

MEDIA RELEASE

For Immediate Distribution

VELESTO ANNOUNCES CAPITAL REDUCTION TO OPTIMISE ITS BALANCE SHEET AND SUPPORT FUTURE SHAREHOLDERS' RETURN

Kuala Lumpur, 25 March 2025 - Velesto Energy Berhad ('VELESTO' or the 'Company'), today announced a proposed capital reduction exercise, reducing RM1.20 billion from its issued share capital pursuant to Section 116 of the Companies Act 2016. The corresponding credit of RM1.20 billion will be credited to the retained earnings of the Company or utilised to set-off against any accumulated losses of the Company, if any. This exercise is a strategic step to optimise VELESTO's capital structure and position it for future distribution to shareholders.

The proposed capital reduction does not involve any cash outflow from the Company and its subsidiaries ("Group") or changes to the number of shares held by shareholders. It is a non-dilutive exercise that does not affect shareholders' equity, ownership structure, or the net asset value of the Group. Following the completion of the capital reduction, VELESTO's retained earnings are expected to be approximately RM1.33 billion and RM1.06 billion at the Company and Group level respectively, based on the unaudited financial results, as at 31 December 2024.

Megat Zariman Abdul Rahim, President of VELESTO, said, "This exercise marks an important step in creating long-term value for shareholders. We previously undertook a similar capital reduction exercise in 2020, and since then, we have made notable progress in our financial recovery, recording profits in both financial years ended 31 December 2023 and 31 December 2024.

We believe it is ultimately about building strength and setting a solid foundation for the next phase and future distribution to shareholders. It optimises our balance sheet, puts us in a stronger capital position, and even opens the door to return free cashflow to our shareholders."

The exercise is subject to shareholders' approval and sanction by the High Court of Malaya. Barring unforeseen circumstances, it is expected to be completed by the third quarter of 2025.

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About Velesto Energy Berhad

VELESTO ENERGY BERHAD is a Malaysia-based multinational provider of services for the upstream sector of the oil and gas industry through the fleet of six (6) wholly owned jack-up drilling rigs and two (2) hydraulic workover units. We are the largest jack-up drilling rigs owner and operator in Malaysia and Southeast Asia. Apart from our home base in Malaysia, we have experiences operating in South East Asia countries such as Indonesia, Vietnam, Philippines and Thailand with strong track record of working with national and international oil and gas companies.

Listed on the Main Market of Bursa Securities, we are a constituent of FTSE4Good Bursa Malaysia Index, a testament to our sustainability performance and Environmental, Social and Governance ('ESG') practices.

For more information about Velesto, please visit www.velesto.com

For media enquiries, please contact:

Liza Razak | Corporate Communications | E-mail: liza.haryati@velesto.com

For investor relations enquiries, please contact:

Eric Chua | Investor Relations | E-mail: chua.chee.kiong@velesto.com