

UPDATE ON BUSINESS OPERATIONS AND CAPITAL STRENGTHENING INITIATIVES

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of Annica Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to provide shareholders with an update on the Group’s business operations, operating outlook and capital strengthening initiatives, following the release of the Group’s unaudited financial results for the first quarter ended 31 March 2026 (“**Q1 FY2026**”) and the completion of the share consolidation exercise.

2. BALANCE SHEET STRENGTHENING THROUGH CORPORATE ACTIONS

- 2.1. The Company recently completed the disposal of a 60% stake in Panah Jaya Makmur Sdn Bhd (“**PJM**”) for an aggregate consideration of S\$488,000 (“**Disposal**”). The Disposal is in line with the Group’s ongoing efforts to strengthen its balance sheet and improve capital efficiency.
- 2.2. The Disposal forms part of the Group’s ongoing efforts to streamline its business operations and optimise resource allocation across the Group’s business segments.
- 2.3. The Board believes that this strategic rationalisation enables the Group to focus resources on opportunities within its integrated engineering solutions and renewable energy business segments.

3. TIMING DIFFERENCE IN REVENUE RECOGNITION

- 3.1. The Board wishes to clarify that the lower revenue reported in Q1 FY2026 was primarily attributable to timing differences in revenue recognition.
- 3.2. As at 31 March 2026, the shipment and completion process for certain project remains ongoing, and the recognition of revenue for such project has accordingly been deferred to subsequent quarters in accordance with applicable accounting standards.
- 3.3. Accordingly, the Board wishes to clarify that the lower revenue recognised in Q1 FY2026 does not necessarily reflect a material deterioration in the Group’s underlying business activities or customer demand, but was largely attributable to project execution and accounting recognition timing differences.
- 3.4. As at the date of this announcement, the Group has a secured order book of at least S\$5.2 million, which is expected to provide revenue visibility for the current financial year ending 31 December 2026 (“**FY2026**”), subject to project execution milestones and applicable accounting recognition standards.
- 3.5. The Group expects the progressive execution and recognition of these projects to strengthen the Group’s operating performance and financial position for FY2026.

4. OUTLOOK ON THE INTEGRATED ENGINEERING SOLUTIONS SEGMENT

- 4.1. Notwithstanding ongoing developments in the global energy markets, the Board is of the view that the oil and gas industry continues to remain relevant, particularly in the context of global energy security and supply stability considerations.

- 4.2. The Board remains optimistic that the Group's integrated engineering solutions segment will continue to remain resilient and serve as the principal contributor to the Group's earnings, supported by established customer relationships, recurring business opportunities and existing project visibility.

5. DEVELOPMENTS IN THE RENEWABLE ENERGY SEGMENT

- 5.1. The Group's renewable energy segment, which recorded its maiden contribution in the financial year ended 31 December 2025, continues to gain traction as part of the Group's long-term growth strategy.
- 5.2. Regionally, less densely populated areas experience high cost in either transporting diesel fuel for electricity generation or when attempting to connect to the local power grid. The Group believes that its renewable energy offering, comprising, *inter alia*, modular deployable solar-hydrogen hybrid systems and direct methanol fuel cells, offers an economically viable and clean energy alternative.
- 5.3. The Board believes that growing demand for decentralised energy and energy security solutions across Malaysia and the ASEAN region may provide opportunities for future growth.
- 5.4. The Group will continue to pursue opportunities in hybrid energy systems, decentralised power solutions and sustainable infrastructure projects while maintaining a disciplined approach towards execution and capital management.

6. SUPPORT FOR THE COMPANY'S PROPOSED RIGHTS ISSUE EXERCISE

- 6.1. The Board wishes to reiterate that the proposed rights issue announced by the Company on 10 March 2026 remains an important initiative to strengthen the Company's capital base and support the Group's operational requirements and business plans.
- 6.2. The Company refers to its announcement dated 11 May 2026. The shares of the Company ("**Shares**") will trade on a "cum-rights" basis on the Catalist of the SGX-ST up to 5.00 p.m. on 29 May 2026. The Shares will commence trading on an "ex-rights" basis from 9.00 a.m. on 2 June 2026. Accordingly, any person who acquire Shares on or after 2 June 2026 will not be entitled to any provisional allotment of rights shares pursuant to the proposed rights issue.
- 6.3. The Company wishes to highlight that one of its shareholders and certain Directors (who are shareholders of the Company) remain supportive of the proposed rights issue and committed to their irrevocable undertakings previously provided to subscribe for their respective entitlements under the proposed rights issue, reflecting their continued confidence in and support for the Group and its capital strengthening initiatives.

7. FURTHER ANNOUNCEMENTS

- 7.1 The Company will continue to update shareholders on material developments relating to the Group's business operations, the proposed rights issue and other corporate developments as and when appropriate, in accordance with the requirements of the Catalist Rules.

By Order of the Board

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

20 May 2026

*This announcement has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**").*

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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