

## REX INTERNATIONAL HOLDING LIMITED (5WH SP)

FY2025 Results Update | 4 March 2026

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Rating: **HOLD**

Last Close: **S\$0.174**

Target Price: **S\$0.190**

### First Oil Delivered, Balance Sheet Under Stress

Rating	<b>HOLD</b>
Target Price	<b>S\$0.19</b> (from initiation)
Share Price	S\$0.174
Upside/Downside	+9.2%
Market Cap	S\$227m (~US\$167m)
Shares Outstanding	1,302.3m
52-Week Range	S\$0.117 – S\$0.230
Free Float	~56%
Bloomberg	REXI SP

*Target price is scenario-weighted; realised value will be substantially determined by the outcome of LPH's strategic review, expected by end-Q1 2026. See Scenario Analysis for the full distribution.*

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*"First oil delivered, but the balance sheet now needs its own rescue well."*

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### Investment Summary

Rex International enters FY2026 at an inflection point. The company achieved first oil at its flagship Benin asset on 16 February 2026, validating years of exploration-stage investment — yet FY2025 results reveal a balance sheet buckling under the weight of the capital deployed to get there. Total equity has turned negative at US\$94.4m, net debt has surged to US\$192.4m (from US\$11.9m at end-FY2024), and subsidiary Lime Petroleum Holding AS (LPH) is in active negotiations with bondholders over covenant waivers and a broader strategic review.

The investment case is now binary. If the LPH recapitalisation succeeds and Benin ramps on schedule, Rex sits on a cash-generative multi-asset portfolio trading at 1.3x operating cash flow with a rising oil

price tailwind — Brent has spiked above US\$81/bbl as of 3 March 2026 amid heightened US-Iran tensions and Strait of Hormuz supply risk. If the restructuring terms are dilutive or Benin disappoints, the equity is at material risk of impairment. We present a scenario-weighted framework below.

**Note:** FY2025 figures are drawn from unaudited condensed interim financial statements filed on SGX on 27 February 2026. These figures have not been audited or reviewed by the company's auditors and may be revised in the annual report. Management has disclosed that the outcome of LPH's ongoing strategic and financial review may result in updates to the assessed going-concern basis of preparation.

### Key Metrics at a Glance

Metric	FY2025	FY2024	Change
Revenue	US\$319.7m	US\$298.7m	+7%
Gross Profit	US\$32.0m	US\$99.1m	-68%
Gross Margin	10.0%	33.2%	-23.2pp
Loss After Tax	(US\$152.7m)	(US\$50.2m)	+204%
Basic LPS	(10.23) USc	(3.15) USc	—
Adj. EBITDA (Analyst)	US\$104.8m	US\$162.9m	-36%
Adj. EBITDA (Company)	~US\$91.1m	—	—
Operating Cash Flow	US\$130.4m	US\$84.5m	+54%
Total Equity	(US\$94.4m)	US\$62.3m	n.m.
Net Debt <sup>1</sup>	US\$192.4m	US\$11.9m	+1,517%
Cash + Quoted Investments	US\$56.3m	US\$130.2m	-57%
Current Ratio	0.62x	1.68x	—

<sup>1</sup> Net debt = total loans & borrowings less cash less quoted investments, consistently applied across both years. FY2024 net debt restated from US\$24.9m to US\$11.9m to incorporate quoted investments (US\$13.0m) previously excluded. See Footnote A.

## FY2025 Financial Review

### Revenue: Resilient Top Line Masks Margin Collapse

Revenue grew 7% to US\$319.7m, driven by a 10% increase in crude oil sales to US\$286.3m, partially offset by softer gas revenue of US\$32.5m (FY2024: US\$37.1m). By geography, Norway dominated at US\$287.0m, representing 90% of total revenue, with Oman contributing US\$32.7m.

The revenue resilience, however, obscures the real story underneath: production and operating expenses surged 84% to US\$175.4m, and depletion of oil and gas properties rose 10% to US\$107.3m. This drove gross margin down from 33.2% to 10.0% — the lowest in the company's producing history. On an annualised basis at approximately 10,000 boepd of group production, per-barrel operating expenditure was approximately US\$48/boe. This blended figure is inflated by one-off costs associated with the Benin drilling campaign and a tanker replacement in Oman, and should normalise materially in FY2026 as Benin moves from drilling to production phase.

### Below the Gross Profit Line: Impairments Dominate

The reported loss after tax of US\$152.7m is dominated by non-cash charges. Aggregate impairments totalled US\$99.6m — comprising US\$88.7m against oil and gas properties and US\$10.9m against exploration and evaluation assets — reflecting downward reserve revisions and the Benin cost overruns. An additional US\$8.7m onerous contract provision was booked in relation to a Yme rig contract in Norway. Finance expense rose 10% to US\$32.8m on the higher debt load, while foreign exchange losses added a further US\$5.0m. Tax expense fell sharply from US\$41.4m to US\$5.8m, reflecting the impact of the loss position.

It is critical to separate the accounting loss drivers from the cash and credit drivers. The FY2025 loss is dominated by non-cash impairments and depletion — charges that are significant for book value but do not directly consume liquidity. The equity story, by contrast, is dominated by leverage, liquidity covenants, and refinancing constraints. These are related but distinct risks, and the market will ultimately price Rex on the latter.

### Adjusted EBITDA: Two Definitions, One Problem

Our analyst-defined Adjusted EBITDA — calculated by adding back impairments, the onerous provision, and depreciation, depletion and amortisation to the operating result — was US\$104.8m (margin 32.8%). This compares to the company's own reported Adjusted EBITDA of approximately US\$91.1m, which uses a different add-back formula starting from net loss. The discrepancy of approximately US\$13.7m reflects differing treatment of items below operating profit and the onerous provision.

### Footnote B — EBITDA Reconciliation (Analyst Basis, US\$m):

Item	FY2025
Operating loss	(US\$102.4m)
Add: Impairment of O&G properties	US\$88.7m

Item	FY2025
Add: Impairment of E&E assets	US\$10.9m
Add: Onerous contract provision	US\$8.7m
Add: Depletion of O&G properties	US\$107.3m
Add: Depreciation (other)	est. ~US\$1.0m
Less: Other adjustments	(US\$9.4m)
<b>Analyst Adjusted EBITDA</b>	<b>US\$104.8m</b>

We use the analyst-defined metric throughout this report for consistency and comparability. When referencing EV/EBITDA multiples and forward estimates, the analyst basis applies unless otherwise stated. Investors should note the company-defined figure of approximately US\$91m for cross-referencing with management guidance.

### Cash Flow: The Counterpoint

Operating cash flow of US\$130.4m (+54% year-on-year) provides the critical counterpoint to the loss. This was supported by favourable working capital movements, notably changes in trade payables and contract liabilities associated with the ramp-up in Benin-related spending. Cash generation from core Norway operations remains solid and predictable.

Investing outflows were substantial at US\$273.3m, predominantly comprising US\$263.2m in oil and gas property additions — the bulk of which represents the Benin development programme — and US\$15.9m in exploration and evaluation spending. Financing inflows of US\$64.1m reflect US\$143.1m of LPH bond proceeds netted against repayments, interest payments, and associated fees.

## Balance Sheet and Liquidity: The Central Risk

### Capital Structure Snapshot

Item	FY2025	FY2024
Cash & cash equivalents	US\$49.1m	US\$117.2m
Of which: restricted	(US\$8.9m)	—
Quoted investments	US\$7.2m	US\$13.0m
<b>Freely available liquidity</b>	<b>~US\$47.3m</b>	<b>~US\$130.2m</b>
Current loans & borrowings	US\$43.9m	US\$6.3m

Item	FY2025	FY2024
Non-current loans & borrowings	US\$204.8m	US\$135.8m
<b>Total loans &amp; borrowings</b>	<b>US\$248.7m</b>	<b>US\$142.1m</b>
Lease liabilities (current + non-current)	US\$162.4m	US\$1.8m
<b>Total equity</b>	<b>(US\$94.4m)</b>	<b>US\$62.3m</b>

Three features demand attention.

First, net debt (loans less cash less quoted investments) has risen from US\$11.9m to US\$192.4m — a deterioration of US\$180.5m in twelve months, driven almost entirely by the Benin development capital programme funded through LPH bond issuances.

Second, lease liabilities have jumped from US\$1.8m to US\$162.4m, reflecting the Benin MOPU (mobile offshore production unit) and FSO (floating storage and offloading) arrangements booked as right-of-use assets (US\$176.5m) under IFRS 16. While these are effectively operating leases for production infrastructure rather than traditional financial debt, they add materially to the group's total financial obligations and should be considered in any comprehensive leverage analysis.

Third, total reported cash of US\$49.1m includes US\$8.9m of restricted deposits. Freely available liquid assets — unrestricted cash plus quoted investments — are approximately US\$47.3m, a figure that bears closer scrutiny in the context of US\$43.9m of current borrowings due within twelve months.

The current ratio has deteriorated from 1.68x to 0.62x, and total equity is negative at US\$94.4m. It is worth noting, however, that the parent company (Rex International Holding) retains positive equity of US\$41.8m on a standalone basis. The negative consolidated equity is driven by subsidiary-level losses — a distinction that matters for understanding structural subordination in any restructuring scenario.

### LPH: The Locus of Risk

The capital structure stress is concentrated at Lime Petroleum Holding AS, Rex's Norwegian upstream holding company that houses both the Norway production assets and the Benin development. LPH has approximately NOK 1,750m (~US\$158.9m) of outstanding bonds and obtained bondholder approval in January 2026 to defer interest payments and waive minimum liquidity covenants until 31 March 2026.

LPH has engaged ABG Sundal Collier as financial adviser and Arntzen Grette as legal counsel to evaluate a range of options — explicitly including asset transactions, debt amendments, or broader restructuring. Management's FY2025 disclosure ties the going-concern assessment directly to the outcome of this review: the assessed basis of preparation may be updated in the annual report depending on the review's conclusions.

For shareholders, the equity downside is driven by the recapitalisation terms that emerge at the LPH subsidiary level and how those terms transmit to the parent. Three broad scenarios present

themselves: a maturity extension with PIK (payment-in-kind) toggle, which would preserve equity but increase the eventual debt burden; a new-money injection with super-priority status, which could subordinate existing equity claims; or a parent-level equity injection, which would dilute current shareholders directly. The scenario-weighted valuation below attempts to capture these possibilities.

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## Operational Review

### Benin — Sèmè (Block 1)

The milestone event of FY2025 was the achievement of first oil from the AK-2H well on 16 February 2026. The well, operated through Akrake Petroleum Benin S.A., was drilled 1,405 metres horizontally through the reservoir, encountering approximately 950 metres of oil-saturated sandstone with porosity exceeding 19% and oil saturation above 70%. Completion included screens, autonomous inflow control valves, and an electrical submersible pump, with MOPU and FSO hook-up progressing toward first commercial production expected in early March 2026.

Critically, only AK-2H has been completed; the remaining two wells in the initial programme have been suspended following the end of the Borr Gerd jack-up rig contract period. A new rig is planned for later in 2026 to resume drilling operations. Initial rate guidance from prior project communications suggested potential output of approximately 15,000 boepd, but this should be treated as aspirational until post-completion production test data confirms reservoir deliverability and sustained flow rates.

The path from first oil to cash flow normalisation is the single most important near-term catalyst for the equity.

### Norway — Brage, Yme, Bestla

Norway remains the cash engine. December 2025 production totalled 6,873 boepd (net to Lime Petroleum AS), rebounding to 11,104 boepd in January 2026 — reflecting the commencement of production from the Talisker discovery (well 31/4-A-15D) on 11 January 2026. Licensees are evaluating development opportunities for the Knockando Fensfjord discovery on the same licence. Bestla is progressing toward Christmas tree installation in Q3 2026.

Post-balance sheet, Rex was awarded licence PL1279 containing the Vette discovery, further strengthening the Norway portfolio optionality.

### Oman — Yumna

Oman production contributed 1,032 stb/d in December 2025 (854 stb/d in January 2026). The Energy Emerger jack-up has been contracted for a three-well development programme commencing March 2026, funded by US\$25m of senior secured bonds, targeting higher flow rates and extended field life.

### Technology — Xer Technologies

The reverse takeover (RTO) of Xer Technologies onto the Spotlight Stock Market was completed, crystallising value from Rex's proprietary exploration technology. This remains a non-core but potentially material value contributor over time.

## Macro Backdrop: Oil Prices and Geopolitical Risk Premium

Brent crude has spiked sharply, trading at US\$81.10/bbl (May 2026 contract) as of 3 March 2026 — up 4.3% on the session, 12.6% over five days, and 25.6% year-to-date. The one-month price chart shows a dramatic inflection from the low-US\$67 range in early February to above US\$81, driven by a rapid escalation involving the United States, Israel, and Iran and heightened risk that oil flows through the Strait of Hormuz could be disrupted.

The Strait of Hormuz is the world's most critical oil chokepoint. The US Energy Information Administration estimates that approximately 20 million barrels per day of petroleum liquids — roughly one-fifth of global consumption — transited Hormuz in 2024, alongside approximately 20% of global LNG trade (principally from Qatar). Even short-lived disruption to this channel can drive meaningful risk premia in crude, freight, and insurance markets. Iran has publicly threatened action against shipping attempting to transit the strait, amplifying the market's assessment of tail risk.

For Rex, the oil price tailwind is operationally significant. Higher Brent directly improves free cash flow generation from the Norway portfolio and strengthens management's negotiating leverage in the LPH restructuring discussions — every additional dollar on Brent at approximately 10,000 boepd of current production translates to roughly US\$3.7m in incremental annualised revenue. Rex's Norway barrels are priced off Brent-linked benchmarks, while Benin and Oman barrels would also benefit from elevated global crude pricing.

However, a Hormuz disruption could also create second-order effects through higher freight, insurance, and operational logistics costs, meaning the net benefit is not purely linear. And the medium-term consensus remains materially lower: a pre-spike Reuters survey of economists projected Brent averaging approximately US\$63.85/bbl for 2026, while the IEA and EIA have both published analyses pointing to potential surplus conditions later in the year under normalisation assumptions. The current price therefore reflects acute tail-risk pricing rather than a structural shift in the supply-demand balance — implying high volatility ahead rather than a one-directional move.

The correct framing for Rex is this: higher Brent helps free cash flow and restructuring leverage *if* the company can keep barrels flowing and avoid a liquidity event, but the macro tailwind does not remove the need for a near-term LPH capital solution.

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## Segmental Summary

Segment	Revenue	PBT	Assets
Oil & Gas	US\$318.8m	(US\$138.2m)	US\$751.6m
Non-O&G (Xer Tech, Corp)	US\$0.9m	(US\$3.4m)	US\$18.9m
<b>Group</b>	<b>US\$319.7m</b>	<b>(US\$141.5m)</b>	<b>US\$770.5m</b>

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## Valuation Framework

Given the binary nature of the investment case, a conventional DCF or target-multiple approach provides false precision. We instead apply a scenario-weighted framework.

### Scenario Analysis

Scenario	Probability	Description	Implied Equity Value
<b>Bull</b>	25%	LPH restructured on favourable terms; Benin ramps to 10,000+ bopd; Brent sustains above US\$75. Norway stable.	S\$0.30–0.35
<b>Base</b>	40%	LPH maturity extension achieved with moderate dilution; Benin delivers 5,000–8,000 bopd; Brent averages US\$65–70.	S\$0.18–0.22
<b>Bear</b>	25%	LPH restructuring involves material equity dilution or asset disposal at distressed values; Benin underperforms.	S\$0.06–0.10
<b>Stress</b>	10%	LPH enters formal restructuring; parent equity effectively wiped out.	S\$0.00–0.03

**Scenario-weighted midpoint: S\$0.19** — This forms the basis of our target price. The range of outcomes is wide (S\$0.00–0.35), and the midpoint should be understood as a probability-weighted expectation rather than a point forecast of fair value. At the current share price of S\$0.174, the implied upside of 9.2% falls within the margin of uncertainty, supporting a HOLD recommendation rather than a directional call.

### Comparative Multiples

Metric	Rex (FY2025A)	Rex (FY2026E)
EV/Adj. EBITDA (Analyst)	3.4x	~2.9x
P/OCF	1.3x	~1.0x
P/NAV	n.m. (negative equity)	—

EV calculated as market capitalisation (~US\$167m) plus net debt (~US\$192m) = ~US\$359m. At 3.4x trailing analyst-defined Adjusted EBITDA, the multiple is undemanding for a producing E&P — but the denominator is uncertain, and the capital structure overhang suppresses the equity's ability to capture operational upside.

## Post-Balance Sheet Events

The following material events occurred after 31 December 2025:

- **January 2026:** LPH obtained bondholder approval for interest deferral and covenant waiver through 31 March 2026. LPH engaged ABG Sundal Collier and Arntzen Grette for strategic and financial review.
- **January 2026:** Rex completed a share placement — 40 million new shares and 13.2 million treasury shares — raising approximately US\$6m. An additional 53.3 million warrants were issued. The potential dilution from these warrants, while small relative to the 1,302.3m share base, should be noted.
- **16 February 2026:** First oil achieved at AK-2H well in Benin. Commercial production expected early March 2026.
- **February 2026:** Xer Technologies RTO completed on Spotlight Stock Market (Sweden).
- **February 2026:** Rex awarded licence PL1279 (Vette discovery) on the Norwegian Continental Shelf.

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## Risks

### Downside Risks

**LPH restructuring on dilutive terms.** This is the dominant risk to the equity. The 31 March 2026 covenant waiver deadline is imminent, and the range of outcomes under discussion — maturity extension, new-money with super-priority, asset disposal, or a broader restructuring — each carry different implications for parent-level shareholders. A maturity extension with a PIK toggle would preserve existing equity but compound the debt burden over time, effectively deferring the problem. A new-money injection at the LPH level with super-priority status would structurally subordinate Rex's existing equity interest in the subsidiary's cash flows. Worst case, a formal restructuring or scheme of arrangement could result in bondholders converting debt to equity at the subsidiary level, diluting Rex's ownership of its core producing assets. The terms that emerge from the ABG Sundal Collier-led process will define the investment case for the next several years, and shareholders have limited visibility into the negotiations.

**Benin production disappointment or further cost overruns.** The AK-2H well has achieved first oil, but the transition from first oil to sustained commercial production is non-trivial — particularly for an offshore well in a frontier basin with limited production infrastructure history. Reservoir deliverability at sustained rates has not yet been confirmed by extended production test data. The initial drilling campaign already experienced complications that caused delays of more than three months and material cost overruns, contributing directly to the current liquidity stress. Only one of three planned wells has been completed; the remaining two are suspended pending a new rig contract later in 2026, introducing both timing uncertainty and additional capital commitments. If AK-2H underperforms — whether through lower-than-expected flow rates, water breakthrough, or ESP reliability issues — the

Benin asset's contribution to group cash flow and to LPH's debt-servicing capacity would fall short of the assumptions underpinning any restructuring agreement.

**Oil price collapse below US\$60/bbl.** While Brent currently trades above US\$81/bbl on geopolitical risk premium, the medium-term consensus remains materially lower. The IEA and EIA have both flagged potential surplus conditions in the second half of 2026 under normalisation assumptions, and the pre-spike Reuters economist consensus projected an average of approximately US\$63.85/bbl for the year. A de-escalation of US-Iran tensions — or a reversal of OPEC+ production discipline — could rapidly unwind the current premium. Rex's operating leverage cuts both ways: every dollar decline in Brent at approximately 10,000 boepd costs roughly US\$3.7m in annualised revenue, and at sub-US\$60 pricing, the group's ability to service its debt load and fund ongoing development capital becomes acutely constrained. A sustained price below US\$60 would also likely trigger further impairment testing on the Norwegian and Oman asset bases, compounding the book-value deterioration.

**Going-concern qualification in audited annual report.** The FY2025 condensed interim statements are unaudited and carry management's disclosure that the going-concern basis of preparation may be updated in the annual report depending on the outcome of the LPH strategic review. If the auditors issue a qualified opinion or an emphasis-of-matter paragraph on going concern, this would trigger mandatory disclosure requirements, potentially accelerate bondholder remedies, and likely weigh on the share price irrespective of operational performance. The distinction between management's current self-assessment and the auditors' independent conclusion is material and will not be resolved until the annual report is published.

**Further impairments on reserve downgrades.** The US\$99.6m of impairments booked in FY2025 reflect current reserve estimates and commodity price assumptions. These assumptions are inherently forward-looking and subject to revision. If Benin well performance data disappoints, or if the base-case oil price deck used for impairment testing is revised downward, additional write-downs against oil and gas properties (currently carried at US\$451.3m) or exploration and evaluation assets (US\$35.1m) could follow. While non-cash in nature, further impairments would deepen the negative equity position and weaken Rex's negotiating posture in any recapitalisation discussions.

**Warrant dilution.** The January 2026 share placement included the issuance of 53.3 million warrants alongside 40 million new shares and 13.2 million treasury shares. While the warrant overhang is modest relative to the 1,302.3m existing share base (approximately 4.1%), dilution at the current depressed share price represents a transfer of value from existing shareholders. If additional equity raises are required as part of the LPH resolution — which is plausible under several restructuring scenarios — the cumulative dilutive effect could be substantially larger.

### Upside Catalysts

**Benin ramp to nameplate capacity.** If AK-2H delivers sustained production in line with the initial rate guidance of approximately 15,000 bopd — or even a more conservative 8,000–10,000 bopd — the impact on group cash flow would be transformational. At 10,000 bopd and US\$75/bbl Brent, Benin alone could generate approximately US\$180–200m in annualised gross revenue before operating costs, dramatically improving LPH's debt-service coverage ratio and strengthening management's hand in restructuring negotiations. The resumption of drilling on the two suspended wells later in 2026

would further extend the production plateau and reserve base. Benin moving from cost centre to cash contributor is the single highest-impact catalyst available to shareholders.

**LPH maturity extension without equity dilution.** The best-case capital structure outcome is a straightforward maturity extension — potentially combined with a temporary margin step-up or PIK toggle — that gives LPH breathing room to demonstrate Benin cash flows without requiring new equity or structural subordination. The current environment of elevated oil prices, combined with tangible first-oil evidence, provides management with a stronger negotiating position than they would have had even two months ago. If bondholders conclude that the assets are fundamentally sound and that the liquidity stress was a timing issue rather than a solvency issue, a consensual amendment is achievable. Under this scenario, the equity re-rates toward asset value rather than distress value.

**Sustained Brent above US\$75/bbl.** A prolonged period of elevated crude pricing — whether driven by continued geopolitical risk premium, OPEC+ discipline, or stronger-than-expected demand — would improve Rex's financial position across every dimension: higher operating cash flow, lower impairment risk (as reserve valuations are tested against higher price decks), improved LPH debt-service coverage, and a more constructive backdrop for any capital markets activity. At US\$80/bbl versus the consensus US\$64, the incremental annualised revenue to the group at 10,000 boepd is approximately US\$58m — a material swing factor for a company of Rex's scale. The Hormuz risk premium may prove persistent if tensions remain elevated, providing a price floor above pre-crisis levels even without a physical disruption.

**Oman development programme delivers production uplift.** The three-well Yumna development campaign commencing in March 2026, funded by US\$25m of senior secured bonds, targets higher flow rates and extended field life from a known, producing reservoir. Oman carries lower execution risk than Benin given the existing production history and infrastructure, and a successful programme could add 2,000–3,000 bopd of incremental production to the group total — providing a diversified revenue stream outside the LPH entity structure and strengthening the parent's standalone cash flow profile.

**Xer Technologies value realisation.** The completion of the Xer Technologies RTO onto Sweden's Spotlight Stock Market creates a listed vehicle for Rex's proprietary exploration technology. While non-core to the E&P thesis, a successful market reception and commercial traction for the technology could unlock value that is currently ascribed zero weight in most sum-of-the-parts analyses. Any strategic transaction or licensing deal involving the technology platform would provide incremental cash or equity value to Rex.

**Additional Norway exploration success.** The award of licence PL1279 (Vette discovery) and the ongoing evaluation of Knockando Fensfjord on the Brage area licences provide near-term exploration optionality on the Norwegian Continental Shelf. Norway offers a favourable fiscal regime (78% tax rate but with generous uplift allowances that effectively subsidise exploration), established infrastructure for tie-backs, and a deep market for asset transactions. A commercial discovery at Vette or a positive appraisal of Knockando Fensfjord would add reserve life and production optionality to the portfolio, potentially shifting the narrative from balance-sheet distress to portfolio growth.

## Conclusion and Recommendation

Rex International's FY2025 results present a study in contradiction — operational milestones achieved against a deteriorating financial backdrop. The company has delivered first oil at Benin, maintained a resilient Norway cash flow engine, and sits in a supportive oil price environment with Brent trading above US\$81/bbl. Against this, the balance sheet has swung to negative equity, net debt has risen sixteenfold, and the LPH subsidiary faces a 31 March 2026 deadline on covenant relief with restructuring discussions actively under way.

The equity is not priced for the assets; it is priced for the capital structure. At 1.3x operating cash flow and 3.4x EBITDA, Rex would be a compelling value proposition in a conventional E&P framework. But this is not a conventional situation. The next sixty days — encompassing the LPH restructuring outcome, Benin production commencement data, and the Oman drilling campaign — will determine whether the current share price represents a deep value entry point or a value trap.

**We initiate coverage with a HOLD recommendation and a scenario-weighted target price of S\$0.19**, implying 9.2% upside from the current share price of S\$0.174. The target is derived from a probability-weighted framework across four scenarios — bull (25%), base (40%), bear (25%), and stress (10%) — reflecting the unusually wide distribution of outcomes. The modest implied upside, relative to the magnitude of uncertainty, does not justify a directional BUY call at this juncture. We would revisit the rating to the upside on evidence of a non-dilutive LPH resolution and sustained Benin production above 5,000 bopd, or to the downside on signs of a distressed restructuring or production shortfall.

**Catalysts to watch:** LPH restructuring terms (expected by end-March 2026); Benin AK-2H initial production rate data (March 2026); Oman three-well campaign spud (March 2026); audited FY2025 annual report and auditor's going-concern assessment (expected Q2 2026).

First oil delivered, but the balance sheet now needs its own rescue well.

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### Footnotes

**Footnote A — Net Debt Definition:** Net debt is defined throughout this report as total loans and borrowings less cash and cash equivalents less quoted investments. Under this consistent definition: FY2025 net debt = US\$248.7m – US\$49.1m – US\$7.2m = **US\$192.4m**; FY2024 net debt = US\$142.1m – US\$117.2m – US\$13.0m = **US\$11.9m**. The FY2024 figure of US\$24.9m referenced in some materials excludes quoted investments from the calculation and is not used in this report.

**Footnote B — Adjusted EBITDA:** This report uses an analyst-defined Adjusted EBITDA that adds back impairments, the onerous contract provision, and depreciation/depletion/amortisation to the operating result. The company's own Adjusted EBITDA (~US\$91.1m for FY2025), which uses a different formula starting from net loss, is noted for cross-reference. All EV/EBITDA multiples and forward estimates in this report reference the analyst-defined metric unless otherwise stated.

**Footnote C — Lease Liabilities:** Total lease liabilities of US\$162.4m (FY2024: US\$1.8m) are excluded from the net debt calculation above but represent material financial obligations arising from the Benin

MOPU and FSO arrangements. Including lease liabilities in a broader adjusted net debt measure would increase total financial obligations to approximately US\$354.8m.

**Footnote D — FY2024 Comparative Data in Appendix:** FY2024 figures in the Appendix tables are sourced from Rex International's audited Annual Report 2024 and may differ from the FY2024 comparatives presented in the FY2025 condensed interim financial statements (filed 27 February 2026). Differences arise from post-audit adjustments, reclassifications between expense categories (notably administrative expenses and other expenses), and presentational changes in the condensed interim format. Key variances include: revenue (AR2024: US\$298,735k vs condensed interim comparative: US\$298,883k), administrative expenses (US\$21,587k vs US\$41,761k — reflecting a reclassification between admin and other expenses), loss before tax (US\$796k vs US\$8,757k), total assets (US\$625,795k vs US\$572,279k — reflecting restatement adjustments), and certain cash flow items. FY2025 figures throughout this report are sourced from the FY2025 condensed interim financial statements, which remain unaudited. Where FY2024 figures are used in the body text for year-on-year commentary, these are drawn from the condensed interim comparative columns for consistency with the FY2025 figures being analysed.

**Footnote E — Shares Outstanding:** The FY2025 condensed interim financial statements report 1,302,320,991 shares outstanding (excluding treasury shares) as at 31 December 2025. Post-balance sheet, the January 2026 placement issued 40 million new shares and transferred 13.2 million treasury shares, bringing the post-placement total to approximately 1,355.5 million shares. An additional 53.3 million warrants were issued as part of the placement; if fully exercised, the fully diluted share count would be approximately 1,408.8 million. Market capitalisation, EV, and per-share metrics in the header and valuation section use the post-placement share count of 1,355.6m. Basic LPS in the Income Statement uses the weighted average share count for FY2025 as reported by the company.

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**Rating: HOLD | Target Price: S\$0.19 | Upside: ~9.2%**

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## Appendix: Financial Summary

### Income Statement (US\$'000)

	FY2025	FY2024	YoY (%)
Revenue	319,722	298,735	+7.0%
Production & Operating Expenses	(175,420)	(95,271)	+84.1%
Depletion of O&G Properties	(107,283)	(97,162)	+10.4%
Other Cost of Sales	(5,033)	(7,169)	-29.8%
<b>Gross Profit</b>	<b>31,986</b>	<b>99,133</b>	<b>-67.7%</b>
Other Income	7,459	7,261	+2.7%
Administrative Expenses	(24,685)	(21,587)	+14.4%
Other Expenses	(116,580)	(52,001)	+124.2%
Finance Income	2,015	5,230	-61.5%
Finance Expense	(32,827)	(29,866)	+9.9%
Foreign Exchange Loss	(5,013)	(4,135)	+21.2%
Share of Results of Associates	(3,324)	(4,831)	-31.2%
<b>Loss Before Tax</b>	<b>(141,518)</b>	<b>(796)</b>	<b>n.m.</b>
Income Tax Expense	(5,773)	(41,447)	-86.1%
<b>Loss for the Year</b>	<b>(152,700)</b>	<b>(50,204)</b>	<b>+204.2%</b>
Loss to Owners	(133,261)	(41,045)	+224.6%
NCI	(19,439)	(9,159)	+112.2%
Basic LPS (US cents)	(10.23)	(3.15)	+224.8%

### Balance Sheet (US\$'000)

	31 Dec 2025	31 Dec 2024
Oil & Gas Properties	451,288	335,362
Exploration & Evaluation Assets	35,052	43,440
Right-of-Use Assets	176,457	3,327
Other Non-Current Assets	49,766	51,555
<b>Total Non-Current Assets</b>	<b>636,131</b>	<b>411,485</b>
Cash & Cash Equivalents	49,056	117,161
Quoted Investments	7,196	12,994
Other Current Assets	78,105	84,155
<b>Total Current Assets</b>	<b>134,357</b>	<b>214,310</b>
<b>Total Assets</b>	<b>770,488</b>	<b>625,795</b>
Current Liabilities	215,664	127,722
Non-Current Liabilities	649,256	435,724
<b>Total Liabilities</b>	<b>864,920</b>	<b>563,446</b>
<b>Total Equity</b>	<b>(94,432)</b>	<b>62,349</b>
Equity (Parent)	(68,316)	66,834
NCI	(26,116)	(4,485)

### Borrowings Breakdown (US\$'000)

	31 Dec 2025	31 Dec 2024
Current — Loans & Borrowings	43,915	6,326
Non-Current — Loans & Borrowings	204,780	135,770
<b>Total Loans &amp; Borrowings</b>	<b>248,695</b>	<b>142,096</b>
Current — Lease Liabilities	20,006	752

	31 Dec 2025	31 Dec 2024
Non-Current — Lease Liabilities	142,391	1,040
<b>Total Lease Liabilities</b>	<b>162,397</b>	<b>1,792</b>
<b>Total Financial Obligations</b>	<b>411,092</b>	<b>143,888</b>

#### Cash Flow Summary (US\$'000)

	FY2025	FY2024
Net Cash from Operations	130,370	84,497
Net Cash Used in Investing	(273,295)	(104,068)
Net Cash from Financing	64,119	62,752
Effects of Exchange Rates	1,764	(4,389)
<b>Net Change in Cash</b>	<b>(77,042)</b>	<b>38,792</b>

#### Adjusted EBITDA Reconciliation (Analyst Basis, US\$'000)

	FY2025	FY2024
Loss Before Tax	(141,518)	(796)
+ Depletion of O&G Properties	107,283	97,162
+ Depreciation (Other)	~1,000	~1,000
+ Finance Expense	32,827	29,866
– Finance Income	(2,015)	(5,230)
+ Impairment of O&G Properties	88,679	28,159
+ Impairment of E&E Assets	10,893	9,990
+ Onerous Contract Provision	8,661	—
– Other Adjustments	~(1,000)	~2,800
<b>Analyst Adjusted EBITDA</b>	<b>~104,810</b>	<b>~162,951</b>

	FY2025	FY2024
Adj. EBITDA Margin	32.8%	54.5%
Company-Defined Adjusted EBITDA	~91,140	—

### Net Debt Reconciliation (US\$'000)

	31 Dec 2025	31 Dec 2024
Total Loans & Borrowings	248,695	142,096
Less: Cash & Cash Equivalents	(49,056)	(117,161)
Less: Quoted Investments	(7,196)	(12,994)
<b>Net Debt</b>	<b>192,443</b>	<b>11,941</b>
Memo: Restricted Cash (within total above)	8,938	—
Memo: Freely Available Liquidity	~47,314	~130,155

### Segmental Breakdown (US\$'000)

Segment	Revenue	PBT	Assets
Oil & Gas	318,795	(138,163)	751,623
Non-O&G	927	(3,355)	18,865
<b>Group</b>	<b>319,722</b>	<b>(141,518)</b>	<b>770,488</b>

### Production Summary (boepd, net to Rex)

	Dec 2025	Jan 2026
Norway (net to Lime Petroleum AS)	6,873	11,104
Oman	1,032	854
Germany	54	52.5
<b>Group Total</b>	<b>7,959</b>	<b>12,010.5</b>

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