

HighPeak deal: a 6% safety net with a modest upside ticket

USD 200 mn into HighPeak convertible preferred | 6.0% dividend, convertible at USD 9.50 | Preferred leg roughly breakeven | Upside needs HighPeak PV-10 above USD 2.3 bn

ENRG ticket (via THP) USD 200 mn 10% of ENRG total assets	Preferred dividend 6.0% Negative carry USD 7.8 mn a year at 9% debt cost	Conversion price USD 9.50 16% above HighPeak spot of USD 8.19	Breakeven HighPeak PV-10 USD 2.3 bn vs USD 2.1 bn at YE25 SEC prices
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KEY TAKEAWAYS

- **ENRG is buying a bond with a call option on HighPeak, not a stake in its oilfields.** Through 99.9%-owned THP, ENRG commits USD 200 mn to HighPeak's Series A 6% perpetual convertible preferred, alongside USD 250 mn from Danantara. HighPeak pairs the USD 450 mn with a new USD 800 mn reserve-based loan from Citi and Fifth Third to retire a USD 1.17 bn term loan costing SOFR plus 7.5%. ENRG earns a 6% cumulative dividend and may swap each share into HighPeak common at USD 9.50, **16% above the USD 8.19 spot price**.
- **The 6% dividend is a safety net, not the return.** Because THP is not among the uses of proceeds listed for ENRG's rights issue, we assume the ticket is debt-funded at a roughly 9% marginal cost. The dividend net of 15% US withholding (USD 10 mn) then trails the interest bill (USD 18 mn), a **negative carry of USD 7.8 mn a year**. The best case for this leg is a HighPeak call after year three at a 10% IRR, about USD 225 mn, which only breaks even after tax. Leverage stays comfortable, with net debt to EBITDA rising to 1.1x from 0.6x.
- **Value creation sits in the conversion option, and it needs oil to stay firm.** The USD 9.50 conversion price matches HighPeak's net asset value only if its proved PV-10 reaches about USD 2.3 bn, above the USD 2.1 bn year-end 2025 figure struck at SEC prices near USD 65/bbl. At USD 2.5 bn to 3.0 bn, ENRG gains USD 30 mn to 90 mn, **IDR 13 to 40 per share, or 1% to 4% of the theoretical ex-rights price**. Below the breakeven, ENRG simply keeps the preferred.
- **HighPeak adds oil exposure, but shale is not Sumatra.** If converted, ENRG's 14% share of HighPeak's output would equal 61% of its own oil volumes, yet none of it is consolidated. HighPeak's fracked Midland Basin wells need constant drilling to hold output, while ENRG runs conventional, gas-led reservoirs, so the barrels are not like for like. With one board seat and no technical agreement, operational synergy remains a hypothesis we do not value. *Key watch: the debt facility funding the USD 200 mn and any technical cooperation agreement with HighPeak*

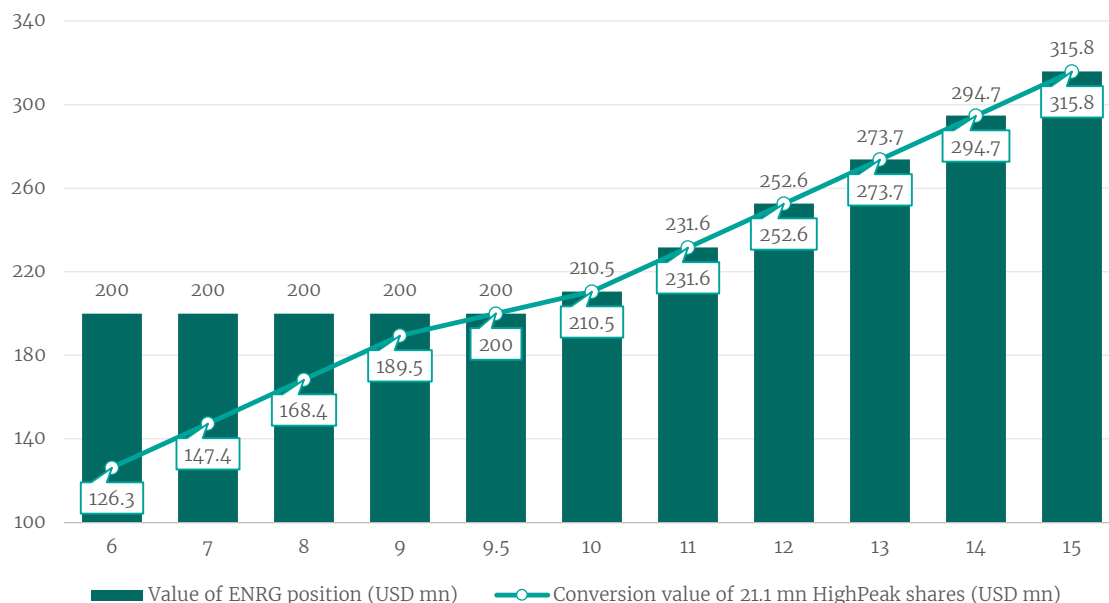
THE DEAL IN PLAIN WORDS (HighPeak Series A preferred)

Feature	Term	What it means for ENRG
Instrument	Series A 6% Perpetual Convertible Preferred	A bond-like claim that ranks above HighPeak's common shareholders but behind the new bank loan
Ticket	USD 200 mn via THP (99.9% owned); Danantara USD 250 mn	ENRG funds 44% of the USD 450 mn package
Dividend	6% a year, cumulative, paid quarterly when declared	USD 12 mn a year gross; skipped payments accumulate rather than vanish
Conversion	At ENRG's option, any time, at USD 9.50	Swaps into about 21.1 mn HighPeak shares, roughly 14% of the enlarged company
Maturity	None (perpetual)	There is no date on which ENRG automatically gets its money back
HighPeak call	After year 3, at a price giving a 10% IRR	Best case for the preferred leg: about USD 225 mn back
Forced conversion	After year 3, if HighPeak trades above 150% of USD 9.50 for 30 of 40 days	Locks ENRG's upside in as shares
Governance	One board seat each for ENRG and Danantara	Information and influence, not control; insiders hold about 81%
Use of proceeds	With a new USD 800 mn RBL, repays the USD 1.17 bn term loan at SOFR plus 7.5%	HighPeak's funding cost falls sharply; the new bank loan sits ahead of ENRG

Source: HighPeak Energy 8-K and press release (6 October 2026), ENRG press release (6 October 2026), Aldiracita Research. Call value is our estimate.

The preferred works like a floor with a ticket attached: flat at par below USD 9.50, rising with HighPeak above it

ENRG position value vs HighPeak share price (USD per share)



Read: Below USD 9.50 ENRG keeps the preferred at par; above it, every USD 1 on HighPeak's share price adds about USD 21 mn. Spot is USD 8.19.

Source: HighPeak Energy 8-K (6 October 2026), Aldiracita Research. Ignores dividends received and credit risk.

THREE WAYS THIS ENDS (USD mn)			
Outcome	When it happens	What ENRG gets	Our read
HighPeak calls the preferred	After year 3, if HighPeak can refinance below a 10% cost	About 225 plus 36 of dividends	Best case for the preferred leg; roughly breakeven at a 9% debt cost
ENRG converts	HighPeak above about USD 10.8 (a call then pushes ENRG to convert) or above USD 14.25 (forced)	21.1 mn shares: 227 at USD 10.8, 300 at USD 14.25	Where the real gain sits
Nothing happens	HighPeak stays below USD 9.50 and is never called	12 a year gross, with no maturity	Worth about 133 at a 9% discount rate, well below the 200 paid

Source: HighPeak Energy 8-K (6 October 2026), Aldiracita Research estimates.

PREFERRED LEG: WHAT THE 6% IS REALLY WORTH (USD mn)

USD mn	6.1% blended debt cost	9.0% marginal debt cost (base)	12% equity cost
Dividend net of 15% US withholding, per year	10	10	10
Interest on USD 200 mn, per year	12	18	24
Annual carry	-2.0	-7.8	-14
PV of 3 years of dividends (gross)	33	31	30
NPV if called after year 3 (gross)	+21	+5.1	-9.7
NPV if called after year 3 (after 15% withholding)	+13	-2.5	-17
NPV if never called (perpetual, gross)	-3.3	-67	-100

Read: At the 9% base case the preferred roughly breaks even only if HighPeak calls it; held forever, it destroys value.

Source: Aldiracita Research estimates. Call price of about USD 225 mn assumes quarterly dividends and a 10% IRR on quarterly cash flows; withholding treatment of the call premium to be confirmed.

CONVERSION OPTION: WHAT HIGHPEAK'S ASSETS MUST BE WORTH (USD mn)

HighPeak proved PV-10 (USD bn)	NAV per HighPeak share (USD)	Value of ENRG's 21.1 mn shares	Gain vs USD 200 mn	IDR per ENRG share	% of TERP
1.7 (SEC prices, risked)	6.5	138	n.m.	n.m.	n.m.
2.1 (YE25 SEC prices)	8.4	176	n.m.	n.m.	n.m.
2.3 (breakeven)	9.5	200	0	0	0.0%
2.5	11	230	+30	+13	+1.3%
3.0	14	290	+90	+40	+3.9%

Read: Below the breakeven ENRG keeps the preferred, so 'n.m.' marks scenarios where conversion is not rational.

Source: HighPeak Energy YE25 reserves release, 2Q26 results, Aldiracita Research. Pro forma net debt about USD 604 mn after the refinancing; 173.8 mn fully diluted shares; risking 100% PDP, 75% PDNP, 50% PUD; IDR 17,856 per USD; 39.85 bn ENRG shares post rights issue; TERP IDR 1,045.

SYNERGY HYPOTHESIS · SHALE IS NOT SUMATRA

Why HighPeak's barrels are not ENRG's barrels. HighPeak produces from tight, low-permeability shale in the Midland Basin of West Texas. Oil only flows once a horizontal well has been hydraulically fractured in many stages, and shale wells decline steeply in their first years, so output stays flat only while new wells keep coming. HighPeak finished 69% of its 33 planned 2026 completions in 1H26 just to hold volumes near 45.5 kboe/d. ENRG's fields are conventional reservoirs where hydrocarbons move through naturally permeable rock: gas-led Bentu, Kangean and Sengkang, plus mature oil at Malacca Strait, Siak and Kampar. Growth there comes from development wells, compression and enhanced oil recovery, with slower declines.

What could travel, and what probably will not. The transferable pieces are cost discipline (HighPeak's 1H26 lease operating cost of USD 7.56/boe came from electrification and field optimisation), a workover-led approach to lifting output from existing wells, and drilling and service procurement. Fracking know-how only matters if ENRG enters unconventional plays in Indonesia, which it has not announced. Delivery also needs a channel, and today there is only one board seat, with no technical service agreement or secondment disclosed. We therefore treat operational synergy as a hypothesis and give it no value in our numbers.

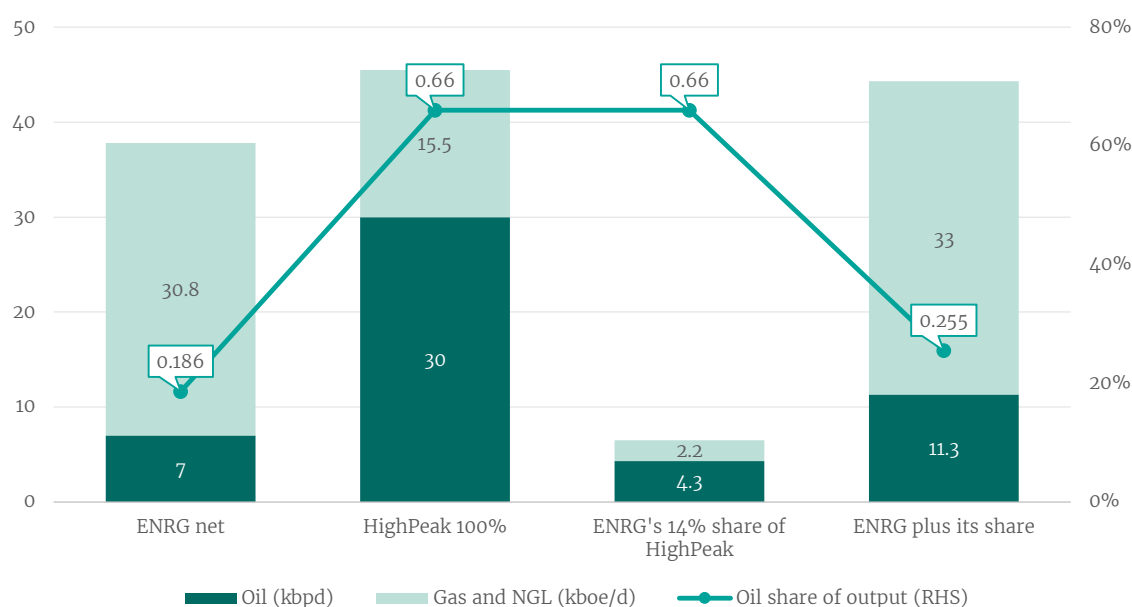
NOT APPLES TO APPLES (HighPeak vs ENRG)

	HighPeak (Midland Basin, US)	ENRG (Indonesia, Mozambique)
Reservoir	Unconventional tight oil; needs horizontal wells and multi-stage fracking	Conventional reservoirs; natural flow through permeable rock
Production profile	Steep early declines; volumes held flat by continuous drilling	Slower declines; growth from development wells, compression and EOR
Product mix	About 66% oil, 83% liquids (2Q26)	About 81% gas; net oil 7.0 kbpd of 37.8 kboe/d (1H26)
Pricing	WTI-linked oil, majority hedged in the mid USD 60s; gas hurt by negative Waha differentials	Oil at USD 92/bbl and gas at USD 6.55/MMBtu in 1H26; 79% state-owned offtakers
Fiscal regime	US private mineral leases and taxes	Production sharing contracts with the state
Cost benchmark	Lease operating cost USD 7.56/boe (1H26)	Not disclosed on a comparable basis

Source: HighPeak Energy 1Q26 and 2Q26 results and 2Q26 earnings call, ENRG 1H26 company presentation, Aldiracita Research.

HighPeak would add oil to a gas-led portfolio, but only on paper

Net output mix, 1H26 (kboe/d)



Read: If converted, ENRG's share of HighPeak would lift the oil weighting of its output to about 26% from 19%, yet none of these barrels is consolidated or reported by ENRG.

Source: ENRG 1H26 company presentation, HighPeak Energy 1Q26 and 2Q26 results (oil share 66% average), Aldiracita Research.

HOW BIG IS HIGHPEAK FOR ENRG (1H26, annualised where stated)

Metric	HighPeak 100%	ENRG's 14% share	ENRG	ENRG's share as % of ENRG
Net production (kboe/d)	46	6.5	38	17%
Oil (kbp/d)	30	4.3	7.0	61%
Reserves (MMBoe; HighPeak 1P, ENRG 2P)	174	25	223	11%
EBITDA(X), annualised (USD mn)	562	80	373	22%
Cash ENRG actually receives (USD mn a year)	n.a.	12	373	3.2%

Read: ENRG's share looks material on paper, but the cash that reaches ENRG is only the 6% dividend, about 3% of its EBITDA.

Source: ENRG 1H26 company presentation, HighPeak Energy YE25 reserves and 2Q26 results, Aldiracita Research.

FUNDING · WHY WE ASSUME NEW DEBT

The rights issue does not fund this ticket. ENRG's IDR 4.12 tn rights issue (about USD 231 mn) lists its uses of proceeds by subsidiary in the final prospectus: EMP Bentu 54.8% for nine wells, EMP Inc. 16.1%, ITA 13.5% for the Malibur EOR pilot, and smaller amounts for EMP ER, BSSL, EMP EG and ENI. THP, the vehicle buying the preferred, is not on that list. Redirecting proceeds would need shareholder approval, and OJK now polices use of proceeds closely, so we assume ENRG borrows the full USD 200 mn at a marginal cost of about 9%, in line with its 8.6% to 9.25% bond coupons. Cash of USD 115 mn at June 2026 could not cover the ticket on its own.

The rights issue still helps, indirectly. A larger equity base gives ENRG room to borrow: even with the extra USD 200 mn of debt, debt to equity rises only to about 0.5x from 0.4x and net debt to EBITDA to 1.1x.

ENRG BALANCE SHEET WITH A DEBT-FUNDED TICKET, OUR BASE CASE (USD mn)

USD mn	Jun-26	Pro forma	Change
Interest-bearing debt (loans plus bonds)	331	531	+200
Cash	115	115	0
Net debt	217	417	+200
Net debt to EBITDA (x)	0.6	1.1	+0.5
Debt to equity (x, equity incl. rights issue)	0.4	0.5	+0.1

Read: Leverage stays comfortable; the rights issue widens the equity base that supports the extra borrowing.

Source: ENRG 1H26 company presentation, ENRG final rights issue prospectus (24 September 2026) as reported by media, Aldiracita Research. Assumes the USD 200 mn is borrowed; EBITDA is 1H26 annualised; rights issue proceeds of about USD 231 mn added to equity, with cash earmarked for capex.

WHAT WE ARE ASKING MANAGEMENT

- **Funding.** Which facility funds the USD 200 mn, at what cost and with what covenants.
- **Terms.** How the 10% IRR call price is computed, how undeclared dividends accrue, and the liquidation preference.
- **Accounting.** Fair value through profit or loss, or equity method once the board seat is taken.
- **Tax.** US withholding on dividends and any call premium, and US tax on an eventual exit given ENRG's stake size.
- **Intent.** Whether a technical service agreement is planned, and whether this is a first step toward a larger stake alongside Danantara.

Key risks. A fall in oil prices erodes the conversion option; HighPeak's new bank loan and its borrowing-base reviews rank ahead of the preferred; the instrument has no maturity or put; tax leakage on dividends and exit; and ENRG remains a minority holder with no control.

Source: HighPeak Energy and ENRG filings, presentations and releases; Aldiracita Research. HighPeak price USD 8.19 as of 6 October 2026.



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