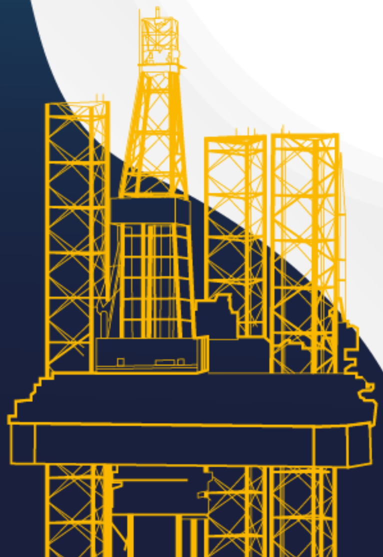
Quarterly Results

Highlights of the Quarterly Results for the financial quarter ended 30 September 2022

(First financial quarter ending 30 September 2022)

Briefing for Analysts and Fund Managers

23 November 2022



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Content

Part 1

Key Messages

Key Messages

Fully operated and producing portfolio on target to meet Group's FY2023 targets

- Sold 1.0 MMbbl of oil and condensate and over 510,000 boe of gas in the current quarter from our producing assets
- FY2023 remains on track to produce approximately 7.2 to 7.5 MMboe of oil, condensate and gas

Delivering strong and sustainable EBITDA levels as long-term business continuity is of the highest priority

- Strong oil, condensate, and gas price levels have contributed positively to our profitability levels
- In the current quarter, we delivered EBITDA of RM298.4 million and a PAT of RM135.3 million – Peninsula Hibiscus Group assets contributed RM183.9 million and RM113.1 million to the Group's EBITDA and PAT respectively

Final Dividend of 1.0 per Ordinary Share

- On 4 October 2022, the Group announced a final single-tier dividend of 1.0 sen per ordinary share in respect of FY2022, subject to shareholders' approval at the forthcoming AGM on 1 December 2022

Proposed Share Buy-Back of Up to 10%

- The Group has proposed to purchase its own shares of up to 10% of total issued shares in respect of FY2022, subject to shareholders' approval at the forthcoming EGM on 1 December 2022

United Kingdom Energy Profit Levy Updates

- On 17 November 2022, the UK govt announced changes to the EPL regime effective from 1 January 2023: increased levy rate of 35% (from 25%) on top of existing ring fence corp tax & supplementary change – total marginal tax rate of 75%
- Enhanced deduction for certain categories of capex reduced from 180% to 129%, except in the case of decarbonisation expenditures which will retain the 180% enhanced deduction
- Expected to apply from 1 January 2023 until 31 March 2028, even if oil & gas prices fall to normal levels
- Our intention remains to phase our UK capital expenditure program such that we optimise the incentives offered

Part 2

Main Updates

- Q1FY2022 Group Financials (vs. Previous Quarter)
- Operational Highlights
- Q2 FY2023 and Q3 FY2023 Oil & Condensate Offtake Schedule and Gas Sales

1Q FY2023 Group Financials (vs. Previous Quarter)

RM'000	1Q FY2023	4Q FY2022	
	As disclosed in QR	As disclosed in QR (Adjusted)	"Normalised" – Excludes Australia's impairment, Sabah state sales tax and PITA settlement *
Revenue	**604,768**	**868,367**	868,367
Gross Profit	**387,402**	**605,506**	605,506
Gross Profit Margin	*64.1%*		*69.7%*
EBITDA	**298,353**	**384,393**	398,816
EBITDA Margin	*49.3%*		*45.9%*
PBT	**185,414**	**247,595**	262,018
PBT Margin	*30.7%*		*30.2%*
Tax	**(50,152)**	**7,795**	(72,012)
PAT	**135,262**	**255,390**	190,006
PAT Margin	*22.4%*		*21.9%*

* *Excludes (i) Australia's impairment on VIC/RL17 of RM2.0m, (ii) Sabah State Sales Tax (net of tax) and related penalties in relation to period prior to 4Q FY2022 (RM58.1m), (iii) Reversal of over accrued taxes and penalties in relation to notices of assessment raised by the Inland Revenue Board of Malaysia ("**IRB**") against PM3 CAA (RM125.5m) upon an out-of-court settlement.*

- The Group's financial performance and profitability in 1Q FY2023 remain strong on the back of high oil, condensate and gas prices. It was also boosted by the contribution from the assets acquired from the Repsol Group earlier this year, in January 2022.
- A total of 1.0 million barrels of oil and condensate and over 510 thousand barrels of oil equivalent of gas were sold in 1Q FY2023. The sale of oil and condensate contributed RM502.1 million to total revenue while contribution from the sale of gas was RM101.5 million.
- 1Q FY2023 profits were attained in a quarter where planned maintenance activities were conducted and completed in all of the Group's producing assets in Malaysia and the United Kingdom.
- In the United Kingdom, the project to replace the riser that has malfunctioned since May 2021 was successfully completed in 1Q FY2023. The riser returned to service in September 2022.

Strong oil, condensate and gas price levels have continued to contribute positively to the profitability levels in all our producing assets

Operational Highlights

		North Sabah	Anasuria Cluster	Peninsula Hibiscus Group[1]	Total or Average
Average uptime	%	93	53	88	-
Average net oil & condensate production	bbl/day	4,732	1,211	4,942	**10,885**
Average net gas export rate[2]	boe/day	-	258	5,633	**5,891**
Average net oil, condensate and gas production rate	boe/day	4,732	1,468	10,575	**16,775**
Total oil & condensate sold	bbl	289,635	143,728	570,435	**1,003,798**
Total gas exported (sold)	MMscf	-	142	2,944	**3,086**
Total oil, condensate & gas sold	boe	289,635	167,395	1,061,097	**1,518,127**
Average realised oil & condensate price	USD/bbl	111.54	97.12	115.28	**111.60**
Average gas price	USD/Mscf	-	38.63	5.78	-
Average realised oil, condensate & gas price	USD/boe	111.54	116.21	78.01	**88.61**
Average production OPEX per boe[3]	USD/boe	20.56	37.02	18.48	**20.51**

Updates on EPL based on 17 November 2022 announcement:

- Increase in UK Energy Profits Levy from 25% to 35% effective 1 January 2023. Total UK tax rate to be 75%.
- To apply until 31 March 2028 and be in effect irrespective of oil and gas prices.
- Enhanced deduction of 129% for capex, 180% if expenditure related to decarbonisation.

[1] Peninsula Hibiscus Sdn Bhd and its subsidiaries ("Peninsula Hibiscus Group") assets include 2012 Kinabalu Oil PSC, PM3 CAA PSC, PM305 PSC, PM314 PSC and Block 46 Cai Nuoc PSC
[2] Conversion rate of 6,000scf/boe
[3] This is computed based on gross production OPEX divided by gross oil, condensate and gas production

Abbreviation	*Definition*
bbl	*barrels*
boe	*barrels of oil equivalent*
MMscf	*million standard cubic feet*
Mscf	*thousand standard cubic feet*

Q2 FY2023 and Q3 FY2023 Oil & Condensate Offtake Schedule and Gas Sales

		Total oil, condensate and gas sales volume (boe)							
		Latest Estimate – Q2 FY2023				Latest Estimate – Q3 FY2023			
		October 2022	November 2022	December 2022	Total	January 2023	February 2023	March 2023	Total
North Sabah	Oil	250,184 @	- @@	288,000 @@	538,184 @@	- @@	- @@	300,000 @@	300,000 @@
Kinabalu	Oil	288,106 @	- @@	- @@	288,106 @@	- @@	315,000 @@	- @@	315,000 @@
PM305/ PM314	Oil	3,064 @	3,600 @@	3,700 @@	10,364 @@	3,700 @@	3,200 @@	3,500 @@	10,400 @@
PM3 CAA	Oil & Cond. Gas	- @ 235,697 @	98,000 @@ 235,000 @@	93,000 @@ 259,000 @@	191,000 @@ 729,697 @@	99,000 @@ 242,000 @@	101,000 @@ 180,000 @@	100,000 @@ 238,000 @@	300,000 @@ 660,000 @@
Anasuria Cluster	Oil Gas	- @ 9,900 @	- @@ 11,200 @@	180,000 @@ 9,800 @@	180,000 @@ 30,900 @@	- @@ 9,300 @@	- @@ 8,200 @@	190,000 @@ 9,000 @@	190,000 @@ 26,500 @@
Block 46	Oil	125,521 @	- @@	- @@	125,521 @@	- @@	- @@	- @@	@@
Total		**912,472** @	**347,800** @@	**833,500** @@	**2,093,772** @@	**354,000** @@	**607,400** @@	**840,500** @@	**1,801,900** @@
	Oil & Cond. Gas	666,875 @ 245,597 @	101,600 @@ 246,200 @@	564,700 @@ 268,800 @@	1,333,175 @@ 760,597 @@	102,700 @@ 251,300 @@	419,200 @@ 188,,200 @@	593,500 @@ 247,000 @@	1,115,400 @@ 685,500 @@

Note: @ Actual
@@ Estimate

On track to meet FY2023 target to deliver 7.2 to 7.5 MMboe of oil, condensate & gas

Hibiscus Petroleum Berhad
Registration Number: 200701040290 (798322-P)

Hibiscus Petroleum

Part 3

Oil Market Outlook

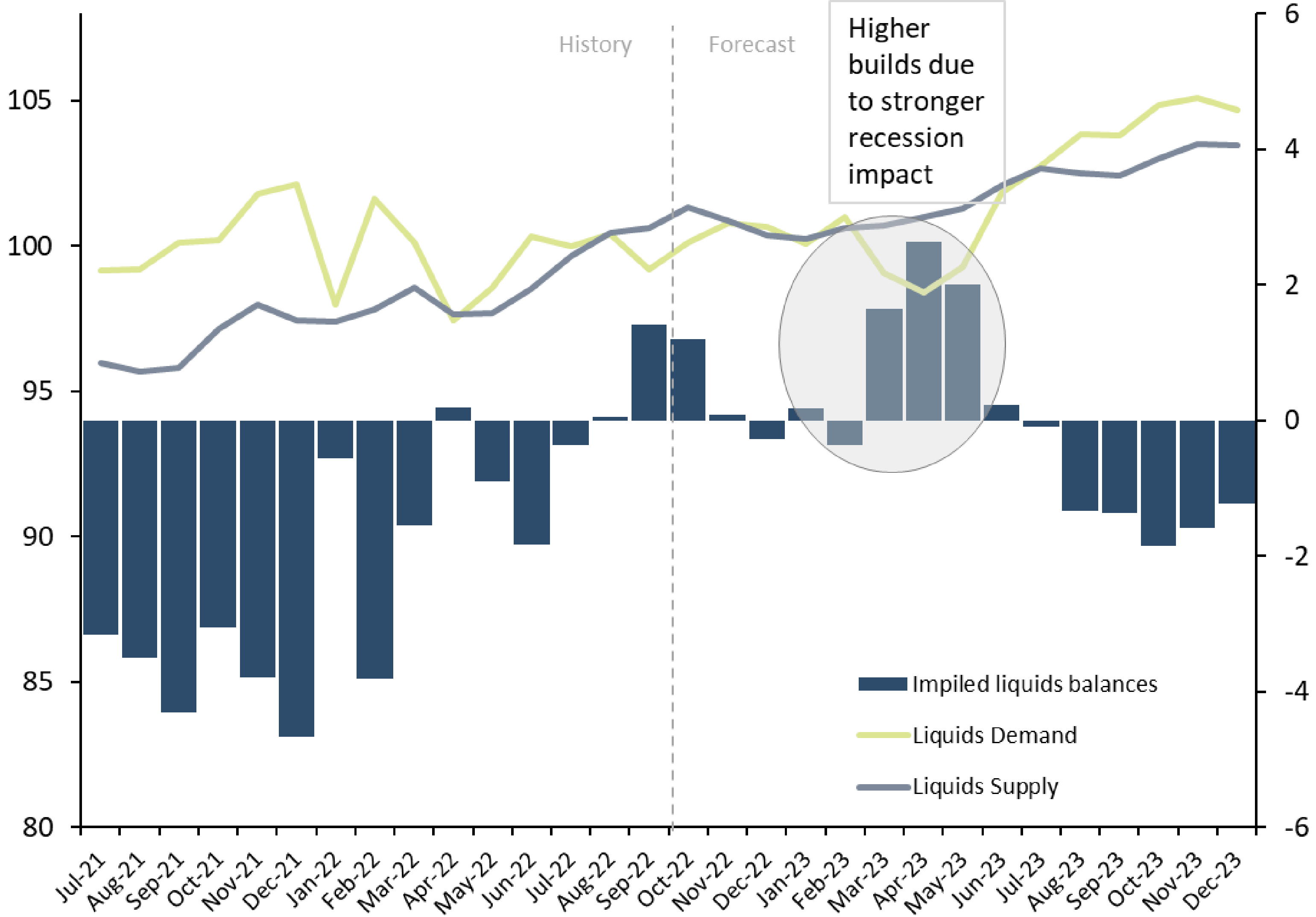
- **Oil Market Balances**
- **Brent Oil Price Outlook**

Oil Market Balances

Global liquids supply and demand balances, current base case

Supply and demand million barrels per day

Implied million barrels per day



Rystad estimate global oil demand to increase 2.3 million bbl/day y-o-y from 2022 to 2023

Source: Rystad Energy, as of 1 November 2022

Brent Oil Price Outlook

Oil price scenarios – Rystad Energy Base Case, Bull Case, Bear Case
USD per barrel

Bear Case

- OPEC+ slightly overproduces
- Russia: Zero crude export loss
- US production surprises to upside +100,000 bpd versus Base Case through Dec-23
- Demand: Extreme recession, Covid-19 hit - 1.5 million bpd from Nov-22 to Dec-23

Base Case

- OPEC+ Base Case supply
- Russia: 0.6 million bpd crude export loss through Dec-23
- US production base case (12.6 by Dec-22)
- Demand: Base Case – reach 102 million bpd by Jul-23.

Bull Case

- OPEC+ cutting additional headline 1 million bpd (600,000 bpd actual) from Jan-23
- Russia: 1.7 million bpd crude export loss
- US production disappoints by 250,000 bpd from 4Q22-4Q23 versus Base Case
- Demand: Looser Covid-19 policies and swifter economic recovery +300,000 in 4Q22 – 4Q23.

Brent prices expected to remain in the range of USD90-95/bbl in CY2023

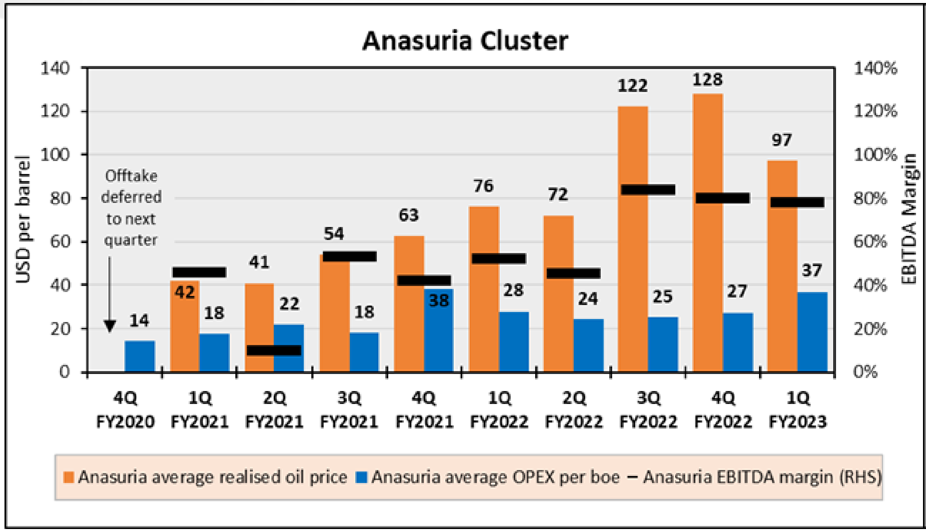
Source: Rystad Energy, as of 1 November 2022

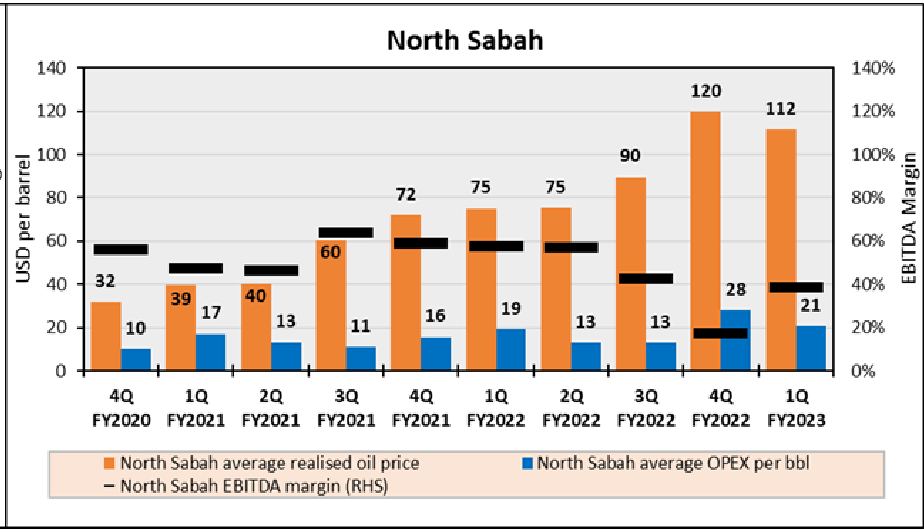
Part 4

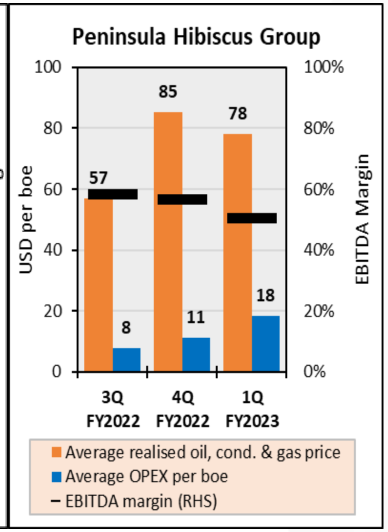
Financial Highlights

- Strong and Consistent EBITDA Margins
- 1Q FY2023 Operating Segment Financials
- Key Factors Affecting Kinabalu and Others' 1Q FY2023 Financial Results
- Key Factors Affecting PM3 CAA's 1Q FY2023 Financial Results
- Key Factors Affecting North Sabah's 1Q FY2023 Financial Results
- Key Factors Affecting United Kingdom's 1Q FY2023 Financial Results
- Highlights from the Group's Balance Sheet

Strong and Consistent EBITDA Margins







Flexibility to Navigate Industry Downturns

- Operational control grants the ability to concentrate on operating efficiencies (cost control, production enhancement) when oil prices are low and shift to development mode when oil prices are high.
- Remained cash flow positive when oil prices crashed in April 2020 by reducing OPEX and deferring CAPEX.
- High quality operations team helps to reduce downtime to maximise production.

Strong Focus on OPEX Reduction and Profitability Enhancement

- The average unit production costs (OPEX per boe or OPEX per bbl) for our producing assets are well below the average realised oil price achieved in the respective quarters.
- The careful management of costs to maintain low OPEX and the delivery of production enhancement projects are key towards obtaining low unit production costs.
- Focus on delivering strong and sustainable EBITDA levels as long-term business continuity is of the highest priority.
- Proven track record of cost control creates an opportunity to improve efficiencies of the recently acquired assets.
- The Group's revenue is almost fully transacted in USD while costs are mainly denominated in the local currencies of the countries that they operate in (i.e. MYR and GBP) and in USD. A strong USD is favorable to the Group.

Notes:

1. *North Sabah's EBITDA margin in 4Q FY2020 excludes the reversal of unrecovered recoverable costs of RM78.2 million.*
2. *Anasuria Cluster's EBITDA margin in 2Q FY2021 was affected by (unusual) significant unrealised foreign exchange losses caused by the relatively significant appreciation of the GBP against the USD which affected the period-end retranslation of GBP-denominated balances and one-off provisions recognised.*
3. *Peninsula Hibiscus Group assets' EBITDA margin in 3Q FY2022 excludes negative goodwill of RM317.3 million.*
4. *Opex per boe is computed based on gross production OPEX divided by gross oil, condensate and gas production.*
5. *Peninsula Hibiscus Group assets' average realised oil, condensate and gas price is the weighted average realised price of both oil and condensate offtakes and gas sales in that quarter. Anasuria Cluster's average realised oil price does not include gas prices as gas production in the Anasuria Cluster is not material.*

1QFY2023 Operating Segment Financials

(I) Group P&L by segment

RM'000	Malaysia – Kinabalu and others		CAA	Vietnam	Subtotal (PHSB Group)	Malaysia – North Sabah	United Kingdom	Australia	Others [1]	Total (HPB Group)
	Kinabalu	Others								
Revenue	154,009	4,584	215,690	(6,070) [2]	**368,213**	146,078	89,392	-	1,085	**604,768**
Gross Profit	109,251	3,876	128,542	(19,538)	**222,131**	103,178	61,008	-	1,085	**387,402**
EBITDA/(LBITDA)	68,595	6,544	128,349	(19,594)	**183,894**	56,351	69,786	(2,687)	(8,991)	**298,353**
PBT/(LBT)	50,740	9,287	86,772	(20,580)	**126,219**	19,305	55,412	(2,687)	(12,835)	**185,414**
Tax	(26,646)	(3,461)	9,819 [3]	7,191 [2]	**(13,097)**	(7,921)	(29,134) [4]	-	-	**(50,152)**
PAT/(LAT)	24,094	5,826	96,591	(13,389)	**113,122**	11,384	26,278	(2,687)	(12,835)	**135,262**

- Peninsula Hibiscus Group assets proven to be a significant contributor to the Group's financial performance.
- During 1Q FY2023, the Peninsula Hibiscus Group assets contributed RM368.2 million to the Group's revenue (60.9% of the Group's total), RM183.9 million to the Group's EBITDA (61.6% of the Group's total) and RM113.1 million to the Group's PAT (83.6% of the Group's total).

(II) Profit Margins of Operating Segments with producing assets

	Malaysia – Kinabalu and Others		CAA	Vietnam	Malaysia – North Sabah	United Kingdom
	Kinabalu	Others				
Gross Profit/(Loss) Margin	70.9%	84.6%	59.6%	(321.9%)	70.6%	68.2%
EBITDA/(LBITDA) Margin	44.5%	142.8%	59.5%	(322.8%)	38.6%	78.1%
PAT/(LAT) Margin	15.6%	127.1%	44.8%	(220.6%)	7.8%	29.4%

[1] Others include Group and Investment Holding activities.

[2] A RM6.1m adjustment made on revenue and tax – In relation to the provisional income tax taken "at source" for the crude oil offtake that took place in May 2021, upon confirmation from the Vietnamese tax authorities in July 2022 on the final income tax amount.

[3] Tax credit (gain) in CAA – Due to reversal of an overprovision of tax for calendar year 2021 amounting to RM40.2 million. Excluding this adjustment, the normalised effective tax rate is 35.0%.

[4] Included deferred tax liability recognised in relation to the Energy Profits Levy of RM7.0 million.

(III) Sales volume and average selling price

Revenue	1Q FY2023
Malaysia – Kinabalu and Others	**(i) Kinabalu**: Oil: 288,540 bbls x USD 118.04/bbl **(ii) Others**: Oil: 9,028 bbls x USD 112.28/bbl
CAA	Oil: 272,867 bbls x USD 112.46/bbl Gas: 2,944 MMscf x USD 5.78/Mscf
Malaysia – North Sabah	Oil: 289,635 bbls x USD 111.54/bbl
United Kingdom	Oil: 143,728 bbls x USD 97.12/bbl Gas: 142 MMscf x USD 38.63/Mscf

Key Factors Affecting Kinabalu and Others' 1Q FY2023 Financial Results – Kinabalu

Kinabalu:

Profit or Loss Summary	1Q FY2023 RM'000	4Q FY2022 RM'000
Revenue	154,009	179,806
Gross Profit	109,251	100,970
Gross Profit Margin	70.9%	56.2%
EBITDA	68,595	7,067
EBITDA Margin	44.5%	3.9%
PBT/(LBT)	50,740	(23,677)
PBT/(LBT) Margin	32.9%	(13.2%)
Taxation		
- Income tax	(780)	312
- Deferred tax (non-cash)	(25,866)	62,854
PAT	24,094	39,489
PAT Margin	15.6%	22.0%

Taxation

- The tax regime governing this segment is the Petroleum (Income Tax) Act 1967 ("**PITA**"), at the rate of 38.0%.
- No provision for PITA was made as there were sufficient tax losses brought forward to off-set against tax payable under PITA.
- 1Q FY2023 movements – Mainly due to reversal of deferred tax assets arising from the utilisation of brought forward tax losses to off-set against tax payable under PITA.
- 4Q FY2022 movements – A fair valuation exercise conducted post acquisition indicated strong future cash flow generating capacity and hence a RM56.0 million deferred tax assets was recognised on brought forward unutilised tax losses. Repsol had previously de-recognised them as their previous estimation showed there won't be sufficient available future available profits to utilise such tax losses.

- Lower revenue in 1Q FY2023 mainly due to lower volume of crude oil sold:
  - 1Q FY2023: 288,540 bbls @ USD118.04 per bbl.
  - 4Q FY2022: 350,236 bbls @ USD121.15 per bbl.
- Operational performance was less favourable in 1Q FY2023, impacted by activities related to the annual planned major maintenance campaign for calendar year ("**CY**") 2022 which took place from 29 July 2022 to 9 August 2022:
  - Average OPEX per bbl was USD21.20 in 1Q FY2023 vs USD7.35 in 4Q FY2022; and
  - Average uptime and average net oil production rate in 1Q FY2023 were 78% and 2,459 bbls/day respectively, which were lower than 4Q FY2022's 92% and 3,475 bbls/day respectively.
- Despite the above, gross profit and gross profit margin in 1Q FY2023 were higher compared to 4Q FY2022.
- Kinabalu's profit margin in 4Q FY2022 was adversely impacted by the accounting treatment (as previously adopted by Repsol) of the opening inventory balance of 92,471 bbls acquired from Repsol. It was valued at fair value (i.e. at the prevailing crude oil price at each reporting cycle). The crude oil offtake that took place in May 2022 was the first offtake undertaken by Kinabalu since it was acquired by Hibiscus. The "cost" of the 92,471 bbls inventory balance included in the cost of sales for this offtake was higher than would be the case had the weighted average costs been used, by approx. RM45.0 million. The "normalised" profit after excluding this is:
  - "Normalised" EBITDA would be RM52.1 million (29.0% margin); and
  - "Normalised" results before tax would be a PBT of RM21.3 million (11.8% margin), instead of the LBT of RM23.7 million shown in the table.
- 1Q FY2023's EBITDA and PBT were higher than the "normalised" EBITDA and PBT in 4Q FY2022 due to the following:
  - Lower accrual of supplemental payment by RM47.5 million in 1Q FY2023 due to much lower profit oil was taken by Kinabalu as a result of lower production levels coupled with higher costs incurred for activities related to the annual planned major maintenance campaign for CY 2022 in 1Q FY2023; and
  - Lower amortisation of intangible assets and depreciation of oil and gas assets in 1Q FY2023 due to lower production levels.
- For information, the State Sales Tax imposed by the Sabah State Government ("**SbST**") on crude oil sold in 1Q FY2023 and 4Q FY2022 were accrued in the respective quarters, amounting to RM7.1 million and RM13.5 million respectively. Included in SbST accrued in 4Q FY2022 was an estimated penalty of RM4.5 million.

Key Factors Affecting Kinabalu and Others' 1Q FY2023 Financial Results – Others (PM305 & PM314)

Others (PM305 & PM314):

Profit or Loss Summary	1Q FY2023 RM'000	4Q FY2022 RM'000
Revenue	4,584	5,280
Gross Profit	3,876	4,792
Gross Profit Margin	84.6%	90.8%
EBITDA/(LBITDA)	6,544	(10,070)
EBITDA/(LBITDA) Margin	142.8%	(190.7%)
PBT/(LBT)	9,287	(10,446)
PBT/(LBT) Margin	202.6%	(197.8%)
Taxation		
- Income tax	(85)	413
- Deferred tax (non-cash)	(3,376)	(13,384)
PAT/(LAT)	5,826	(23,417)
PAT/(LAT) Margin	127.1%	(443.5%)

- Sales of crude oil:
  - 1Q FY2023: 9,028 bbls @ USD112.28 per bbl.
  - 4Q FY2022: 10,382 bbls @ USD119.07 per bbl.
- Gross profit margins were favourably influenced by high average selling prices and strong operational performance. OPEX per bbl for both quarters were low, at USD9.10 for 1Q FY2023 and USD10.03 for 4Q FY2022.
- The EBITDA/(LBITDA) and PBT/(LBT) for 1Q FY2023 and 4Q FY2022 were largely impacted by the quantum of the decommissioning expenditure recognised in the respective quarters.
- The PSCs performed a reassessment of the actual amounts incurred for decommissioning work upon the completion of such work. The accruals previously made exceeded the actual amounts by RM2.6 million, which was recognised as a gain in 1Q FY2023.

Taxation

- The tax regime governing this segment is PITA, at the rate of 38.0%.
- PM305 and PM314 were in a tax loss position, hence no provision for PITA was made in 1Q FY2023. The RM85k income tax as shown in the table above was related to taxation in Barbados.
- 1Q FY2023 movements – Largely caused by adjustments in deferred tax expense of RM3.4 million due to the realisation (or reversal) of deferred tax assets relating to decommissioning activities carried out.
- 4Q FY2022 movements – (i) A RM6.3 million reversal of deferred tax assets due to decommissioning activities carried out; and (ii) An assessment on the availability of future taxable profits was performed and PM305 & PM314 was assessed to be unable to fully utilise its unutilised tax losses against future taxable profits by the PSCs' expiry. Hence, the deferred tax assets which arose from the brought forward tax losses prior to the FIPC acquisition of RM6.1 million were reversed.

Key Factors Affecting PM3 CAA's 1Q FY2023 Financial Results

Profit or Loss Summary	1Q FY2023 RM'000	4Q FY2022 RM'000
Revenue	215,690	259,403
Gross Profit	128,542	191,214
Gross Profit Margin	59.6%	73.7%
EBITDA	128,349	252,819
EBITDA Margin	59.5%	97.5%
PBT	86,772	205,012
PBT Margin	40.2%	79.0%
Taxation		
- Income tax	20,504	16,822
- Deferred tax (non-cash)	(10,685)	(4,149)
PAT	96,591	217,685
PAT Margin	44.8%	83.9%

<u>Taxation</u>

- The tax regime governing this segment is PITA, at 38.0%.
- 1Q FY2023 movements – A net tax credit of RM9.8 million was recognised. It arose from a reversal of an overprovision of tax for CY 2021 amounting to RM40.2 million. The overprovision amount was finalised upon submission of the tax returns to the IRB in August 2022. Omitting this adjustment would result in a "normalised" net tax expense of RM30.4 million and a "normalised" effective tax rate ("**ETR**") of 35.0%.
- 4Q FY2022 movements – A net tax credit of RM12.7 million was recognised. It arose from the RM60.1 million gain adjusted to taxation which arose from the Settlement as at 30 June 2022. Omitting this adjustment would result in a "normalised" net tax expense of RM47.4 million and when compared to a "normalised" PBT of RM139.6 million (i.e. RM205.0 million as reported in the above table less the gain adjusted as part of the Settlement of RM65.4 million), the "normalised" ETR was 35.0%.

- Lower revenue in 1Q FY2022 mainly due to slightly lower volume sold and lower selling prices:
  - Crude oil: 1Q FY2023 – RM138.8 million (272,867 bbls @ USD112.46 per bbl) vs 4Q FY2022 – RM142.2 million (293,346 bbls @ USD113.99 per bbl).
  - Gas: 1Q FY2023 – RM76.9 million (2,944 MMscf @ average realised price of USD5.78/Mscf) vs 4Q FY2022 – RM117.2 million (3,429 MMscf @ average realised price of USD8.00/Mscf).
- Gross profit margin was lower in 1Q FY2023 as compared to 4Q FY2022 mainly due to lower revenue and higher average OPEX per boe of USD18.00 in 1Q FY2023 (vs USD10.16 in 4Q FY2022), impacted by activities related to the annual planned major maintenance campaign for CY 2022 which took place from 20 August 2022 to 2 September 2022. It also caused a less favourable average net oil equivalent production rate in 1Q FY2023 of 7,541 boe per day (vs 8,919 boe per day in 4Q FY2022).
- EBITDA and PBT achieved in 1Q FY2023 of RM128.3 million and RM86.8 million respectively were much lower vs EBITDA and PBT of RM252.8 million and RM205.0 million respectively in 4Q FY2022. In addition to the more favourable operational performance in 4Q FY2022, there was a one-off adjustment on the additional taxes and penalties levied on the PM3 CAA PSC for YA 2014, YA 2015 and YA 2016 under PITA as at 30 June 2022.
- In September 2022, PM3 CAA and the IRB reached an amicable settlement ("**the Settlement**") on the Notice of Additional Assessment for YA 2014 and Notices of Assessment for YA 2015 and YA 2016 under PITA. This has resulted in the issuance of revised/reduced assessments by the IRB on 27 September 2022. Following the Settlement, the provisions for the additional taxes and penalties made by Repsol prior to the FIPC Acquisition were updated and the resulting gain to profit or loss were recorded in 4Q FY2022, amounting to RM125.5 million which can be further breakdown into the followings:
  - RM60.1 million of additional taxes was adjusted to taxation; and
  - RM65.4 million of related penalties was adjusted to other expenses.
- The other significant movement between 1Q FY2023 and 4Q FY2022 up to PBT level was lower amortisation of intangible assets and depreciation of oil and gas assets in 1Q FY2023 by RM7.1 million due to lower production levels.

Key Factors Affecting North Sabah PSC's 1Q FY2023 Financial Results

Profit or Loss Summary	1Q FY2023 RM'000	4Q FY2022 RM'000
Revenue	146,078	316,040
Gross Profit	103,178	219,044
Gross Profit Margin	70.6%	69.3%
EBITDA	56,351	54,406
EBITDA Margin	38.6%	17.2%
PBT	19,305	23,018
PBT Margin	13.2%	7.3%
Taxation		
- Income tax	(6,964)	(40,477)
- Deferred tax (non-cash)	(957)	17,100
PAT/(LAT)	11,384	(359)
PAT/(LAT) Margin	7.8%	(0.1%)

Taxation

- The tax regime governing this segment is PITA, at the rate of 38.0%.
- ETR in 1Q FY2023 – 41.0%, broadly consistent with the PITA rate.
- ETR in 4Q FY2022 – 101.6%. It was impacted by the tax benefit taken from the SbST payment (from April 2020 to June 2022) in the form of deductions against PITA payable amounting to RM25.6 million. "Normalised" ETR (omitting this adjustment) was 39.0%.

- 1Q FY2023's revenue was lower than 4Q FY2022's revenue:
  - 1Q FY2023: 289,635 bbls of crude oil from one cargo were sold at USD111.54 per bbl.
  - 4Q FY2022: 611,800 bbls from two cargoes were sold at USD119.80 per bbl.
- Operational performance improved in 1Q FY2023, as the annual planned major maintenance campaign for CY 2022 which commenced in March 2022 was completed in August 2022. As such, activities related to this campaign in 4Q FY2022 were higher as they were for the full three months compared to two months in 1Q FY2023. In addition, to coincide with this maintenance campaign, non-routine production enhancement work at the offshore platforms at South Furious and St Joseph and routine production enhancement activities at all fields to improve and maintain production reliability were carried out in 4Q FY2022.
  - Gross profit margin of 70.6% in 1Q FY2023 was fairly consistent with 69.3% 4Q FY2022;
  - Average OPEX per bbl recorded in 1Q FY2023 of USD20.56 was significantly lower compared to 4Q FY2022's USD27.95; and
  - Average uptime of 93% and average net oil production of 4,732 bbls per day were better than 4Q FY2022 (85% and 4,275 bbls per day).
- A relatively high average realised oil price, coupled with careful management of costs and efficient operational performance resulted in an EBITDA margin attained in 1Q FY2023 of 38.6%. This was despite only one crude oil offtake being undertaken, instead of the customary two offtakes in a quarter and after incorporating expenses incurred for planned maintenance activities performed. The EBITDA of RM56.4 million was achieved after charging supplemental payment of RM47.5 million and SbST on crude oil sold in 1Q FY2023 of RM7.3 million.
- As previously announced, the Group on 21 September 2022 proposed to pay the claims imposed by the Sabah State Government on revenues earned and to be earned, for the sale of crude oil by North Sabah and Kinabalu respectively ("**SbST Proposal**"). The SbST Proposal was accepted by the Sabah State Government on 27 September 2022. Hence, all liabilities related to SbST from 1 April 2020 to 30 June 2022, amounting to RM101.2 million, which included penalties of RM33.7 million, were accrued in 4Q FY2022.
- EBITDA margin achieved in 1Q FY2023 was 38.6%, better than the EBITDA margin of 17.2% in 4Q FY2022. This was mainly caused by the vastly different amounts accrued for SbST in 4Q FY2022 as mentioned above.

Key Factors Affecting United Kingdom's 1Q FY2023 Financial Results

Profit or Loss Summary	1Q FY2023 RM'000	4Q FY2022 RM'000
Revenue	89,392	106,790
Gross Profit	61,008	86,449
Gross Profit Margin	*68.2%*	*81.0%*
EBITDA	69,786	85,592
EBITDA Margin	*78.1%*	*80.1%*
PBT	55,412	64,640
PBT Margin	*62.0%*	*60.5%*
Taxation		
- Income tax	(5,360)	(31,025)
- Deferred tax (non-cash)	(23,774)	(1,434)
PAT	26,278	32,181
PAT Margin	*29.4%*	*30.1%*

- Revenue decreased by 16% when compared to 4Q FY2022 due to lower volume of crude oil sold and lower oil price, partially offset by higher gas price. Revenue breakdown:
  - Crude oil: 1Q FY2023 – RM64.8 million (143,728 bbls @ USD97.12 per bbl) vs 4Q FY2022 - RM91.5 million (162,957 bbls @ USD127.91 per bbl).
  - Gas: 1Q FY2023 – RM24.6 million vs 4Q FY2022 - RM15.2 million. Contribution from sale of gas remained significant in 1Q FY2023 due to high gas prices.
- Included in the 143,728 bbls of crude oil sold was an overlift volume of 10,460 bbls. The initial measurement of the overlift volume has been included in revenue and cost of sales at the average realised oil price for the offtake (i.e. RM4.6 million), hence no gross profit has been recognised on this overlift transaction in 1Q FY2023.
- The Anasuria Cluster experienced weak operational performance in both 1Q FY2023 and 4Q FY2022. The unavailability of a production riser which malfunctioned in May 2021 adversely affected both quarters' operational performance. The project to replace the malfunctioned riser has been completed and the riser returned to service in September 2022.
- Average uptime and average daily oil production rate of 53% and 1,468 boe per day respectively were less favorable compared to 4Q FY2022's average uptime of 61% and average daily oil production rate of 1,884 boe per day. 1Q FY2023's performance was adversely affected by i) the planned 2022 Offshore Turnaround from 17 June 2022 to 17 July 2022 and ii) shutdown of operations for the replacement of malfunctioned risers. As a result, average OPEX per boe in 1Q FY2023 was higher by approximately 35%, from USD27.41 in 4Q FY2022 to USD37.02 in 1Q FY2023.
- Despite this, the UK segment achieved healthy profit margins in 1Q FY2023, though slightly worse off than 4Q FY2023. Gross profit and EBITDA were RM61.0 million (68.2% margin) and RM69.8 million (78.1% margin) respectively.
- The EBITDA has included unrealised foreign exchange gains of RM12.4 million due to the period-end retranslation of the segment's GBP-denominated balances. The USD, being the segment's functional currency, had appreciated against the GBP during 1Q FY2023 when compared to 30 June 2022.

Key Factors Affecting United Kingdom's 1Q FY2023 Financial Results (cont'd)

Taxation	1Q FY2023 RM'000	4Q FY2022 RM'000
Income tax	**(5,360)**	**(31,025)**
- Ring fence corporation tax and supplementary charge	(5,360)	(31,025)
- Energy Profits Levy	-	-
Deferred tax	**(23,774)**	**(1,434)**
- Ring fence corporation tax and supplementary charge	(16,743)	(1,434)
- Energy Profits Levy	(7,031)	-
Total taxation	**(29,134)**	**(32,459)**

<u>Ring fence corporation tax ("RFCT") and supplementary charge ("SC")</u>

- The tax regime which applies to exploration for, and production of, oil and gas in the UK currently comprises of ring fence corporation tax and a supplementary charge at 30% and 10% respectively.
- 1Q FY2023 movements – A net tax charge of RM22.1 million, representing an ETR of 39.9%.
- 4Q FY2022 movements – A net tax charge of RM32.5 million, representing an effective tax rate of 50.2%. The higher rate for the quarter was subsequent to a re-assessment of income tax obligations on actual FY2022 full year's taxable income. For information, FY2022's full year ETR was 44.1%. This was slightly higher than the statutory rates stated, mainly due to the non-deductibility of unrealised foreign exchange losses for tax purposes.

<u>Energy Profits Levy</u>

- The Energy Profits Levy ("**EPL**"), was enacted when the Energy (Oil and Gas) Profits Levy Act 2022 received Royal Assent on 14 July 2022. The EPL, which took effect from 26 May 2022, introduced an additional 25.0% levy on UK oil and gas profits on top of the RFCT and SC. The EPL regime included an enhanced deduction such that 180.0% of certain categories of CAPEX can be offset against taxable income.
- 1Q FY2023 movements – The estimated deferred tax liability arising from the EPL regime was RM7.0 million based on the taxable temporary differences expected to reverse during the window for which the EPL regime currently applies, i.e. up to 31 December 2025.
- On 17 November 2022, the UK government announced changes to the EPL regime which will come into effect from 1 January 2023. The revised EPL regime will include an increased levy rate of 35.0%, from 25.0% currently. This will mean that the UK upstream oil and gas industry will face a 75.0% marginal rate of tax. The enhanced deduction for certain categories of CAPEX to off-set against taxable EPL income will be reduced to 129.0% except in the case of decarbonisation expenditures which will retain the 180.0% enhanced deduction. The EPL regime will now apply until 31 March 2028 and despite it being a tax on windfall profits, the UK government has stated that they do not intend on phasing out the EPL even if oil and gas price levels move back to more normal levels.
- At this stage, the Group's intention remains to phase our UK CAPEX program such that we optimise the incentives offered as part of the EPL being imposed. The EPL amendments are expected to come into law before 31 December 2022.

Registration Number: 200701040290 (798322-P)

Highlights from the Group’s Balance Sheet

RM	As at 30 Sep 2022	As at 30 Jun 2022	As at 31 Mar 2022	As at 31 Dec 2021	As at 30 Sept 2021
Total assets	5,690.8m	5,512.4m	4,506.8m	3,099.6m	2,880.4m
Shareholders’ funds	2,448.1m	2,202.0m	1,874.2m	1,553.0m	1,529.5m
Cash and bank balances	898.8m	707.8m	437.8m	824.4m	337.7m
Unrestricted cash	727.7m	544.7m	273.4m	552.0m	204.0m
Restricted cash *	171.1m	163.1m	164.4m	272.4m	133.7m
Total debt	(94.4m)	(88.8m)	-	(2.4m)	(2.7m)
Net current (liabilities)/assets	(28.3m)	(155.3m)	(310.0m)	336.2m	226.9m
Net assets per share	1.22	1.09	0.93	0.77	0.76

* *For more information, please refer to page 7 of the Unaudited Quarterly Financial Report for the quarter ended 30 September 2022.*

- Year-on-year, both total assets and shareholders’ funds have grown by RM2,810.4 million and RM918.6 million respectively. Included in shareholders’ funds as at 30 September 2022 are retained earnings of RM1,199.9 million.
- The Group’s total cash and bank balances are at reasonably healthy levels.
- Total debt balance as at 30 September 2022 relates to the outstanding balance of a revolving credit facility drawn down in 4Q FY2022 to aid working capital requirements. The balances as at 31 December 2021 and prior relate to recognition of the liability component of the CRPS upon the issuance of its two tranches in November 2020. The balance became nil when 100% of the CRPS issued was converted into ordinary shares.
- The net current liabilities position as at 30 September 2022 has reduced significantly from 4Q FY2022 as a result of the enhance financial performance and positive cash flows from our producing assets. For information, the net current liabilities position of the Group which arose during 3Q FY2022 was mainly due to the effect of consolidating the FIPC Group effective 24 January 2022 upon the completion of the FIPC Acquisition. The Group’s current liabilities as at 30 September 2022 consist mainly of (i) operational-related payables of RM900.9 million, (ii) provision for taxation of RM232.2 million, (iii) outstanding balance of a revolving credit facility of RM94.4million, and (iv) amount owing to Trafigura Pte Ltd of RM92.8 million.
- The Group will continue to engage with financial institutions and industry players to explore funding options and capital raising initiatives which run in tandem with our growth plans.

Key Messages

Fully operated and producing portfolio on target to meet Group's FY2023 targets

- Sold 1.0 MMbbl of oil and condensate and over 510,000 boe of gas in the current quarter from our producing assets
- FY2023 remains on track to produce approximately 7.2 to 7.5 MMboe of oil, condensate and gas

Delivering strong and sustainable EBITDA levels as long-term business continuity is of the highest priority

- Strong oil, condensate, and gas price levels have contributed positively to our profitability levels
- In the current quarter, we delivered EBITDA of RM298.4 million and a PAT of RM135.3 million – Peninsula Hibiscus Group assets contributed RM183.9 million and RM113.1 million to the Group's EBITDA and PAT respectively

Final Dividend of 1.0 per Ordinary Share

- On 4 October 2022, the Group announced a final single-tier dividend of 1.0 sen per ordinary share in respect of FY2022, subject to shareholders' approval at the forthcoming AGM on 1 December 2022

Proposed Share Buy-Back of Up to 10%

- The Group has proposed to purchase its own shares of up to 10% of total issued shares in respect of FY2022, subject to shareholders' approval at the forthcoming EGM on 1 December 2022

United Kingdom Energy Profit Levy Updates

- On 17 November 2022, the UK govt announced changes to the EPL regime effective from 1 January 2023: increased levy rate of 35% (from 25%) on top of existing ring fence corp tax & supplementary change – total marginal tax rate of 75%
- Enhanced deduction for certain categories of capex reduced from 180% to 129%, except in the case of decarbonisation expenditures which will retain the 180% enhanced deduction
- Expected to apply from 1 January 2023 until 31 March 2028, even if oil & gas prices fall to normal levels
- Our intention remains to phase our UK capital expenditure program such that we optimise the incentives offered

Thank You

For more information please contact:

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1QFY2023 Profit or Loss (By Segment)

RM'000	Malaysia – Kinabalu and others		CAA	Vietnam	Subtotal (PHSB Group)	Malaysia – North Sabah	United Kingdom	Australia	Others [1]	Total (HPB Group)
	Kinabalu	Others								
Revenue	154,009	4,584	215,690	(6,070)	368,213	146,078	89,392	-	1,085	604,768
Cost of Sales	(44,758)	(708)	(87,148)	(13,468)	(146,082)	(42,900)	(28,384)	-	-	(217,366)
Gross Profit/(Loss)	**109,251**	**3,876**	**128,542**	**(19,538)**	**222,131**	**103,178**	**61,008**	**-**	**1,085**	**387,402**
Administrative Expenses	**(24,878)**	**317**	**(5,372)**	**(58)**	**(29,991)**	**(52,729)**	**(6,500)**	**(220)**	**(9,302)**	**(98,742)**
Supplemental Payment	(22,478)	(471)	-	-	(22,949)	(47,490)	-	-	-	(70,439)
Others	(2,400)	788	(5,372)	(58)	(7,042)	(5,239)	(6,500)	(220)	(9,302)	(28,303)
Other (Expenses)/Income	**(15,778)**	**2,351**	**5,179**	**2**	**(8,246)**	**5,902**	**15,278**	**(2,340)**	**(774)**	**9,820**
Sabah State Sales Tax	(7,095)	-	-	-	(7,095)	(7,304)	-	-	-	(14,399)
Interest Income	68	17	46	-	131	35	1,046	-	-	1,212
Others	(8,751)	2,334	5,133	2	(1,282)	13,171	14,232	(2,340)	(774)	23,007
Share of Results of an Associate	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(127)**	**-**	**(127)**
EBITDA/(LBITDA)	**68,595**	**6,544**	**128,349**	**(19,594)**	**183,894**	**56,351**	**69,786**	**(2,687)**	**(8,991)**	**298,353**
Depreciation and Amortisation	**(17,159)**	**(3)**	**(35,857)**	**(879)**	**(53,898)**	**(33,699)**	**(8,014)**	**-**	**(339)**	**(95,950)**
Finance Costs	**(696)**	**2,746**	**(5,720)**	**(107)**	**(3,777)**	**(3,347)**	**(6,360)**	**-**	**(3,505)**	**(16,989)**
Interest Expenses	(274)	(15)	(2,894)	-	**(3,183)**	(1,547)	(513)	-	(3,505)	(8,748)
Unwinding of Discount	(422)	2,761	(2,826)	(107)	**(594)**	(1,800)	(5,847)	-	-	(8,241)
PBT/(LBT)	**50,740**	**9,287**	**86,772**	**(20,580)**	**126,219**	**19,305**	**55,412**	**(2,687)**	**(12,835)**	**185,414**
Tax	(26,646)	(3,461)	9,819	7,191	(13,097)	(7,921)	(29,134)	-	-	(50,152)
PAT/(LAT)	**24,094**	**5,826**	**96,591**	**(13,389)**	**113,122**	**11,384**	**26,278**	**(2,687)**	**(12,835)**	**135,262**

[1] *Others include Group and Investment Holding activities.*