

GSS ENERGY LIMITED
 (Company Registration No.: 201432529C)
 (Incorporated in the Republic of Singapore)
 (the “Company”)

**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS
 AT THE ELEVENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON 28 APRIL 2026**

Ordinary Resolution 1: Directors’ Statement and Audited Financial Statements for FY2025	
Question 1 (Shareholder #1)	It was noted that while revenue and customer base have improved, gross profit margins remain low, and costs continue to weigh on profitability. Please clarify how the Company intends to address margin pressures and improve profitability going forward.
Answer (Group CEO)	<p>The gross profit margins have been impacted by cost pressures and changes in the business model. Over the past 12 months, the Group has implemented measures to optimise its operations and manage costs.</p> <p>A key initiative is the shift towards a consignment-based model, where customers supply materials. While this results in lower gross margins, it significantly reduces financing requirements and exposure to interest rate fluctuations, which have adversely affected profitability in recent years.</p> <p>In addition, the Group has undertaken operational improvements, including streamlining processes and enhancing efficiency, contributing to a reduction in operating costs over recent months.</p> <p>Looking ahead, the Group will continue to focus on operational efficiency, cost discipline, and sustainable business practices to support improvements in profitability.</p>
Question 2 (Shareholder #1)	Does the Company expect gross profit margins to improve from the current level of approximately 7.42%, and is there a target for profitability?
Answer (Group CEO)	<p>The gross profit margins may fluctuate depending on the product mix and business segments, as different segments (e.g. precision engineering, printed circuit board assembly (PCBA), and plastic injection moulding) carry varying margin profiles.</p> <p>While no gross margin target was provided, the Company remains focused on improving overall profitability through operational efficiency and business optimisation.</p> <p><u>Note:</u> Shareholders may refer to the Company’s profit guidance announcement for the financial year ending 31 December 2026 released on SGXNet on 28 April 2026 (announcement reference: SG260428OTHREOCR) for further details.</p>

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Question 3 (Shareholder #1)	What is the sustainability of earnings given ongoing cost pressures and operational challenges?
Answer (Group CEO)	<p>Based on internal budget and forecasts prepared by the Chief Operating Officer and the Chief Financial Officer, the Group is working towards improving overall net profitability.</p> <p>The losses in FY2025 included non-cash items. The difference between accounting losses and cash flow performance was also highlighted.</p> <p>The Group will continue to focus on strengthening its core engineering business and improving earnings sustainability through better cost management and operational efficiency.</p>
Question 4 (Shareholder #1)	Can Management clarify the Company's current funding position and utilisation of recent fund-raising proceeds?
Answer (Group CEO)	Approximately S\$5.47 million raised recently has been deployed for working capital purposes and to support product and business development of the Group's battery pack business, including preparation for production and fulfilment of customer orders.
Question 5 (Shareholder #1)	What is the Company's outlook for new orders and working capital requirements?
Answer (Group CEO)	The Group remains cautiously optimistic for the remainder of the year, supported by potential supply chain shifts and new customer opportunities. However, increasing order volumes will require management of working capital. The Group will continue to engage with financial institutions and other funders and explore appropriate funding arrangements to support growth.
Question 6 (Shareholder #1)	How does the Company intend to manage funding requirements while balancing growth and cost pressures?
Answer (Group CEO)	The funding decisions will depend on business demand, customer mix, and project pipeline. The Group will continue to assess suitable funding options, including bank financing, while maintaining financial prudence.
Question 7 (Shareholder #1)	Can Management provide an update on the battery pack business and its operational readiness?
Answer (Group CEO)	<p>The battery pack business is in its early stages, with initial customer orders being secured subject to qualification and project timelines.</p> <p>The Company has established initial production capacity and will expand progressively in line with demand.</p>

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Question 8 (Shareholder #1)	What is the expected timeline for breakeven and growth of the battery pack segment?
Answer (Group CEO)	<p>The battery pack business may achieve breakeven within approximately 12 to 18 months, depending on order volume and customer mix.</p> <p>The segment remains a strategic growth area aligned with increasing demand in the energy storage sector.</p>
Question 9 (Shareholder #1)	What is the strategic rationale for focusing on energy storage and battery pack operations?
Answer (Group CEO)	<p>The energy storage sector is part of a growing global supply chain driven by electrification and renewable energy demand.</p> <p>The Group collaborates with strategic partners who also function as sales channels, enabling access to broader market opportunities.</p>
Question 10 (Shareholder #1)	Can Management provide clarification on the Company's geographical revenue concentration and associated risks?
Answer (Group CEO)	<p>A significantly portion of the Group's revenue, approximately 80% to 85%, is derived from its operations in Batam, Indonesia, with contribution from the energy storage and battery pack segment.</p> <p>The Company also maintains operations in China and Singapore, with China focusing on metal parts manufacturing. While Batam remains the key revenue driver, Management continues to monitor geographical concentration risks and aims to optimise its operational footprint accordingly.</p>
Question 11 (Shareholder #1)	How does the Company manage rising costs, including energy and logistics expenses, and what is the impact on profitability?
Answer (Group CEO)	<p>The cost pressures are mitigated through several mechanisms:</p> <ol style="list-style-type: none"> 1. Under the consignment model, raw material cost fluctuations are largely borne by customers; 2. Certain cost increases, such as logistics or energy-related costs, may be contractually passed through customers within agreed thresholds; and 3. Government subsidies in certain jurisdictions help cushion increases in energy costs. <p>These measures, together with operational improvements, help manage the impact on profitability.</p>

Ordinary Resolution 5: Authority to Allot and Issue Shares	
Question 12 (Shareholder #1)	The Company has undertaken several fund-raising exercises in recent years, including the previous rights issue. Does the Company expect to undertake another rights issue in the near future, and what is the current funding outlook?
Answer (Group CEO)	<p>The previous rights issue was undertaken primarily to address working capital requirements.</p> <p>At present, there are no immediate plans for a rights issue or equity fund-raising exercise. The Group is working to strengthen its financial position through operational improvements, including the adoption of a consignment-based model to reduce working capital requirements, as well as efforts to improve access to banking facilities to support cash flow needs.</p> <p>However, any future fund-raising will be considered on a case-by-case basis, particularly where strategic opportunities arise that are beneficial to the Group's growth and profitability.</p>
Question 13 (Shareholder #1)	Under what circumstances would the Company consider undertaking a rights issue?
Answer (Group CEO)	<p>A rights issue would be considered if there are significant business opportunities requiring additional capital, and where such opportunities are expected to be value-accretive for the Company.</p> <p>Any decision would be assessed carefully, taking into account the Company's financial position, available funding alternatives, and overall benefits to shareholders.</p>
Question 14 (Shareholder #1)	Besides rights issues, what alternative fund-raising options would the Company consider, and how would such decisions be made?
Answer (Group CEO)	<p>The Company remains open to various fund-raising options, including share placements and bank financing.</p> <p>The selection of funding method will depend on prevailing circumstances, including the Company's financial position, cash flow requirements, market conditions, level of investor participation, and the strategic value of the relevant opportunities. The Board will adopt the most appropriate funding structure in the best interests of the Company and its shareholders.</p>
Question 15 (Shareholder #1)	How would the Company determine the pricing for any potential fund-raising exercise, such as placements or rights issues?
Answer (ID)	<p>The pricing considerations will be guided by financial discipline. In general, Management will assess whether the cost of financing is lower than the expected return on investment from the use of proceeds.</p> <p>Any pricing will also take into account prevailing market conditions and regulatory requirements at the time of the fund-raising exercise.</p>

Ordinary Resolution 5: Authority to Allot and Issue Shares	
Question 16 (Shareholder #1)	Have the proceeds from previous fund-raising exercises been fully utilised?
Answer (Group CEO)	The net proceeds from past fund-raising exercises have been fully utilised. Shareholders were referred to the Company's AR and SGXNet announcements for further details.

Definitions:

- AR* - *Annual Report 2025*
- Board* - *Board of Directors of the Company*
- FY2025* - *Financial year ended 31 December 2025*
- Group CEO* - *Mr. Yeung Kin Bond, Sydney (Group Chief Executive Officer and Executive Director)*
- Group* - *The Company and its subsidiaries*
- ID* - *Mr. Wong Quee Quee, Jeffrey (Non-Executive Independent Director)*
- Management* - *Executive and senior management of the Company*