

METIS ENERGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199006289K)
("Company")

RESPONSE TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Q1. On 10 April 2026, the company announced that it has suffered three years of losses. Notwithstanding that the group operates in the renewable energy sector, which typically requires significant upfront capital investment, the group has progressed to an operational phase with income-generating assets. However, finance costs still have exceeded revenue over the past two years, raising questions on project economics and the sustainability of the capital structure.

The Group wishes to clarify that the finance costs include interest expense arising from lease liabilities. Excluding such item, the remaining finance costs of S\$4,645,000 and S\$4,768,000 in FY2025 and FY2024 respectively would be within the revenue generated from the Group's existing operational projects in Vietnam. At the Group level, a portion of the finance costs relates to funding for assets in Australia that are still under development and commissioning, with the Group expecting such commissioning project to commence revenue contribution in FY2026. Accordingly, the observation regarding finance costs exceeding revenue at the consolidated level should be considered in the context of the Group's current asset development profile and expansion phase.

With the latest losses, accumulated losses have now increased to \$(159.6) million at the group level.

i. Vietnam operations: What specific operational issue at the customer's facility led to the reduction in production volumes? Specifically, was the cause attributable to the customer or to the group? In any case, how does management assess its response and ability to maintain uptime?

The reduction in production volumes was primarily attributable to an operational issue within the broader facility of the relevant customer where the Group's system is deployed, involving certain electrical components that form part of the site infrastructure which are not owned or operated by the Group.

The Group's assets remained operational with no indication of any fault in the Group's systems. Management worked closely with the site team and customer to support diagnostics and restoration of the affected facility. Management also engaged an independent third-party specialist whose assessment indicated that the issue did not originate from the Group's systems.

Management believes that the response was appropriate given the circumstances, and continues to review and enhance the Group's processes to support operational reliability and minimise downtime.

- ii. **Impairment: The group also recognised impairment of \$3.24 million on to EPC1-related payments capitalised as construction-in-progress and other receivables following the discontinuation of a C&I rooftop project. Can management provide a detailed account of the circumstances leading to the discontinuation, the recoverability of these amounts, and the contractual safeguards in place? Was the discontinuation decision made internally by management?**

The discontinuation of the C&I rooftop project arose following Management's periodic review of the Group's Vietnam project pipeline and the commercial viability of projects under development. In FY2025, the Group had two rooftop solar projects under construction, one located in northern Vietnam and the other located in southern Vietnam.

As with rooftop solar projects in Vietnam generally, both projects required the relevant regulatory approvals and permits. During the course of execution, the northern Vietnam project encountered regulatory challenges which created uncertainty in securing the necessary approvals within a commercially viable timeframe.

Taking into account the above, Management determined that continuing with the project would not be prudent from both a cost and risk management perspective.

Subsequently, the Group reviewed the related balances and recognised an impairment of S\$3.24 million, as majority of these costs are related to upfront engineering, procurement and development costs that are project-specific and not transferable. Nevertheless, the Group explored residual recovery options where contractually feasible, including engaging counterparties and evaluating contractual rights.

The project was undertaken with standard contractual protections, including customary provisions such as milestone-based payments, termination clauses and protections aligned with industry practice. However, regulatory approval risk, particularly in evolving jurisdictions, remains an inherent project risk that cannot be fully mitigated.

The decision to discontinue the project was made internally by the Board and Management as part of its disciplined approach to risk management and capital allocation.

- iii. **Project Gunsynd (Australia): With construction completed and the project into commissioning since November 2025, what is the expected timeline to achieve commercial operations and revenue generation?**

Project Gunsynd has completed its construction in November 2025. Following the completion of construction, the project entered into a testing and verification phase referred to as the commissioning phase. During the commissioning phase, the plant was gradually energised and subjected to a series of technical tests to ensure that all components were functioning properly, safely connected to the grid, and capable of operating at the required performance levels. Commencement of commercial operations is anticipated to take place on or before 30 June 2026. As of the date of this announcement, the project has not achieved practical completion, which refers to the final stage of project closure and handover.

Notwithstanding the above, the Group has commenced early generation from the staggered dispatch of electricity to the grid.

- iv. Cash flow and liquidity: Net operating cash flows have been negative for three consecutive years, amounting to \$(18.8) million. How does the board assess the group's liquidity position? Has the group moved past the heavy investment phase, and when does management expect to achieve sustainable positive operating cash flow?**

While the Group has recorded net negative operating cash flows over the past three (3) consecutive financial years, this has been largely driven by the timing of cash flows associated with project development, upfront operating and maintenance costs, and working capital requirements as the Group scales its portfolio.

The Group has been in an active investment and ramp-up phase, characterised by the development and commissioning of projects which typically involve upfront cash outflows ahead of revenue stabilisation. As more projects reach operational maturity, cash flow generation is expected to become progressively more stable and predictable.

While the Group may continue to incur near-term cash flow volatility due to the nature of its business, Management expects operating cash flows to improve over time as the existing portfolio matures and contributes a larger base of recurring revenue.

- Q2. In the section on key management, only the chief financial officer is listed (page 5). In November 2023, the company announced the cessation of the general manager, the chief technical officer, and the chief investment officer. The cessations followed the announcement of appointment of Mr Tang Kin Fei as interim CEO.**

- i. Can the nominating committee elaborate on the depth and breadth of the group's leadership bench, particularly in critical areas such as technical engineering, project execution, investment evaluation and safety management?**

While the Key Management disclosure reflects a streamlined senior leadership structure, the Nominating Committee is satisfied that the Group has adequate depth and breadth across its core operational functions. The Group's leadership structure comprises senior management based in Singapore, who are responsible for overall strategy, capital allocation, investment evaluation, and governance oversight. Beyond the disclosed roles, the Group is supported by functional leads and project teams across key areas, including:

- project execution and site-level operations supported by locally based personnel at respective projects, who are responsible for day-to-day supervision. This structure is further supported by regular physical site visits by Management, which allow direct engagement with on-site teams, monitoring of project progress, and assessment of operational and safety performance;
- investment and commercial evaluation, including financial modelling and risk assessment; and
- health, safety and environmental (HSE) management, ensuring compliance with local regulatory standards and internal policies.

Where necessary, the Group also supplements internal capabilities with external advisors and specialists, particularly in areas requiring project-specific or technical expertise.

ii. To what extent has the group experienced limitations in technical expertise, project execution capabilities or management bandwidth? Have any such gaps contributed to project delivery delays or extended timelines?

The Group has not identified any material limitations in technical expertise, project execution capabilities or management bandwidth that have constrained its ability to deliver projects. The Group continues to leverage experienced internal technical and project management teams, supported by established Engineering Procurement and Construction (EPC) contractors and external specialist advisors. Core capabilities in project execution and asset management remain intact and have been demonstrated across the Group's operating portfolio.

Given the nature of the Group's business, project timelines are influenced by a range of external factors, including permitting processes, counterparty readiness and supply chain dynamics. Such factors may from time to time result in adjustments to the project timelines. Where projects have experienced extended timelines, these have been primarily attributable to such external and regulatory factors, rather than internal capability gaps.

iii. How does the board assess the adequacy of the group's organisational structure and leadership capabilities relative to its project pipeline? Is the board looking to appoint a permanent CEO with a proven track record in developing and operating large-scale renewable energy projects to help the current team? What criteria are being applied, and what is the timeline for this appointment?

The Board regularly reviews the Group's organisation structure and leadership capabilities, taking into account the scale and progression of its operation. At this juncture, the Board is of the view that the existing leadership structure, supported by the Group's functional teams and external partners, is appropriate for the current stage of operations and ongoing projects. The appointment of the Chairman as Interim CEO has provided continuity and stability in oversight and execution during this period.

The Board will continue to assess the Group's leadership needs as the business evolves. In this context, it remains open to strengthening the senior management team, including the potential appointment of a permanent CEO.

The Board's priority with respect to the appointment of a permanent CEO is to ensure the right long-term fit for the Group. Any such appointment would be subject to the Board's usual selection considerations, including relevant industry experience, leadership capabilities, and alignment with the Group's strategic direction. The Board will make an appropriate announcement once a suitable candidate has been identified and appointed.

iv. The executive committee did not hold any meetings in FY2025. Can the board explain the rationale for this, and how key operational matters were overseen during the year?

The executive committee did not convene meetings separately during FY2025 as the Board determined that key operational and strategic matters were more effectively addressed at the full Board level during the year.

The Board held regular meetings throughout FY2025, during which Management provided comprehensive updates on the operational performance, project development, financial matters, and key risks. These regular Board meetings effectively served as the primary

forum for discussion, review and decision-making on matters that would otherwise fall within the scope of the executive committee.

Q3. As at 31 December 2025, the company has \$63.9 million in amounts due to related parties. One loan had a maturity date as early as 31 December 2025, and another significant loan is repayable on demand. The related parties have, however, agreed not to demand repayment on the current amounts before 15 December 2027.

i. Have the independent directors evaluated the group's capital structure, and what is considered an optimal capital structure to support its strategy?

The independent directors, as part of the Board's ongoing oversight, have evaluated the Group's capital structure in the context of its current business model and funding requirements.

The Group operates in a capital-intensive sector. In this context, the current capital structure reflects the development and investment phase of the Group's assets and associated timing of cash flows. It provides the Group with a degree of funding stability and flexibility as it progresses from project development stage into operational and cash-generating stage.

The Board considers an appropriate capital structure as one that provides sufficient financial flexibility to support project development and operation, ensuring the Group can meet its cash needs and has access to funding when required.

The Board will continue to monitor the Group's capital structure as projects mature and cash flows stabilise.

ii. What alternative sources of financing has the board explored, including project financing, bank facilities or capital markets? What challenges has the group faced in securing third-party funding?

The Board and Management have evaluated a range of financing options to support the Group's funding needs, including project financing, bank facilities, and capital market instruments where appropriate.

As is common in renewable energy portfolios, challenges in securing third-party financing on optimal terms may include (a) the development-stage nature of assets with limited operating track record; (b) lender requirements for construction completion and stabilised cash flows; (c) prevailing market and jurisdiction-specific credit conditions; and (d) structuring considerations that may require higher equity contribution or sponsor support in early project phases.

Notwithstanding the above, the Group has successfully obtained project finance for Project Gunsynd and partial financing for its portfolios in Vietnam. The Group continues to (a) work towards securing project-level financing as assets reach operational stability; (b) maintain active dialogue with banks and potential institutional lenders; and (c) explore capital market opportunities where appropriate, taking into account timing, scale and cost of capital considerations.

iii. How does the board assess the group's ability to operate independently of related party funding? Upon completion of the current project pipeline, does the board expect the business to transition to a self-sustaining, standalone model without continued reliance on such support?

The Group's funding structure reflects the nature of its business, which is asset-intensive and where funding is typically staged across development, construction and commissioning

phases. The combination of funding sources, including related party funding, has been utilised to support the Group's growth and project development.

As the current projects are progressively completed and reach commercial operations, the Group expects that a greater proportion of funding requirements will be met through internally generated operating cash flows. With the stabilised cash flow of operating assets, the Group will be better positioned to access third-party financing at both project and corporate levels, thereby reducing reliance on related-party support over time.

The Board's objective is to ensure that any funding support remains flexible, proportionate and aligned with the Group's evolving financing needs during its growth phase.

On behalf of the Board

Tang Kin Fei
Board Chairman
15 May 2026