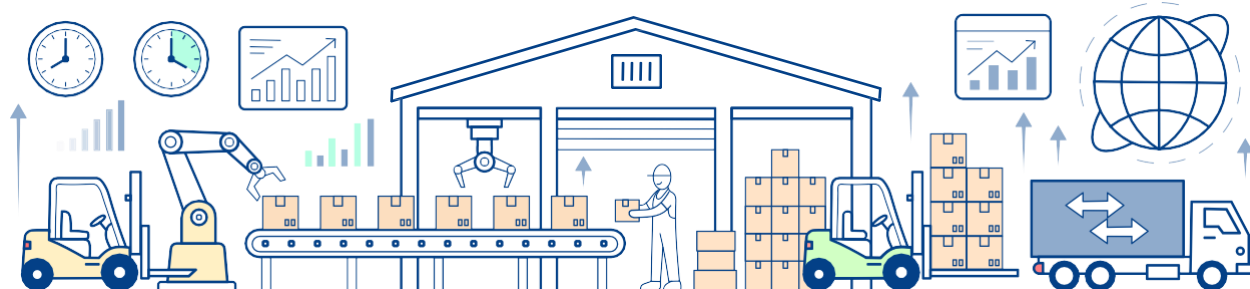
The aspirational mission further defines STO’s purpose under EVOLVE:

“To secure supply chains, modernize infrastructure, empower people and communities, and create long-term sustainable value through innovation, operational excellence, and responsible business practices.”

In practical terms, by 2030, STO aims to:

- Deliver uninterrupted national supply security with high service reliability across all islands and customer segments.
- Operate with strong commercial discipline, stable profitability, and significantly improved cash efficiency.
- Leverage fully integrated digital platforms and data-driven decision-making across the enterprise.
- Maintain a capable, productive, and future-ready workforce united by a shared culture.
- Embed sustainability and governance into every investment and operational decision.
- Create strategic optionality for opportunities beyond 2030 — including renewable energy, advanced healthcare services, local manufacturing, and regional partnerships.

Importantly, EVOLVE recognizes that STO’s national mandate and its commercial sustainability reinforce each other. A financially strong STO is better able to serve the nation and an organization that reliably delivers essential services earns the trust, credibility, and stakeholder support that underpin long-term commercial success.



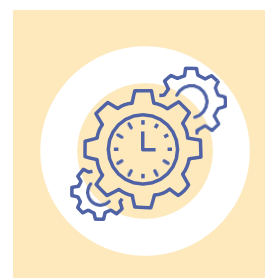
Elevate Core Businesses



Venture into New Opportunities



Optimize Operations



5. The Six Strategic

Strengthen commercial performance, cost discipline, and service reliability across all core segments.

Diversify revenue through selective expansion into manufacturing, healthcare services, agriculture, and digital retail.

Modernize logistics, warehousing, fleet, and asset productivity to improve efficiency and reduce costs.

STO's core businesses —Energy, Healthcare Solutions, General Trading, and Construction Solutions —are the foundation of the company's value and national relevance. This pillar focuses on strengthening these businesses through better commercial discipline, improved margins, stronger pricing controls, and higher service reliability. Capital is allocated first to supply security, asset reliability, and efficiency improvements. Structurally loss-making operations will be addressed through approved turnaround plans. The strategic choice here is clear: strengthen and stabilize before pursuing aggressive expansion.

While protecting its core, STO will selectively diversify into new areas that leverage existing strengths and offer sustainable returns. These include healthcare services, local manufacturing, agriculture, digital retail, and real-estate-based models. Every new venture must pass a structured investment gate assessing strategic fit, financial return, risk, and ESG impact. New opportunities will be piloted and phased before scaling — ensuring depth over breadth and quality over quantity.

Operational efficiency is essential for a company of STO's scale and geographic reach. This pillar focuses on modernizing logistics networks, upgrading warehousing and cold-chain infrastructure, renewing fleet assets, and improving asset productivity. Procurement, logistics, and distribution planning will be improved to eliminate duplication and lower costs. Preventive maintenance and lifecycle asset management will replace reactive approaches. The EVOLVE programme is expected to deliver MVR 250–350 million in annual efficiency gains by 2030.

Lead with Digital and Data



Pillars

Build an integrated digital backbone with enterprise systems, automation, AI-enabled workflows, and IT governance.

Digital transformation underpins nearly every aspect of EVOLVE. STO will build a modern digital backbone through full migration to enterprise resource planning (ERP) systems, paperless workflows, customer and vendor platforms, and strengthened IT governance and cybersecurity. Automation and AI will be applied selectively to enhance productivity and decision-making. The strategic choice is to build a strong digital foundation first —with reliable data and integrated systems —before pursuing advanced innovation.

Value People and Culture



of EVOLVE

Develop leadership, build critical skills, link rewards to performance, and foster a unified One-STO culture.

STO's people are its most important asset. This pillar focuses on building workforce capability, leadership depth, and a unified "One-STO" performance culture. Organizational structures, roles, KPIs, and rewards will be aligned to the EVOLVE strategy. The emphasis is on building capability and accountability over headcount growth. Rewards are linked directly to verified results at the enterprise, departmental, and individual level. The trade-off is accepted: higher performance expectations in exchange for long-term organizational strength and career development.

Empower Sustainability & Governance



Embed ESG principles, climate resilience, risk management, and strong governance into all operations.

Sustainability and governance are not add-on activities under EVOLVE; they are embedded into how STO makes decisions. This pillar integrates ESG principles, climate resilience, and risk management into investment and operational decisions. Internal controls, compliance oversight, and transparency will be strengthened. STO will align its reporting with national and international frameworks including MSRF and IFRS S1/S2. Governance maturity across subsidiaries will be harmonized. The trade-off: more rigorous approvals and oversight in exchange for long-term trust, resilience, and institutional credibility.

6. Our Core Businesses Under EVOLVE

Each of STO's four core segments has a defined strategic role under EVOLVE, with clear priorities tailored to its market context and national importance.



Energy

The Energy segment is both a national strategic asset and STO's primary commercial engine. It supplies diesel, petrol, aviation fuel, and marine fuel that underpin electricity generation, transport, tourism, and essential

services. Under EVOLVE, Energy will pursue disciplined volume-led growth, expand storage and distribution capacity, strengthen safety and environmental standards, and build readiness for future energy transition pathways.



Healthcare Solutions

Through the country's largest pharmacy network and wholesale pharmaceutical distribution, STO ensures nationwide healthcare access. Under EVOLVE, this segment will review its

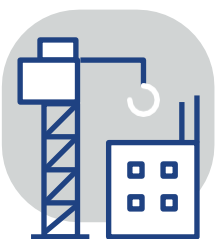
pharmacy operating model, including potential divestment options, to ensure alignment with the Company's long-term strategic priorities and expand biomedical servicing capabilities, and selectively develop service-based healthcare models.



General Trading

STO imports and distributes essential food and household goods, supporting price stability and equitable access across all islands. Under EVOLVE, General Trading will modernize its retail

network and storage infrastructure, develop digital commerce platforms, strengthen supply chain integration and deliver commercially sound modern retail and wholesale operations while maintaining its food security mandate.



Construction Solutions

STO supplies critical construction materials and manufactured products that enable national infrastructure and housing development. Under EVOLVE, the segment will expand

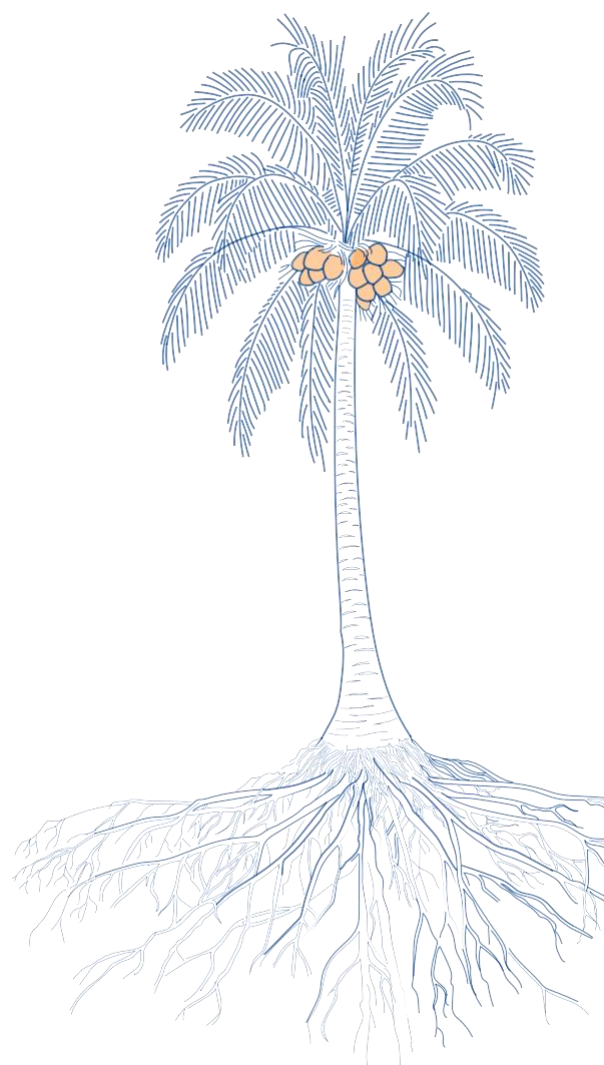
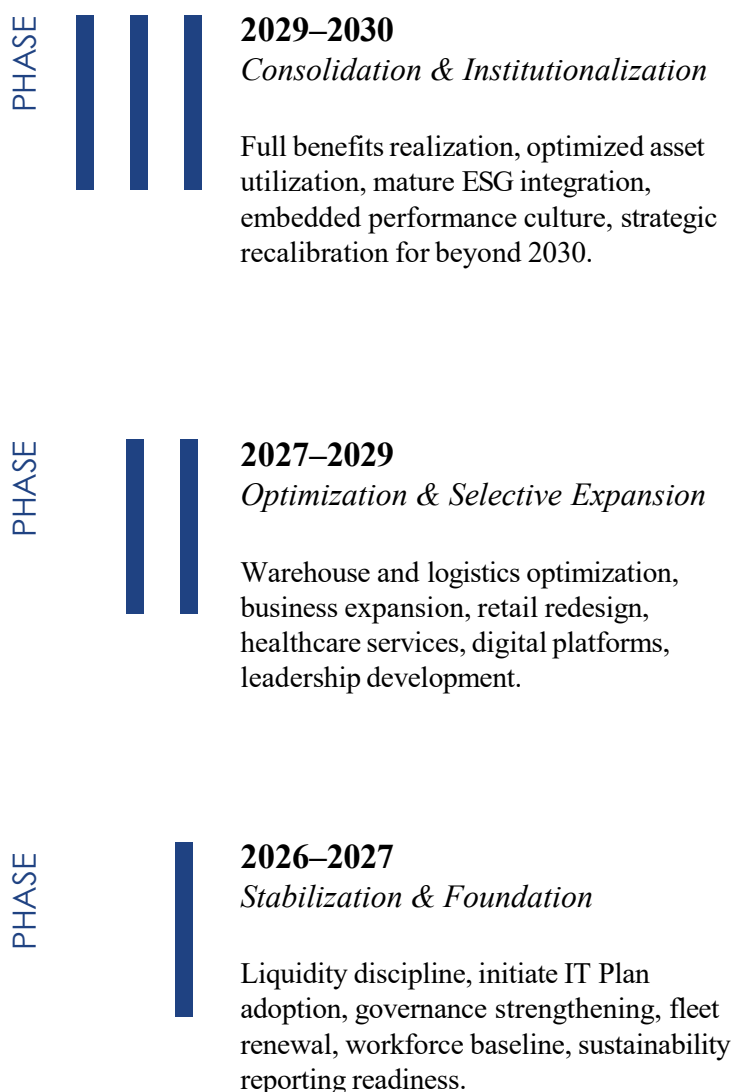
ready-mix concrete capacity where demand is validated, invest in storage and logistics to reduce cost-to-serve, improve safety and ESG standards, and support import-substitution objectives through disciplined local manufacturing and real estate business.

7. How EVOLVE Will Be Delivered

EVOLVE includes a detailed implementation roadmap, a clear governance structure, and strong accountability mechanisms to ensure the plan is delivered with discipline and transparency.

Three Phases of Transformation

EVOLVE is structured into three overlapping phases across the five-year period:



This phased approach ensures that STO builds solid foundations before scaling transformation, reducing execution risk while maintaining strategic momentum.

Governance and Accountability

Execution will be governed through multiple layers of oversight:

- The Board of Directors retains ultimate accountability, approving the roadmap, monitoring enterprise performance, and receiving quarterly progress updates against transformation milestones.
- Board committees provide focused oversight: the Audit and Risk Committee on risk and controls; the Nomination and Remuneration Committee on leadership and performance; and the Governance and Sustainability Committee on ESG integration and reporting.
- A Transformation Steering Committee (the EXCo), chaired by the Managing Director, oversees prioritization, sequencing, and benefits realization. This committee owns day-to-day delivery, resolves cross-functional issues, and manages resource allocation.
- A Transformation Office (Corporate Affairs), coordinates delivery across all pillars, tracks milestones, manages dependencies, and ensures consistent reporting.

Capital Investment

STO anticipates total capital investments of approximately MVR 3.5–4.5 billion over 2026–2030. Capital will be prioritized toward digital transformation, fleet renewal, fuel-security infrastructure, logistics and warehouse modernization, and new business development. All investments will be governed by a disciplined prioritization framework emphasizing supply security, return on investment, payback, and climate resilience.



8. Expected Impact: What EVOLVE Delivers



For the Nation and Communities

- More reliable access to fuel, food, and essential goods across all islands, including remote communities.
- Stronger national supply security, with improved resilience to global disruptions, extreme weather events, and supply chain shocks.
- Active support for national infrastructure development and economic growth through reliable construction materials and services.
- Environmentally responsible operations, with investments in renewable energy, emissions reduction, and climate-resilient infrastructure.
- Price stability for essential goods, balanced with long-term financial sustainability.

For Customers

- Improved service quality, delivery reliability, and responsiveness across all segments.
- Access to modern digital platforms for ordering, tracking, payments, and customer support.
- Broader and better product and service offerings.
- A more professional and consistent customer experience, whether dealing with STO in Malé or across the atolls.

For Shareholders and Investors

- Stronger profitability through improved gross margins (targeted 2–4 percentage points improvement), net profit stabilization by 2028–2029, and sustainable profitability by 2030.
- Improved cash efficiency: significant reduction in receivable days, optimized inventory holding, and a stronger cash conversion cycle.
- Disciplined capital allocation with clear investment priorities and structured approval processes.
- Enhanced transparency, governance, and ESG reporting aligned with international standards.
- A more robust balance sheet capable of supporting essential capital investments and generating long-term value.



For Partners, Suppliers, and Regulators

- A more transparent, well-governed, and predictable partner to work with across all commercial relationships.
- Compliance with evolving regulatory standards, national and international reporting frameworks such as MSRF and IFRS S1/S2.
- Strengthened procurement practices and supplier relationship management.
- A commitment to fair, accountable, and sustainable business practices that uphold STO's reputation and institutional credibility.

For Employees

- Stable, meaningful employment in an organization with purpose and a clear strategic direction.
- Investment in skills development, leadership capability, and career progression.
- Fair, transparent, and performance-linked rewards and recognition.
- Modern tools, digital systems, and improved processes that make work more productive and fulfilling.
- A positive, inclusive, and collaborative workplace culture built on shared values.

9. National Mandate and Commercial Sustainability



STO occupies a unique position in the Maldivian economy. As a publicly listed company with majority government ownership, it carries responsibilities that go beyond commercial performance. STO's national mandate encompasses five critical areas:

Under EVOLVE, these national responsibilities remain the foundation of everything STO does. However, the plan also establishes a clear principle: national mandate delivery must be achieved through commercially sustainable, financially disciplined operations. This means:

- Every part of the organization is expected to operate with cost discipline, efficient use of capital, and accountability for results.
- Capital investments must meet defined criteria for return, risk, and strategic alignment.
- Where mandate-driven decisions affect commercial outcomes, clear governance guardrails ensure transparency and Board oversight.
- Financial sustainability is treated as the foundation for reliable mandate delivery —not an obstacle to it.

This balanced approach ensures STO can continue to serve the nation reliably for decades to come, without compromising its commercial health or the interests of its shareholders.

10. What EVOLVE Means for Our People

A Unified One-STO Culture

EVOLVE calls for a unified “One-STO” culture where teams collaborate across segments and functions, break down silos, and work toward shared goals. It is about moving from “my department” thinking to “our company” action. Regardless of where you sit in the organization — whether in energy operations, a PC outlet, a warehouse, or head office — you are part of one team, working toward the same strategic ambition.

Fair, Transparent Performance and Rewards

A new Performance Evaluation and Reward Framework ensures that contributions are measured fairly, objectively, and transparently. Performance will be assessed at three levels: enterprise, departmental, and individual. Rewards will only be payable when the organization meets minimum performance thresholds,

ensuring that collective success underpins individual recognition. Exceptional performance will be celebrated; underperformance will be addressed constructively with clear support for improvement.

Investment in Growth and Development

STO will invest significantly in leadership development, succession planning, and critical skill-building. Employees will benefit from clearer career pathways, structured development programmes, access to new capabilities (including digital literacy and data skills), and opportunities to grow into leadership roles. The focus is on building capability from within — developing the next generation of STO leaders.

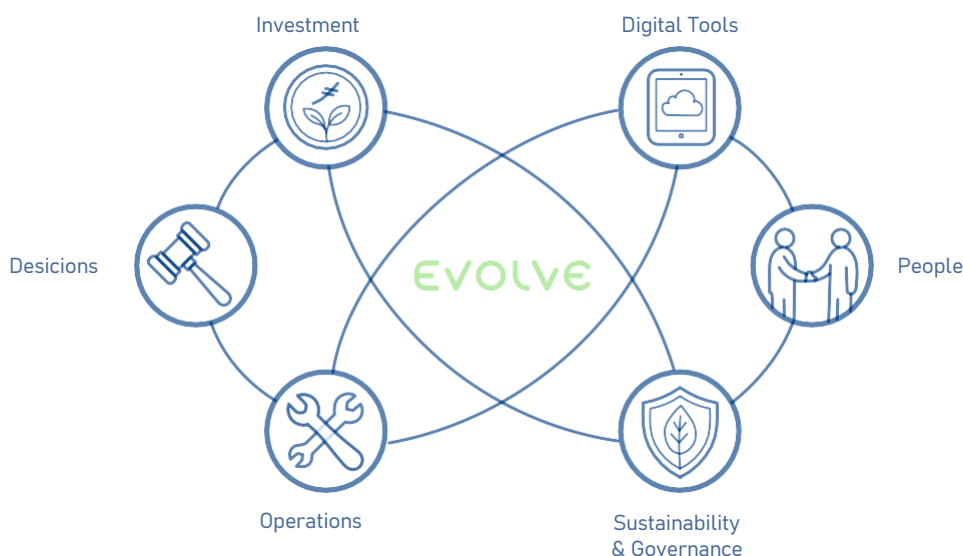
Modern Tools and Ways of Working

From digital platforms and automated workflows to better data and smarter processes, EVOLVE will transform the daily experience

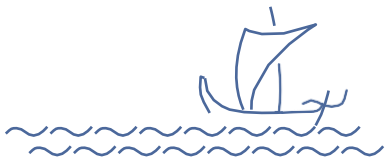
of work at STO. The goal is to free employees from inefficient manual processes, reduce administrative burden, and equip every team member with the tools and information they need to perform at their best. Enterprise systems, paperless workflows, and digital customer platforms will make work faster, more accurate, and more rewarding.

Accountability and Empowerment

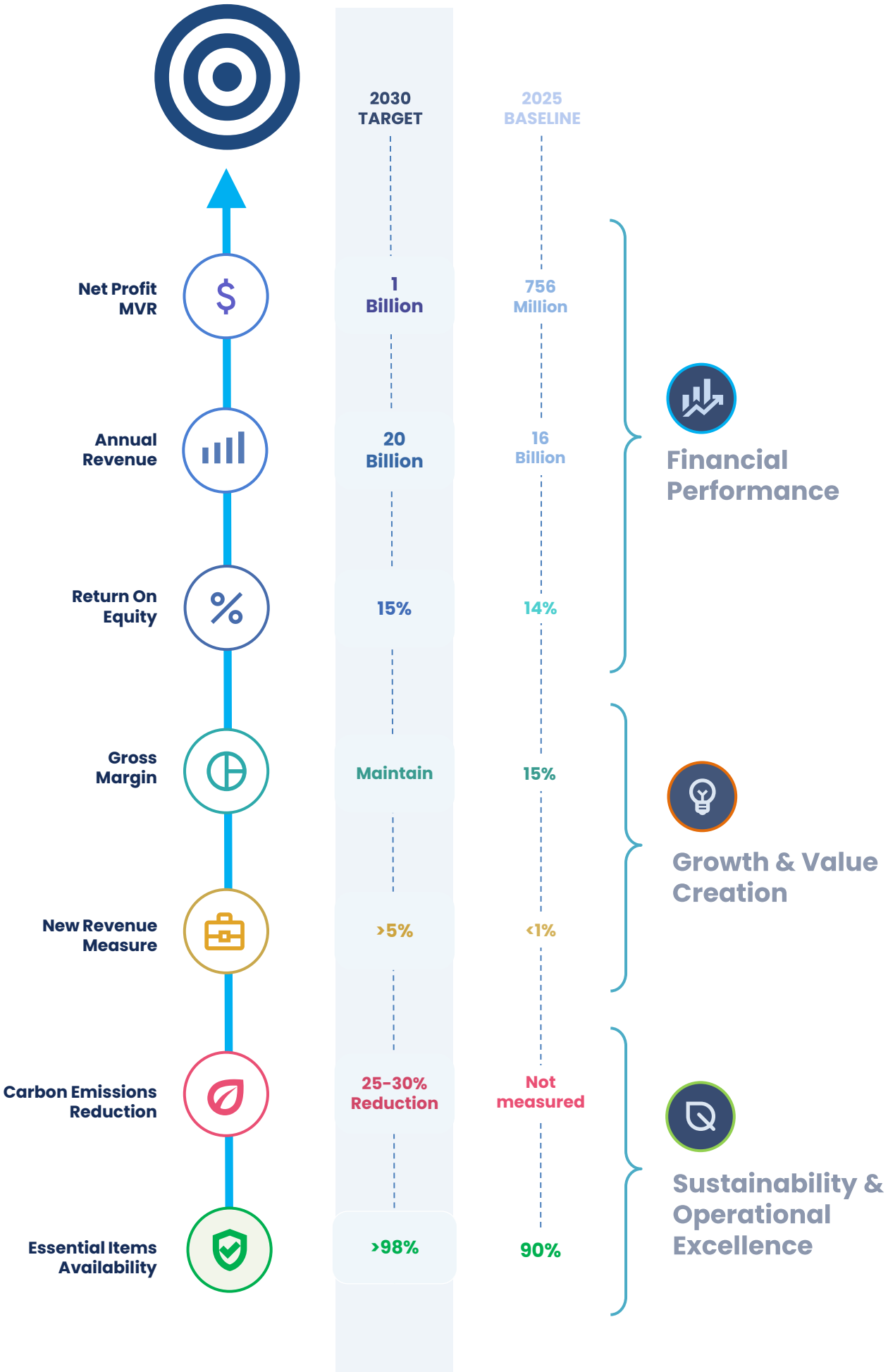
EVOLVE asks more of everyone —and gives more in return. Performance expectations will be higher, but so will the support, resources, and recognition available. Every role will have clear objectives linked to the EVOLVE strategy. Decision-making will be informed by better data and clearer governance. People who take ownership, deliver results, and live the values will be recognized and rewarded.



These values are not just words on a page. They are intended to guide everyday behaviour, leadership decisions, and the way STO’s people serve each other, customers, and the nation.



11. 2030 Target



12. The Journey Ahead

EVOLVE 2026–2030 marks a decisive phase in STO’s institutional evolution. It brings together national responsibility, commercial discipline, operational modernization, and governance maturity into a single, integrated transformation agenda.

This is not a one-off programme or a collection of isolated projects. EVOLVE is a structured, enterprise-wide transformation that will be embedded into how STO plans, budgets, evaluates performance, and makes decisions every day. It is designed to become part of the organisation’s DNA —not a parallel initiative, but the way STO operates.

The journey will not be without challenge. Transformation requires change, and change requires courage, patience, and persistence. There will be moments of difficulty, adjustment, and hard choices. But STO has navigated complex environments before, and this plan provides the clarity, structure, and discipline needed to succeed.

By the end of this journey, STO will be:

- Operationally stronger —with modernized fleet, facilities, and supply chains delivering reliable service across the nation.
- Digitally enabled —with integrated systems, automated workflows, and data-driven decision-making across the enterprise.
- Financially more resilient —with improved margins, stronger cash discipline, and a robust balance sheet.
- Governed with maturity —with transparent oversight, strong internal controls, and sustainability practices aligned with national and international standards.
- Powered by people —with a skilled, empowered, and united workforce ready for the challenges and opportunities ahead.

EVOLVE also creates the conditions for STO to make informed strategic choices beyond 2030 —including deeper renewable energy integration,

expanded local manufacturing, AI-enabled operations, and regional partnerships —from a position of strength, not necessity.

Through EVOLVE 2026–2030, STO affirms its commitment to being a stable, future-ready, and well-governed enterprise — one that continues to serve the nation while building the institutional strength required to thrive well beyond 2030.

