

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)
(Incorporated in Malaysia)

**EXTRAORDINARY GENERAL MEETING (VIRTUAL)
Thursday, 14 November 2024 AT 10.00 A.M.**

QUESTIONS AND ANSWERS

Azhar Bin Khamaruzaman posted the following question:

Q1: What due diligence activities were undertaken by Sapura Energy in evaluating TotalEnergies as the buyer for SapuraOMV? What factors were considered in assessing their suitability and ensuring a successful transaction?

Response/Answer

A1: With respect to due diligence, each shortlisted bidder was required to be subjected to an extensive due diligence process conducted by PETRONAS Malaysia Petroleum Management (MPM) to ascertain its financial creditworthiness and technical competency, as well as its compatibility with Petronas's requirements for the Malaysian market.

These are the key factors affording us comfort that a successful transaction would be achieved.

Azhar Bin Khamaruzaman posted the following question:

Q2: The circular mentions the potential risk of not obtaining necessary approvals and/or conditions not being satisfied by the cut-off date, potentially impacting the completion of the proposed disposal. Can you elaborate on the key approvals and conditions that are still pending and the associated timelines for obtaining them?

Response/Answer

A2: As disclosed in Section 6 of the Circular, the Proposed Disposal is subject to 3 (three) regulatory approvals being obtained, as set out below:

- a) approval of PETRONAS through Malaysia Petroleum Management for any change of control in respect of the PSCs for Blocks SK310, SK408 and SB412, which was obtained on 10 June 2024, with effect from 1 January 2025;
- b) approval of the National Hydrocarbons Commissions of Mexico (CNH) for the indirect assignment of the corporate and management control of SapuraOMV Block 30 in respect of Block 30 PSC; and
- c) approval of The National Offshore Petroleum Titles Administrator of Australia (NOPTA) for the change in control of SapuraOMV (Western Australia) in respect of the Australia Permit held by the SapuraOMV Group.

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

Approval from NOPTA has been secured on 28th November 2024 while on CNH approval, SEB has obtained a waiver from Total Energies & has secured an indemnity from TTE in respect of the Condition Precedent.

Azhar Bin Khamaruzaman posted the following question:

Q3: What contingency plans are in place if Sapura Energy fails to obtain the required approvals or meet the conditions for the proposed disposal? What alternative options would Sapura Energy consider in such a scenario?

Response/Answer

A3: Sapura Upstream Assets (SUA) executed the Sales and Purchase Agreement (SPA) with TotalEnergies on the 22nd April, approximately 6 and a half months ago. It is quite common for a transaction of this size, with multi-jurisdictional approvals required, to take at least 12 to 18 months to complete.

Thus, we are moving relatively rapidly and in the event the conditions are not met by the 31st December, 2024 we do have a long stop date specified in the SPA which would allow both parties sufficient time to work together to close out any such outstanding matters, if any.

Azhar Bin Khamaruzaman posted the following question:

Q4. What are the potential risks and challenges associated with Sapura Energy's exit from the Exploration & Production (E&P) business? How does the board plan to mitigate these risks and ensure a smooth transition for the company?

Response/Answer

A4: We do not view our exit from the E&P business as creating any particular risks or challenges. Rather, we view it as an opportunity to focus all our resources on our core businesses, namely as an offshore integrated contractor and service provider.

Azhar Bin Khamaruzaman posted the following question:

Q5: The circular mentions an implied EV of USD 1,366.0 million for 100% of SapuraOMV on a "debt-free, cash-free" basis. Could you elaborate on what "debt-free, cash-free" means in this context and how it impacts the valuation?

Response/Answer

A5 Enterprise value on a "debt-free, cash-free" basis represents the amount the buyer is willing to pay to the seller for the acquisition without assuming the seller's debts nor acquiring its cash. In this context, the buyer and Sapura Upstream Assets agreed that the equity interest of SapuraOMV Group would be transferred at a consideration of USD705.3 million as disclosed in the Circular without debt and without excess cash.

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

Azhar Bin Khamaruzaman posted the following question:

Q6: The circular states that the Cash Consideration of USD 530.3 million is subject to closing adjustments. Could you provide more detail about the nature of these adjustments and how they could potentially affect the final amount received by Sapura Energy?

Response/Answer

A6: The closing adjustments consists of deductions and additions as follows:-

- o An addition of an agreed interest rate of 5% per annum on the Cash Consideration. This reflects the opportunity cost to the Seller for holding the Cash Consideration from the Locked Box Date up to the date of Completion.
- o A deduction for payments made by the SapuraOMV Group to Sapura Energy for example dividend, interest and waivers, to name a few, from the Locked Box Date until the Completion Date including an interest of 5% per year on these payment amounts.
- o An addition for any payments including in kind, such as additional capital contributions, commitments, or payments made by Sapura Energy to the SapuraOMV Group from the Locked Box Date until the Completion Date including interest at 5% per annum on these amounts.

Azhar Bin Khamaruzaman posted the following question:

Q7: There seems to be a discrepancy between the implied cash consideration for the OMV Sale (USD 553.0 million, excluding shareholder loan) and the Cash Consideration for the Proposed Disposal (USD 530.3 million). Could you please explain the reasons for this difference beyond OMV AG holding unencumbered shares and having consolidation rights? Are there any other factors that contribute to this difference in valuation?

Response/Answer

A7: We are not in a position to comment on the transaction entered into between OMV E&P and TOTAL. Suffice to say that the Board of Sapura Energy were satisfied with the rationale of the offer after careful assessment of the offer by TotalEnergies. Other than the two reasons stated in the Circular, we are not aware of any other reasons that would account for the difference in the purchase price, nor do we consider it appropriate to speculate on this matter.

Azhar Bin Khamaruzaman, Chia Hang Kian and Tan Kok Khing posted the following questions respectively (Similar question posted by **Gan Wei Fong**):

Q8: The proceeds from the disposal are intended to be used towards the repayment of outstanding liabilities under the debt restructuring plan dated November 10, 2023. Can you provide a detailed breakdown of the specific debts that will be repaid using these proceeds?

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

Q9 Does the sales proceeds of SapuraOMV is utilized to settle Bank's creditor or 2000 vendors?

Q10 Will the sales proceeds use for repayment of the existing loans/borrowings?

Response/Answer

A8, The debts to be paid from the proceeds include amounts owed to:

A9 &

- A10: (i) the financiers under the Multi Currency Facilities of approximately RM10.6 billion; and
 (ii) other unsecured creditors of our Group, including certain designated contingent creditors, the claims of which are still being ascertained under the proof of debt exercise.

Azhar Bin Khamaruzaman posted the following question:

Q11: The circular states that the exact breakdown of the amount to be repaid to the MCF Financiers and other creditors can only be determined after the conclusion of the proof of debt exercise. What is the estimated timeline for concluding this exercise, and when can shareholders expect more clarity on the debt repayment allocation?

Response/Answer

A11: We appreciate our stakeholders' concerns of the expected restructuring timeline. The Group is in the final stages of completing its proof of debt exercise. However, this is a very large and complex exercise which involves many moving parts. Further, the Board wants to ensure a fair and equitable outcome to all stakeholders, and this takes time to achieve. Rest assured, we will continue to inform our stakeholders through announcements as and when we achieve significant milestones.

Azhar Bin Khamaruzaman posted the following questions:

Q12: While the disposal proceeds will be used to repay debts, they will be held in trust for at least six months from the completion of the disposal. What is the rationale behind holding the proceeds in trust, and what are the implications for Sapura Energy's financial flexibility during this period?

Response/Answer

A12: The security arrangement under the Conditional SPA sets up a fixed charge in favor of the Security Trustee, who will hold it on behalf of TotalEnergies Holdings SAS (TTE) and Sapura Energy Berhad (SEB). This structure provides reassurance to both parties:

- For TTE, it ensures that even amid uncertainties in the Group's financial health, SUA can meet its obligations under the Conditional SPA after Completion. This includes potential warranty claims and any necessary post-Completion adjustments.

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

- For SEB, the structure also assures that, after accounting for any legitimate claims from TTE, the net sale proceeds are designated from the start for specific uses according to the PRS from 10 November 2023.

Azhar Bin Khamaruzaman, Nelson Benjamin A/L Jeyapaul Samathanam, Choong Kean Leang Lee Kian Hong and posted the following questions respectively (similar question posted by **Mazlan Bin Yusoff**):

Q13: The disposal is not a direct part of Sapura Energy's regularization plan to address its PN17 status. Could the board provide a more detailed timeline for the submission and announcement of the regularization plan? What key steps are being taken to ensure the plan's effectiveness in lifting the PN17 status?

Q14 How soon do you expect Sapura to exit the PN17 status after the EGM passes this motion today?

Q15 With the disposal, how soon the company can exit PN17?

Q16 How long will take to exits PN17 after completion today agenda?

Response/Answer

A13, A14, A15 & A16: The successful implementation of Sapura Energy's Regularisation Plan to declassify the Group's PN17 status hinges upon our debt restructuring plan which are three pronged, comprising restructuring the Group's unsustainable debts, improving operational performance, and rationalising our resource base.

Given the large and complex debt restructuring exercise, Bursa Malaysia Securities Berhad has granted us an extension until 30 November 2024 to submit our Regularisation Plan. We are actively collaborating with our Principal Adviser MIDF Amanah Investment Bank Berhad to formulate. Once again, we appreciate your concern.

Azhar Bin Khamaruzaman posted the following question:

Q17: The sources indicate that Sapura Energy intends to focus on its core business segments: Engineering & Construction (E&C), Drilling, and Operations & Maintenance (O&M), and pursue opportunities in energy transition projects. What specific energy transition projects are Sapura Energy currently exploring or considering? Can you provide examples of potential projects and partnerships that align with this strategy?

Response/Answer

A17: To ensure the company's sustainability beyond the restructuring, we are actively exploring growth based on our core capabilities as a solutions provider, and new business opportunities that support the global energy transition. One such example is Kitar Solutions, established through a strategic partnership with AF Offshore Decom, offering clients differentiated value through integrated Engineering, Preparations, Removal, and

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

Disposal ("EPRD") services. The Group is also making foray into CCS through pipeline FEED in Aramis project.

Ng See Boon posted the following question (similar question posted by **Mazlan Bin Yusoff**):

Q18: Please disclose who is the "white knight" and is the company on track to submit regularisation plan which due on 30th November 2024?

Response/Answer

A18: We appreciate our stakeholders' interest in our White Knight, but we are currently obliged to keep its identity confidential. Rest assured that we will make appropriate announcements as and when we achieve critical milestones in our restructuring exercise.

As mentioned, Bursa Malaysia Securities Berhad has granted us an extension until 30 November 2024 to submit our Regularisation Plan. We are actively collaborating with our Principal Adviser MIDF Amanah Investment Bank Berhad to formulate. Once again, we appreciate your concern.

Choong Kean Leang and **Nelson Benjamin A/L Jeyapaul Samathanam** posted the following questions respectively:

Q19: With the disposal, will the dividend be allocated for shareholders?

Q20: Now that you are realising about close to RM3bil from this sale, why no pay at least 1 sen dividend to loyal shareholders like me who bought your company at a high price and have been holding your share for many years. I calculate that 1 sen dividend will work out out about RM180mil.

Response/Answer

A19 & A20: While Sapura Energy expects to record a proforma net gain on disposal, the Company is currently insolvent/ deficit in Shareholders' Fund position. As such, dividend distribution is not permitted under the Companies Act 2016.

Nelson Benjamin A/L Jeyapaul Samathanam posted the following question:

Q21: Once this RM3bil deal is settled via the EGM today, what else can the board do to reduce the huge debt for the company? Is this balance of debt after restructuring sustainable for the company in future? What other hurdles do you anticipate in future? Is there actually a white knight to help Sapura or is this all rumours and only talk to create hype about the company?

Response/Answer

A21: Sapura Energy is working with our advisors and is actively developing a fair and equitable solution to address the Company's debt and capital structure. It is the aim of our

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

Regularisation Plan, currently being developed, to address not only the debt level of the company, but also our future operational performance.

The Board can confirm that there is indeed a White Knight willing to invest in the company as part of our proposed restructuring plan. The formal letter of support from the White Knight, which was obtained in February 2024, serves as a valuable endorsement for our restructuring plan.

Azhar Bin Khamaruzaman posted the following question:

Q22: The circular notes that Sapura Energy's prospects are constrained by limited access to working capital and bank guarantee facilities. What steps are being taken to address these constraints and enhance Sapura Energy's ability to secure new contracts and execute projects effectively?

Response/Answer

A22: The Group's restructuring efforts focus on resolving financial challenges sustainably by reducing debt and attracting new investment, with positive progress on both fronts. Once approved and implemented, our Regularisation Plan aims to establish a stable foundation for future growth.

To manage current financial constraints, we work closely with clients to create affordable project cash flows and explore alternative security arrangements instead of traditional bank guarantees. Admittedly there were times we've had to pass on contracts that no longer align with our risk tolerance.

Despite these hurdles, we are actively pursuing new opportunities. As of Q2 FY2025, the Group's orderbook stands at RM5.9 billion, with an additional RM6.1 billion in orders from our joint ventures and associates.

Muhammad Alim Adha Bin Makhtar posted the following question:

Q23: Apakah langkah kontijensi oleh pihak pengurusan bagi memulihkan kewangan syarikat selain dari penjualan aset-aset yang dimiliki?

Response/Answer

A23: The strategic foundation of the Regularisation Plan lies in the Group's Restructuring Plan, which encompasses three (3) key priorities. Firstly, rebuilding the balance sheet through enhancing the Group's capital structure and financial framework, which involves reducing unsustainable debt and resolving aged payables through a Scheme of Arrangement.

Secondly, enhancing operational efficiency by adhering to the guiding principle of "Bid Right, Execute with Discipline." This involves refocusing the bid funnel based on capabilities and risk appetite, emphasizing opportunities beyond the traditional market in Malaysia, improving productivity and project execution discipline to focus on cash

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

generation and profitability, and implementing a more robust risk management framework.

Thirdly, focusing future business direction and growth based on core capabilities as a solutions provider, with a particular emphasis on Energy Transition plans.

Nelson Benjamin A/L Jeyapaul Samathanam posted the following questions:

Q24: Hi Datuk is Sapura Energy going to have any cash call in the coming months from investors after this EGM or after the restructuring?

Q25: Why not Sapura carry out private placement instead if they are in need of extra cash instead of asking for fresh funds from shareholders?

Response/Answer

A24 & Sapura Energy has no immediate plans to seek additional funds from investors.

A25:

Nelson Benjamin A/L Jeyapaul Samathanam posted the following question:

Q26: Hi Datuk is Sapura Energy planning to do any capital reduction which will reduce our holding shares and affect shareholders like me in the coming months? Like example 10 shares becoming 1 share?

Response/Answer

A26: Sapura Energy is working with our advisors to actively develop a fair and equitable solution to address the Company's debt and capital structure. However, as negotiations with relevant stakeholders are ongoing, it is premature to provide any specific details at this juncture. Rest assured we will make appropriate announcement as we achieve critical milestones in our restructuring.

Ariff Bin Adam posted the following question:

Q27: How does the board view future challenges in regards to the company's long term survival? If war broke out in the middle east, oil price per barrel breaks above USD 100.00 per barrel, will this type of event bring higher revenue to the company?

Response/Answer

A27: We are unable to speculate the effects of war or country invasion on oil prices and the energy market as a whole. As an energy service provider, the oil prices do not immediately impact our earnings. However, since oil price fluctuation influence the decisions of our clients, we closely monitor its movement to mitigate impending risks. Our people's resilience and adaptability have helped the Group to navigate the uncertainties, while expanding our service offerings to address the needs of the industry.

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

Tan Kok Khing posted the following question:

Q28: Does any deduction from sale proceeds impose by SapuraOMV or Petronas or any parties?

Response/Answer

A28: No, there is no deduction imposed by PETRONAS, SapuraOMV or any other party.

Ho Yueh Weng posted the following question:

Q29: What was the total cost of our original acquisition that now we are forced to dispose, and what loss or gains will our Co. realise for this disposal? And the total final costs/expenditure for carrying out this disposal?

Response/Answer

As disclosed in Section 2.8 of the Circular, the Company's original cost of investment for 100% equity interest in SapuraOMV is USD896.0 million. Subsequently, on 9 November 2018, our Company divested our 50% equity interest in SapuraOMV to OMV E&P for a cash consideration of USD540.0 million.

We are expected to record a proforma gain of RM470.1 million, net of estimated incidental costs of disposal and capital gains tax of RM77.6 million.

Teo Cher Ming posted the following question:

Q30: How much finance cost savings is expected from this disposal as it was reported that Sapura has accepted MCF creditor terms?

Response/Answer

A29: The proposed repayment of the SapuraOMV Debt is expected to result in interest savings to our Group. However, the quantum of interest savings cannot be determined at this juncture pending the conclusion of the proof of debt exercise, sanctioning of the schemes by the High Court of Malaya, and implementation of the 10 November 2023 PRS on the Restructuring Effective Date.

Mohd Helmy Rizal Bin Abdullah posted the following questions:

Q31: What further concrete actions are being taken to improve the situation our company is in? Thank you.

Response/Answer

A31: In examining the root causes of our situation, the Board Restructuring Task Force identified unfavourable contracts, particularly projects that have become loss-making, as a common material theme. It is worth noting that this challenge is not unique to Sapura

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

Energy; many of our global competitors have also undergone substantial debt restructurings due to similar industry conditions.

Through our mantra of "Bid Right and Execute with Discipline," we have taken significant steps to mitigate risks and protect profit margins through improved bidding practices, diligent contract management and disciplined project execution. This approach has shown positive results, as reflected in our positive EBITDA in the last financial year (FY2024) and second quarter of the current financial year (Q2FY2025).

Lee Kian Hong posted the following question:

Q32: What is the direction of company after finance restructuring done?

Response/Answer

A32: Sapura Energy will continue to focus on enhancing operational efficiency by adhering to the guiding principle of "Bid Right, Execute with Discipline.". This includes streamlining structures, processes, and pursuing asset rationalisation where necessary.

Secondly, focusing future business direction and growth based on core capabilities as a solutions provider, with a particular emphasis on Energy Transition plans.

Lee Mun Hoe and **Thong Yeap Jing** posted the following questions respectively:

Q33: What significant benefits underlying on this proposal?

Q34: Please advise the advantages & disadvantages of disposal

Response/Answer

A33 & A34: The Proposed Disposal of SapuraOMV enables Sapura Energy to capture a strategic opportunity to raise a significant amount of cash for the Proposed Regularisation Plan. Further, the Proposed Disposal of SapuraOMV allows Sapura Energy to realise a fair price on its SapuraOMV equity interest.

Ho Yueh Weng posted the following question:

Q35: How much longer can our Co. survive after this disposal before its cash flow depletes totally?

Response/Answer

A35: Sapura Energy's free cash flow position as of the Q2 FY2025 results stood at RM275 million. The GCEO highlighted the Company's efforts to preserve liquidity through various measures:

- (i) Intensifying efforts to materialize outstanding claims and change orders to secure additional revenues and strengthen the liquidity position.

SAPURA ENERGY BERHAD

Registration No.: 201101022755 (950894-T)

Extraordinary General Meeting held on 14 November 2024 (cont'd)

- (ii) Maintaining continuous rigor in operational tracking on billing and collections to ensure efficient and timely invoicing, thereby optimizing cash flow and liquidity.
- (iii) Streamlining the invoicing cycle for unbilled revenue to accelerate cash inflows.
- (iv) Commitment to cost management and reduction through rigorous cost control measures throughout the organisation, particularly in General and Administrative (G&A) expenses, aiming to reduce the overall cost base.

Lee Mun Hoe posted the following question:

Q36: If TOTALENERGIES HOLDINGS SAS related to the ex-chairman or owned by major shareholder?

Response/Answer

A36: Sapura Energy is not in a position to verify or speculate if TotalEnergies Holdings SAS is related to any party. As for its shareholding, the information is available publicly.