

SAPURA ENERGY BERHAD
Registration No. 201101022755 (950894-T)
(Incorporated in Malaysia)

FOURTEENTH ANNUAL GENERAL MEETING
WEDNESDAY, 30 JULY 2025 AT 10.00 A.M.

QUESTIONS AND ANSWERS

Pre-Submitted Q&A

Eng Beng Weng, Eng Beng Lan, Eng Beng Yet, Eng Beng Bee, Sam Way Bing, Sam Way Ling & Khoo Siew posted the following question:

Q1: Kindly hold your future AGMs/EGMs via hybrid mode in order to allow for more shareholders participation. Thanks.

Response/Answer

A1: Thank you for your suggestion, Mr Eng. The decision to conduct this year's AGM physically was made after considering various factors, including regulatory requirements, shareholder engagement, and operational practicality.

Due to the higher costs associated with hybrid AGM and our current financial position, we have opted for a fully physical format this year. We remain committed to enhancing accessibility and will consider a hybrid format for future AGM when financially viable.

The Board will continue to evaluate the most effective approach for conducting general meetings in the best interest of shareholders.

Azhar Bin Khamaruzaman posted the following question:

Q2: The Corporate Governance Report states that the company's remuneration policies are not publicly available. In the interest of transparency and good governance, will the Board commit to publishing a detailed remuneration policy that directly links executive and senior management compensation to specific, measurable post-restructuring performance targets and shareholder return metrics before the next AGM?

Response/Answer

A2: The Board acknowledges the importance of transparency and accountability in remuneration practices, especially during and after a period of restructuring. We are committed to aligning executive and senior management compensation with sustainable value creation and shareholder interests.

While the detailed remuneration policy is currently not publicly disclosed, we assure shareholders that our existing framework incorporates key performance indicators (KPIs), including financial performance, operational efficiency, and progress against restructuring milestones. These KPIs are closely monitored by the Board's Remuneration Committee to ensure pay is aligned with performance.

In the spirit of good governance, the Board is reviewing the current remuneration disclosure practices. We are considering enhancements that include publishing a more detailed remuneration policy in our next Corporate Governance Report. This policy will outline the link between compensation, post-restructuring performance targets, and shareholder return metrics.

Ariff Bin Adam posted the following question:

Q3: Dear Management, at what oil price (USD per barrel) will Sapura starts to make profit?

Response/Answer

A3: Sapura Energy Berhad (SEB) operates as a global integrated energy services and solutions provider. Unlike oil-producing companies, our earnings are not directly tied to oil prices, as we primarily provide services to upstream oil and gas operators rather than producing hydrocarbons ourselves.

However, oil prices do play an indirect but important role in our business. When prices are sustained above approximately USD60 per barrel, major oil companies—including Petronas, Shell, Exxon—typically increase capital spending. This translates into more project opportunities and contract awards for service providers like SEB.

Sustained oil prices in the USD70–85 per barrel range, as forecast through 2027 (Source: Westwood – SEB Independent Market Research Report), are expected to support continued investment by energy producers. This environment benefits SEB through increased demand for our services and improved pricing conditions, which together support our path to profitability.

Teh Kian Lang posted the following question:

Q4: Will 2026 be better than 2025?

Response/Answer

A4: We are taking decisive steps to make FY2026 a stronger year for Sapura Energy Berhad (SEB). A key priority is completing the Proposed Regularisation Plan, which includes restructuring our debt, reducing borrowings, and securing new capital. Successfully executing this plan will ease our financial constraints and support a full business turnaround.

On the operational front, we are focused on driving improvements across all key segments:

Engineering & Construction (E&C): We're transitioning to an asset-driven model, redeploying strategic vessels to high-demand markets, and building on recent contract wins, particularly through our joint venture in Brazil.

Drilling: Our rigs have been mobilised under new contracts with major clients, and we're actively expanding our footprint in Southeast Asia and Africa.

Operations & Maintenance (O&M): We continue to grow our regional presence and are working to secure new projects to strengthen our order book.

While we remain mindful of ongoing challenges, the actions we're taking are aimed at improving profitability and restoring long-term shareholder value.

Azhar Bin Khamaruzaman posted the following question:

- Q5: Given the pro-forma accumulated losses will remain at RM2.5 billion even under the best-case scenario post-restructuring, can the Board provide shareholders with a realistic timeframe on when it anticipates the Company will be in a position to declare dividends again?**

Similar Question:

The Proposed Debt Restructuring is projected to reduce borrowings to RM5.6 billion. Based on the Group's forward-looking order book and projected margins, what is the Board's estimated timeline to generate sufficient free cash flow to service this remaining debt and begin creating positive retained earnings, which is a prerequisite for any future dividend payments?

Response/Answer

- A5:** Under the Companies Act 2016 (Paragraph 131, Subdivision 6), a company is permitted to distribute dividends only out of profits and must remain solvent at the time of distribution.

Post-restructuring, the Group is expected to achieve a significantly improved financial position through a substantial reduction in borrowings to approximately RM5.6 billion. This reduction, combined with lower financing costs, is anticipated to strengthen our balance sheet and enhance our creditworthiness. With improved financial flexibility, we will be better positioned to secure financing on more favorable terms, which is crucial for supporting the award and execution of new projects.

The Group's forward-looking order book and ongoing efforts to improve operational efficiency provide a solid foundation for generating positive cash flows. However, it is important to note that fully stabilizing the business and achieving sustained profitability takes time, especially in the context of our current scale of accumulated losses and the capital-intensive nature of our industry.

Our immediate focus remains on exiting PN17 status, which represents a key regulatory milestone. Successfully exiting PN17 will restore market confidence and provide greater access to capital markets, enabling us to fully implement our business turnaround strategy. This turnaround encompasses optimizing our asset base, expanding in high-potential markets, and improving project execution to enhance margins.

Only after achieving sustained positive retained earnings and maintaining solvency will the Board consider dividend payments. While we understand shareholders' desire for dividends, our priority is to rebuild the Group's financial health and create long-term shareholder value in a responsible and sustainable manner.

We appreciate shareholders' continued support as we progress through this critical phase.

Azhar Bin Khamaruzaman posted the following question

Q6: Post-restructuring, government-related entity MDH will be the new controlling shareholder. What specific governance mechanisms or board committee structures will be put in place to safeguard the interests of minority shareholders, particularly in the oversight of future capital allocation decisions, related-party transactions, and strategic direction?

Response/Answer

A6: The Company remains committed to maintaining high standards of corporate governance and safeguarding the interests of all shareholders, including minority shareholders. To support this commitment, the Company has established several key governance structures and practices:

First, the Board operates within a well-defined governance framework guided by the Company's Constitution, Board Charter, and internal policies. Independent Non-Executive Directors play an important role in providing objective oversight, especially in matters involving capital allocation and strategic decision-making.

Second, related-party transactions, including recurrent transactions, are subject to review by the Audit Committee and the Board in accordance with established internal processes. These transactions must be conducted on an arm's length basis and must not confer more favourable terms to related parties than would be extended to third parties. Directors and major shareholders with an interest in the transaction are required to abstain from deliberation and voting.

Third, capital allocation decisions are governed by the Company's Limits of Authority framework, with approvals required from the Board or EXCO depending on the value and nature of the transaction. Supporting policies and process flows are in place to ensure compliance with Bursa Malaysia's Main Market Listing Requirements.

Fourth, under the Board Charter, the Board and its Committees are empowered to seek independent professional advice where necessary, particularly on matters involving strategic direction or material investments.

Lastly, the Company has appointed an external consultant to undertake a Board Effectiveness Evaluation. This includes assessment of areas such as ESG oversight, crisis management, and governance practices, to support ongoing improvement and alignment with evolving expectations.

Collectively, these measures are intended to promote transparency, accountability, and equitable treatment of shareholders. The Board will continue to review and enhance its governance framework in line with the Company's development and the regulatory environment.

Teo Cher Ming posted the following question:

- Q7: Quoting page 21 of the IAR on drilling, a potential client who visited Sapura Esperanza during Labuan anchorage described getting exceptional hospitality exceeding Malaysia Hospitality. At the end of the day, did the company manage to win any contracts from this potential client**

Response/Answer

- A7:** Yes, the client who visited Sapura Esperanza and provided the positive feedback subsequently awarded us a contract for their drilling program. We continue to build strong relationships with our clients through exceptional service and operational excellence across our assets.

Teo Cher Ming & Azhar Bin Khamaruzaman posted the following question:

- Q8: Sapura Energy suffered a loss in q1 FY26 which is mainly attributed to Angola project. Could the company share what kind of challenges are being faced and which assumption has gone wrong when tendering for this job. Was it higher cost due to regulatory / operational requirements? I do not think the company would tender for a loss-making project. What happened to the mantra of “bid right “in this case?**
- Q9: The latest Q1 FY2026 results show a substantial loss of RM478 million, primarily due to foreseeable losses in the Engineering & Construction segment. Given that the success of this Regularisation Plan depends on a sustainable operational turnaround, what specific, concrete measures are being implemented to prevent such significant project losses in the future and ensure the core E&C business becomes consistently profitable?**

Response/Answer

- A8** While the Angola project has progressed well, with over 60% completed, the offshore execution phase has presented certain challenges leading to potential cost overruns. These additional costs are primarily due to adverse weather conditions and the condition of equipment supplied by the client, factors that were difficult to fully anticipate during the tender process.
- A9:**

Importantly, the contract includes provisions for compensation related to such unforeseen circumstances, and we are in a good position to recover these costs once they are formally endorsed by the client. However, this process is expected to take some time, and the financial impact will only be reflected once the claims are fully resolved.

The project was tendered with a healthy margin, and our team remains committed to preserving profitability. Right now, our focus is on efficient execution and timely resolution of variation orders and claims. Given the complexity and scale of the project, we anticipate that the full financial outcome will be realized by Q1 FY27, after all settlements are finalized.

Our “bid right” philosophy remains fundamental to our approach, and this experience reinforces our commitment to rigorous tender evaluation and risk management to protect shareholder value. The net loss of RM478 million reported in Q1 FY2026 largely stemmed

from a challenging E&C project in Angola. This underscores the importance of stronger project controls and risk management to safeguard profitability going forward.

To address these issues and prevent recurrence, the Company has implemented a series of concrete measures:

Strengthened Contractual Terms: We have revised contract structures to cap unapproved Variation Order claims to a maximum of 5% of the contract price, reducing exposure to unexpected cost overruns. **Selective Bidding:** The Group now adheres strictly to a defined risk appetite, focusing on projects with manageable risk profiles and strategic alignment, thereby minimizing exposure to high-risk contracts.

Enhanced Independent Risk Assessments: All high-value projects undergo rigorous, independent risk evaluations to identify and mitigate potential issues early in the tender and execution phases. **Tightened Internal Controls and Governance:** Tender risk reviews now incorporate stricter governance oversight to ensure thorough due diligence and robust risk mitigation plans before contract awards.

Key Risk Indicators Monitoring: We track both leading and lagging key risk indicators across the project portfolio, enabling timely identification of risks and swift corrective actions. **Emerging Risk Surveillance:** Proactive monitoring of emerging risks allows us to anticipate challenges and implement pre-emptive risk mitigation strategies, ensuring greater resilience.

Collectively, these initiatives are designed to strengthen our operational discipline, improve project execution, and support a sustainable turnaround of our E&C business.

Azhar Bin Khamaruzaman posted the following question:

Q10: The restructuring narrows the Group's focus to the E&C, O&M, and Drilling segments. With the E&C segment still incurring major losses and the energy market facing intense competition and volatility, what is the Board's strategy to differentiate itself and secure high-margin contracts to ensure it does not fall back into financial distress after this rescue plan is executed?

Response/Answer

A10: The evolution of our Group's Order Book clearly reflects our strategic shift towards less risky and more sustainable opportunities. Currently, Drilling and Operations & Maintenance (O&M)—which primarily operate under Day Rate and Reimbursable business models—account for approximately 70% of our Order Book. E&C contracts are also shifting towards day-rate, reimbursable T&I contracts. These models typically offer more predictable cash flows and lower margin risk compared to traditional fixed-price EPCIC contracts.

Teo Cher Ming posted the following question:

Q11: Would the recent reduction in OPR rate benefit Sapura Energy? In the edge article in March 2025, it was mentioned that SEB debts would be reduced to 5.2 billion at a fixed rate of 4.5% upon completion of the debt restructuring

Response/Answer

A11: The SEB's debt of RM5.2 billion will be restructured into long-term sustainable debt with a fixed interest rate of 4.5% over an eight-year tenor. As the rate is fixed, any reduction in the OPR will have no impact on SEB's debt post restructuring.

Tee Beng Ngo, Tee Beng Choo, Chee Teng Ho, Lim Ba Tai @ Lim Eng Kim, Lim San Kim & Ooi Cheng Kooi posted the following question:

Q12: Please give us some door gifts/ e-vouchers/ e-wallet for attending this RPEV (AGM) as a token of appreciation. Thank you.

Response/Answer

A12: As outlined in the AGM Administrative Guide, the Company does not provide door gifts in conjunction with the General Meetings. We appreciate shareholders' understanding and continued support, which we value greatly as we remain focused on delivering long-term value to all stakeholders.

Lim San Kim posted the following question:

Q13: ANY PLAN to ask those DIRECTORS or POLITICIAN who ACCOUNTABLE for the lost to return the fund back to the company?

Response/Answer

A13: The Company's poor performance and the root causes were identified by the Board Restructuring Task Force.

Unfavorable contracts, especially loss-making projects, emerged as a common material theme. This challenge was exacerbated by the Company's cash crunch, which was further compounded by the unprecedented impact of the Covid-19 pandemic. Sapura Energy was not alone in facing such difficulties, as many global and local competitors also underwent significant debt restructurings due to similar industry conditions.

The challenges faced by the oil and gas services sector, pointing out nearly a decade of chronic underinvestment in the global upstream oil and gas industry. The prolonged "lower-for-longer" oil price environment led to reduced capital spending by exploration and production (E&P) companies, resulting in an ultra-competitive business environment. In response to the intense competition and to secure contracts and sustainable revenue, Sapura Energy, like its counterparts, adopted aggressive competitive strategies and assumed disproportionate risks. However, these risks often accompanied lump sum contracts, such as Engineering, Procurement, Construction, Installation, and Commissioning (EPCIC), which had compressed margins and offered limited protection against adverse events.

To address these challenges, significant steps were taken to mitigate risks and safeguard profit margins, including adopting mindful bidding practices, diligent contract management, and disciplined project execution.

The Company's commitment to learning from past challenges, enhancing risk management practices, and implementing robust strategies to bolster overall performance and drive sustainable growth. The Company's focus remains on delivering long-term value to its shareholders while adhering to the highest standards of corporate governance and ethical conduct.

QR Code Q&A

Janice Ong Pai Ying & Md Naddua Bin Hussin posted the following question:

Q1: In 2019, approximately RM4 billion cash injection was secured from PNB and an additional of RM3.6 billion from the 50% divestment of SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV") to OMV Exploration and Production GmbH ("OMV"). Could you elaborate on how those funds were utilised?

Response/Answer

A1: At the time of the cash call, our total debt level stood at about RM17 billion. Almost the entire proceeds that we received from PNB — approximately RM3.9 billion - was used to repay a portion of that debt.
As for the RM3.6 billion proceeds from the 50% divestment of SapuraOMV to OMV, approximately RM3 billion was similarly allocated to repay the borrowings, while the remaining RM600 million was utilised for working capital purposes. Our debt level has since gone down from RM17 billion to about RM10.6 billion today

Engku Muhammad Faiz Bin Engku Abdul Rahman posted the following question:

Q2: Is the Company considering any potential diversification strategy to venture into the renewable energy sector? If so, what is the timeline for establishing the core 'renewable energy' team after exiting the PN17 status?

Response/Answer

A2: Sapura Energy's approach to the renewable energy sector will revolve around our role as a solutions provider, not a producer of renewable energy. This means offering core solutions services, including engineering & construction, transportation & installation, as well as operations & maintenance services for renewable energy players, especially those in offshore wind energy sector. These core capabilities already exist within the organization, and the Group plans to enhance them further through operational excellence and improved risk management, based on our previous experience in this sector.

Engku Muhammad Faiz Bin Engku Abdul Rahman posted the following question:

Q3: Explanatory Note B for Ordinary Resolution 1, 2 & 3, can BNRC further deliberate how Dato Shahrman Shamsuddin can be an added value in steering this 'new' refreshed company going forward. He has been in the Board since SapuraCrest, SapuraKencana and then Sapura Energy. What is his specific specialty or contribution in the Board that is pertinent towards the transformation or growth of the company.

Response/Answer

- A3: Thank you for your question. We wish to inform you that Dato' Shahrman has resigned as a Director of SEB, effective 25 June 2025. Accordingly, Ordinary Resolution 1 concerning his retirement as Director has been withdrawn, as announced on 26 June 2025

Engku Muhammad Faiz Bin Engku Abdul Rahman posted the following question:

- Q4: Following external MACC investigation on previous top executive remuneration package with SEB, has there been any internal review on entire remuneration offerings to employees of the group. Are the internal salary ranges bloated over time to be way above the market competitive level; are exceptional benefits continue to be extended to employees such as education, housing, transportation etc for foreign hires in Malaysia beyond reasonable time, which cost the companies millions of unnecessary spendings. It is pertinent for the company to pay people right and performance-driven, but not continuously over paid if no action taken to review or get the matter right.**

Response/Answer

- A4: Internally, we have undertaken a comprehensive remuneration benchmarking exercise covering all employee levels to assess competitiveness, alignment to market practices, and performance linkages.

Where necessary, adjustments have been or will be made to ensure pay structures are fair, performance-driven, and within market norms. Specifically, for foreign hires, we are in the process of tightening policies relating to benefits such as housing, education, and transportation to ensure they are granted based on business necessity, local market practices, and clear sunset clauses.

We acknowledge the concern raised, and the company is committed to strengthening controls and governance on all remuneration-related matters, ensuring value for money and alignment with long-term shareholder interests.

Mohd Zairul Bin Mohammad Zin posted the following question:

- Q5: Are there any plans to diversify beyond oil & gas to mitigate industry volatility?**

Response/Answer

- A5: While we continue to see demand for oil and gas in the near to mid-term, we recognize the importance of adapting to a changing energy landscape. Our strategy is to align with the global energy transition and leverage our core strengths as a solutions provider to support initiatives such as asset decommissioning and carbon capture. Additionally, we continue to reduce market volatility risks through the stability provided by long-term contracts in our core businesses.

Azhar Bin Khamaruzaman posted the following question:

- Q6: According to the Directors' Remuneration disclosure, the former Group CEO, Datuk Mohd Anuar Taib, was awarded a bonus of RM865,000 for the financial year before his**

resignation on 31 December 2024. This substantial bonus appears to be primarily linked to the successful one-off divestment of the SapuraOMV stake, rather than a sustainable turnaround in core operational profitability, especially while the Group remains in a significant shareholders' deficit of RM3.4 billion. Could the Chairman of the Board Nomination and Remuneration Committee explain the justification for awarding such a significant bonus for a strategic divestment, and how this aligns with the principle of rewarding sustainable, long-term value creation for all shareholders?

Response/Answer

A6: The decision made reflects a holistic view of leadership performance under extremely challenging circumstances, where the former GCEO's efforts helped sustain operational continuity and laid the groundwork for the upcoming capital injection and longer-term recovery.

The Board carefully considered the former GCEO's role in safeguarding the company's operations during an extremely turbulent year. We believe the bonus reflected not just financial outcomes but also the leadership required to stabilize the business. Sapura Energy recorded a 5.8% increase in Revenue to RM1.2 billion; reached RM241 million in EBITDA; and generated RM275 million free cash flow during the quarter.

Rien Hashim posted the following question:

Q7: How much is the cost of physical meeting

Response/Answer

A7: The anticipated expense for organizing a physical AGM is approximately RM500,000.00

Live Open Mic Q&A

PY Lim posted the following question:

Q1: Are the C-suite adding value or adding cost to the company

Response/Answer

A1: The current leadership of the company are essentially the professionals that were brought into the organization, to help first with the turn around, but also to lead the company moving forward.

The three business CEOs have extensive experience in their fields, with a combined total of over 100 years in the upstream oil and gas industry.

Regarding the recruitment of the leadership, the company has a very rigorous process in how employment is conducted in the organization. Once shortlisted, the candidate will go through several rounds of interviews including with the Board Nomination and Remuneration Committee. The candidates also went through a leadership assessment conducted by a third party to reaffirm their credibility before they are accepted into the organization.

The remuneration is always benchmarked with the industry standards, and the company is just at about 50 percent percentile, basically paying just slightly above the average industry or market rate today.

The company recognizes that it is still in a recovery phase and therefore is very prudent in how employee selection and pay are conducted for those working for SEB today.

PY Lim posted the following question:

Q2: Will any of the ongoing litigation and winding up petitions, whatever the outcome impact or relay the company's restructuring plan and are these cases included in the court sanction order?

Response/Answer

A2: There are 23 scheme companies under the restructuring plan. The company obtained overwhelming support from all creditors in the February's Court Convened Meetings Including those who are filing claims and litigations against us. Given the strong support that we received, we hope that there will not be any impact to our regularization plan. If shareholders approve the plan, the company can proceed with its implementation as agreed upon during the Court Convened Meetings, and all litigation cases and the winding-up petition related to the scheme will be withdrawn.

PY Lim posted the following question:

Q3: The turnaround for FY25 is not from operation but from other income. Without the other income the company is still under huge loss.

Response/Answer

A3: While it is true that for FY2025, our PATAMI was boosted by a one-off gain from the sale of SapuraOMV to TotalEnergies, you must also look at EBITDA as the real indicator of our operational health. I'm pleased to share that we've delivered positive EBITDA for the past three consecutive years.

Our biggest challenge remains the high level of debt and the heavy interest burden—RM863 million in FY2025, compared to RM800 million the year before. This has a significant impact on our bottom line. That said, our operational performance is moving in the right direction, and we're confident that the steps we're taking will put the company firmly on the path to a sustainable turnaround.

PY Lim posted the following question:

Q4: Given that there is an on-going concern basis account, do the auditor have a pro-forma income statement & balance sheet on a non-going concern basis

Response/Answer

A4: The audit opinion that the auditor rendered on the financial statements of SEB for FY 2025 has to be viewed in two parts:

i) The opinion rendered was unqualified and unmodified, i.e. the financial statements for SEB Group for FY 2025 is true and fair in accordance with the various Accounting Standards and Companies Act

ii) It is the auditor's obligation to assess whether the Company's financial statements can be prepared on a going concern basis. As disclosed in Note 2.1 of the financial statements, there are certain events and financial conditions that may cast doubt on the Group's ability to continue as a going concern.

The auditor has reviewed these factors in detail and is satisfied that it remains appropriate to prepare the financial statements on a going concern basis. Accordingly, the auditor opined that the the financial statements present a true and fair view.

. In conclusion, there is no need to prepare the financial statement on any other basis other than a going concern basis.

PY Lim posted the following question:

Q5: What is the MDH shareholding post-restructuring

Response/Answer

A5: **Response from the GCEO**

MDH will subscribe our Redeemable Convertible Loan Stocks ("RCLS")

Under the scenario where they fully convert the RCLS Into the shares, MDH will emerge with around 35% equity holding in the company.

Kamarul Baharin Bin AlBakri posted the following question:

Q6: Potential exposure of Angola Project at this point in time? Is the exposure has been translated in the financial statements or waiting to be accounted later and once that exposure is quantified, what would be the company's process in funding that exposure, whether through debt or shareholders' fund?

Response/Answer

A6: We have fully provided for the Angola Project, recognising foreseeable losses based on the latest forecast at completion. This provision has already been reflected in our P&L and is one of the main reasons for the substantial loss reported in Q1 FY2026.

Funding for the project will come from our internal cash flow. The Group currently holds approximately RM1.6–1.7 billion in unrestricted cash, which is sufficient to complete the works.

The larger issue is cost recovery. In line with prudent accounting, we must recognise potential losses as soon as they are identified. At the same time, we are actively pursuing variation orders for additional reimbursable sums, but we require explicit client approval before we can recognise this revenue.

Rest assured, we are working diligently to recover as much of these costs as possible, while ensuring the project's completion remains fully funded.

Raymond Soh posted the following question:

Q7: Why the auditors did not ring alarm bells before the company went into financial distress, and a suggestion that auditors be under the care of minority shareholders so that they're not biased towards the directors.

Response/Answer

A7: Auditors are appointed to serve all shareholders—not the Board or management specifically. Company performance is reported quarterly, and the signs of deterioration were visible in those reports. Despite various mitigation efforts to address the combined effects of lower oil prices, reduced client spending, the pandemic, and aggressive contracting terms, these factors ultimately converged, leading to the financial distress we face today.

As the GCEO has explained, one of the key triggers for our PN17 classification was the financial position of the Group in 2022. At that time, Ernst & Young issued an audit opinion highlighting a *material uncertainty related to going concern*. This disclosure has been included in our audit reports since 2022, signalling to all stakeholders the significant risks to the Group's financial position.

Raymond Soh posted the following question:

Q8: Why don't the company hold the persons responsible for the mismanagement of the company to be accountable.

Response/Answer

A8: Looking back 10–12 years, around 2014, the industry faced a severe oil price crash—what many called a “lower for longer” period. This triggered a prolonged slowdown in investment, which in turn reduced demand and created overcapacity among service providers like SEB. In that environment, E&P clients not only scaled back projects but also shifted more contractual risk to service providers.

We were not alone in facing these challenges—global peers such as McDermott, Saipem, and Subsea 7 encountered similar pressures. Just as the market was beginning to recover, the COVID-19 pandemic hit, further depressing utilisation of our assets and leaving some idle. During this time, our debt level rose to where it stands today. The core issue was a mismatch between our unsustainable debt load, our business projections, and the earning capacity of our assets—an imbalance we are now addressing through the Regularisation Plan.

As for mismanagement, the Company has reviewed past decisions in detail. In hindsight, those decisions were made based on the market assumptions and information available at the time, and in line with governance processes. We have found no evidence of malice or deliberate mismanagement by previous leadership.

Raymond Soh posted the following question:

Q9: When will the company really get out of PN17?

Response/Answer

A9: We must first achieve the restructuring effective date or RED, which we target to be around August or September this year. Following the Restructuring Effective Date (RED), we must still deliver two consecutive quarters of profit. The timing depends on the regulators' assessment. Based on current assumptions, these would be Q4 FY2026 and Q1 FY2027—i.e., by the first quarter of the next financial year.

Raymond Soh posted the following question:

Q10: The oil and Gas industry is a very viable business but why are you loss-making? Do you take unnecessary risks in discovering and drilling for oil?

Who are the company's major clients — particularly those awarding oil and gas contracts?

Response/Answer

A10: Oil and gas is a viable industry, but we sit on the services side—not as an oil producer. In Malaysia, producers (Production Sharing Contractors) sign with PETRONAS to explore and develop fields. We support them as a contractor: providing rigs, engineering, construction, maintenance, and related services. We don't own reserves or receive upside from discoveries; we're paid fees under day-rate or lump-sum contracts. So we do not take exploration risk or "wildcat" our own wells—our risks are operational and contractual, which we manage through strict HSE and risk controls.

Major clients are primarily national and international oil companies, including PETRONAS and its PSC operators in Malaysia, as well as global and regional IOCs such as Shell, ExxonMobil, TotalEnergies, PTTEP, ENI and Chevron. Awards typically come when via competitive tenders, when we successfully win our bids.

Raymond Soh posted the following question:

Q11: How long will it take for the company to pay back all of the debts before going into profitability?

Response/Answer

A11: The approximately RM10 billion of unsustainable debt that we currently carry can be partially settled by the Company. One way to do this is through the approximately RM2.25 billion we received from the divestment of Sapura OMV. T

The company will also settle a portion of the debt through instruments that convert the debt into equity. About RM5.2 billion will remain as sustainable debt which we will carry moving forward, and these debts will be serviced by two business segments within the group, namely the drilling business as well as the Brazil joint venture. We have an 8-year tenure for this, and the interest rate is fixed.

Considering the amount of debt the company is currently carrying, particularly the interest portion, we anticipate a significant reduction. Specifically, we aim to lower the interest from approximately RM800 million today to about 250 million. This reduction will hopefully alleviate our cash-strapped situation and allow us to manage our business more effectively.

Capt. Gurdip Singh posted the following question:

Q12: Does the Company intend to hold the top management in E&C accountable for the losses in the Angola Project.

Response/Answer

A12: Regarding the Angola project, it's important to clarify that this is not a recurring issue we face year after year. We are currently managing a specific project in Angola. The company bid for this contract in 2022 and won it in 2023. However, the actual execution or implementation of the project only began in December 2024. As of now, we are making good progress, with the completion rate exceeding 60%.

One of the challenges we encounter in this project involves client-issued items. These are the structures provided to us for installation. In some instances, there were faults or deviations from the specifications when we attempted to install them in the offshore environment. This situation has necessitated re-engineering and modification work, which has contributed to the cost overruns we are experiencing.

Additionally, we relied on data provided by the client, which did not meet our expectations. As a result, we had to adjust our plans, work program, and overall approach to executing this project.

In our Engineering and Construction (E&C) business, we are taking deliberate steps to preserve margins and de-risk our operations. One of the key strategies we have implemented is to be very selective with lump sum EPCIC contracts. These types of contracts typically carry more risk because payment is only made upon project completion. This means that the company often has to fund the project upfront before receiving payment, which has led to issues in past projects.

To address this, we are shifting away from traditional lump sum contracts and instead focusing on more manageable day rate and reimbursable contracts. This change allows us to get paid daily for our work and receive reimbursement upon completing specific activities. As a result, we are encountering lower execution risks.

Additionally, this approach provides us with better earnings visibility. Currently, E&C accounts for only about 30% of our order book, with the majority of that portion related to

day rate and reimbursable contracts. This strategy significantly contributes to our overall risk reduction in the business.

Capt Gurdip Singh posted the following question:

Q13: Please elaborate on the reduced rig utilisation and its impact on the revenue

Response/Answer

A13: Regarding rig utilization, our company has a fleet of 11 rigs, with nine currently in operation, leaving two idle currently. One of these is the T9 rig, which we are actively keeping available for bidding in this region.

The challenge we face with the T9 rig is that it is now 21 years old. Recently, some of the tenders issued by clients have stipulated a maximum rig age of 20 years, reduced from the previous limit of 25 years. To ensure our rigs remain acceptable to clients, we are building a case that demonstrates the modifications and refurbishments the T9 rig has undergone. This evidence supports the argument that the rig is effectively maintained despite its age. When in operation, the T9 has performed well and provided good uptime.

The second idle rig, the Pelaut, is significantly older, at approximately 27 years. Our plan for the Pelaut is to repurpose it as an accommodation vessel. We are exploring avenues to reconnect with clients with whom we have maintained strong relationships over the years, to propose viable options for their projects. Additionally, we are investigating ways to extend the useful life of our rigs, ensuring they continue to generate revenue for the company.

Capt Gurdip Singh posted the following question:

Q14: Given that some of the company's assets are aging, what is the plan for asset replacement even under PN 17 status?

Response/Answer

A14: The company must exercise caution and prudence in its current situation. We are not in a position to invest in new assets at this time. Our plan focuses on providing preventive maintenance to ensure that our existing assets are functioning effectively. We will also conduct routine maintenance, as well as upgrades and refurbishments, to keep these assets operational. Currently, increasing capital expenditures (CAPEX) and acquiring new assets is not feasible for the company.

Azhar Bin Khamaruzaman posted the following question:

Q15: The Director's remuneration disclosure shows a substantial bonus of eight RM865,000 was awarded to the former group CEO. Could the Remuneration Board Committee explain how this bonus tied to the one of Sapura OMV divestment is justified as promoting sustainable operational performance while the company remains in a significant shareholder deficit of RM3.4 billion?

Response/Answer

A15: The CEO's bonus was linked to specific key performance indicators (KPIs) during that period, which broadly encompassed two main areas. The first area was operational performance, focusing on the achievement of operational targets.

The second area involved reaching targets associated with the overall restructuring plan, which also included significant divestments. This framework served as the basis for how the committees and the board assessed and determined the final bonus payment.