

CEO'S MESSAGE

In 2021, COVID-19 vaccination programmes rolled out steadily around the world, paving the way for border reopening and global recovery. However, the outbreak of the Delta and Omicron variants during the year moderated the pace of the progress. As the pandemic's advancement has not been linear, the macro environment remained dynamic as we experienced higher-than-expected inflationary pressures, increased freight costs and a tight labour market. Classified under essential industries, the Group's business was thankfully cushioned from global disruptions. We remained focused on actions that drive both top and bottom-line growth. Our agility and adaptability enabled us to swiftly change our business workflows to not just comply with border controls, movement restrictions and safe distancing measures in various markets, but also prioritised the safety of our people and the communities we operate in.

These decisive moves, underpinned by a strong balance sheet, empowered the Group to appropriate higher refining spreads and maximise operating margins while minimising downsides of the congested supply chains. The Group eventually went on to deliver another year of strong financial results, posting a revenue of US\$4,348.8 million and a net profit of US\$80.2 million for the full year.

Among the two business segments of the Group, the Bulk segment saw consistent demand from the processors and packers at destination markets. This contributed to higher operating margins at US\$49.5 per metric tonne (MT) as opposed to US\$42.0 per MT in 2020. Meanwhile, record high global freight rates attributed by worldwide shortage of containers and high input costs drove down the operating margins of the Consumer Pack segment to US\$69.0 per MT as compared to US\$80.3 per MT in 2020.

On the back of another good year, the Group's Balance Sheet is significantly strengthened. As at 31 December 2021, supported by US\$150 million operating cash flows before working capital changes for the year, the Group maintained a healthy net debt to equity ratio of 0.38, comparable to 0.34 in 2020. Higher average selling prices contributed to the Group's marginally higher cycle time of 51 days, compared to 48 days in 2020.

FUTURE OUTLOOK

Countries continue to battle the Omicron variant as we enter 2022. The threat of new emerging COVID-19 variants also remains. Against this backdrop, keeping our



employees safe whilst honouring our commitments to customers and the communities we operate in remain our topmost priority.

This is the same belief that underpins Mewah's continued growth over the past decades and our strong foundation today. It is uncertain how the pandemic will unfold in the near-term. But the Group's large-scale and integrated production facilities in Malaysia, global brands and extensive supply chain presence have fortified our position as an established, reputable and socially responsible player in the market. Notably, our recent joint venture in Indonesia has also reinforced our destination business.

Additionally, with Indonesia and Malaysia – the two countries that account for 85% of the palm oil supply – pushing for increased local consumption of palm oils through their B30 and B20 biofuel mandates, the Group with its strategic expansion plans in Indonesia is well placed to benefit from stable demand for vegetable oil products and services in the long term, as well as tap into growth stemming from global economy recoveries, global population growth and improving living standards.

This is the second consecutive year that the Group has recorded an impressive financial performance. I am proud of all we were able to achieve in 2021. The support and excellent guidance of our Board of Directors and our Chairman were very valuable in helping us navigate such unprecedented times. We would also like to thank our shareholders, customers, joint venture partners, suppliers and bankers for their ongoing confidence and trust in us. I am personally deeply grateful for the partnership and tireless efforts of my senior leadership team and their global teams during these trying times. Building upon this goodwill, we are committed to realising growth for many more years and creating sustainable value for all stakeholders while continuing to proactively address the challenges in the present operating environment.

Together, let's continue to feed the world – not just during the pandemic, but also beyond.

MS MICHELLE CHEO HUI NING

Deputy Chairperson, Executive Director and Chief Executive Officer