Chairman’s Statement

Dear Shareholders,

FYE2026 has been a year of resilience for KFIMA Group — one that tested the breadth and durability of our business model. Against a backdrop of softer macroeconomic conditions, rising protectionist trends and ongoing structural change, the Group delivered revenue of RM674.03 million and Profit Before Tax and Zakat (“PBT”) of RM185.38, a 4.0% reduction from RM193.06 million recorded in FY2025. Whilst earnings moderated against the prior year, the result reflects the underlying resilience of our diversified portfolio and the discipline that has long guided KFIMA’s approach to business.

Dato’ Idris Bin Kechot
Chairman

Financial Performance

The Bulking division delivered another solid year, despite a later-than-planned start for the new Tanjung Langsat terminal in Johor and lower storage volumes in Butterworth. The division was able to absorb these setbacks through disciplined execution, careful capacity management and the strength of its customer relationships.

Plantation division navigated a more challenging environment, with earnings sensitive to crude palm oil price movements and compounded by yield softness and rising input costs in selected estates. Whilst profitability moderated against the prior year, the Board is satisfied that management is focused on the right priorities: cost discipline, yield improvement, and addressing longer-term agronomic challenges, including disease management, at certain estates.

Manufacturing division delivered improved earnings year-on-year amid tough trading conditions. We remain confident in the division’s underlying capabilities, and management is focused on positioning the division competitively for the period ahead.

Food division made strategic progress in FYE2026, having undertaken a thorough review of its operations and organisation to improve execution and sharpen competitiveness. The division has since realigned its efforts at both corporate and local levels to better play to its strengths. We are beginning to see the benefits of this work and expect them to become more evident over time.

The Group’s balance sheet remains robust, with cash and bank balances and financial investments of RM341.59 million and a conservative gearing ratio of 0.42. This financial strength affords us both resilience against near-term uncertainty and the capacity to invest strategically as opportunities arise.

Chairman's Statement

A more detailed review of the Group's financial and operational performance is set out in the Group Managing Director's Review on pages 17 to 21.

Dividend

The Board of Directors declared a single-tier interim and special dividend of 9.0 sen and 10.0 sen per share respectively. The interim and special dividends will be payable on 21 August 2026. This represents 43.6% of the Company's Profit After Tax and Non-Controlling Interests ("PATANCI"), consistent with our policy to distribute at least 40.0% of PATANCI, subject to the Group's financial position. The Board remains committed to a sustainable dividend policy that appropriately balances returns to shareholders with the Group's capital requirements for long-term growth.

Environmental, Social and Governance ("ESG")

We are proud to share that KFima was added as a constituent of the FTSE4Good Index in December 2025, a recognition that speaks to the depth and credibility of our ESG efforts. Our inclusion reflects the consistent and measurable progress across our ESG pillars and signals to investors and stakeholders that KFima operates to the highest standards of responsible business conduct.

Fima Bulking Services Berhad, North Port

This achievement was made possible by the collective effort of our management teams, who have steadily embedded ESG considerations into their day-to-day decision-making. I am heartened by the quality of engagement across the Group, the seriousness of management's commitment to sustainability matters and the depth of oversight provided through the Group Sustainability Committee. There is growing recognition at all levels that sustainability, risk management, capital allocation and performance are closely and inextricably linked, and this understanding is central to how we create long term value.

The Group recorded zero work-related fatalities in FYE2026. Even so, we recognise that there is more work to be done in reducing lost-time injuries and improving our Lost Time Injury Frequency Rate across operations. This means strengthening our safety standards and reinforcing a culture where safety is everyone's responsibility.

On the environmental front, we continued to advance our climate-related adaptation and mitigation programmes at our Malaysian estates. Having experienced adverse weather events in recent years, we have implemented further adaptation measures including enhanced drainage systems, regenerative agricultural practices, and greater mechanisation to reduce yield sensitivity to the growing unpredictability of weather patterns. We have also made progress in setting measurable targets to reduce resource intensity, specifically energy and water consumption, across our operations.

Our ambitions in this space continue to evolve. Through the ongoing digitisation of our Plantation management systems, we aim to improve sustainability reporting and strengthen oversight of operational and environmental performance. We remain committed to translating our sustainability agenda into tangible, reportable outcomes.

Governance and the Board

The Board holds ultimate accountability to all stakeholders of the Group, entrusted with providing ethical leadership and effective oversight. We remain deeply committed to upholding the highest standards of corporate governance, and this commitment has been central to our ability to deliver consistent long-term value.

The Board engaged an external consultant to undertake an independent evaluation of Board effectiveness in FYE2026. The assessment affirmed that the Board continues to function well, supported by a strong mix of experience and complementary skillsets, and the strength of Board-management relations. At the same time, the evaluation identified areas where we can further sharpen our effectiveness, and the Board has taken note of these findings with the same seriousness and openness that we bring to the oversight of the business.

The Board is well-constituted, drawing on a breadth of professional experience, sectoral expertise, and independent perspectives that collectively enable rigorous, constructive and well-considered decision-making. I am proud to lead a Board where diverse viewpoints

Chairman's Statement

are not merely tolerated but actively sought, and where challenge and debate are viewed as fundamental to good governance.

The Board also continued to give focused attention to succession planning at the executive management levels, ensuring that the Group is well-prepared for continuity of leadership and oversight as we grow and evolve.

Strategic Priorities

As we look to the year ahead, the Board is buoyed by the maturation of recent capital investments across the Group and the expanding addressable markets available to each of our divisions.

Our strategy is straightforward: to grow our existing businesses, extract greater value from the investments we have made, and remain open to new opportunities that meet our investment guardrails. This means continuing to focus on what has served KFima well over time: operational excellence, cost discipline, careful capital allocation and building a resilient, purpose-driven organisation.

Several prospective opportunities are currently being evaluated. While still preliminary, we believe they could, if viable, unlock value for the Group and open new avenues for growth. We will pursue them with the same rigour and discipline that have guided our capital allocation decisions to date, and we look forward to sharing more as they develop.

Separately, we remain hopeful that the outstanding land status matter at PT Nunukan Jaya Lestari ("PTNJL") will move towards resolution in this current year, and we will continue to engage constructively with the relevant authorities to that end.

Outlook

The macroeconomic environment remains complex. We are mindful that prolonged geopolitical instability in the Middle East may exert upward pressure on input costs such as fertiliser and fuel, and elevated logistics costs could lead to broader inflationary pressures. These are matters that touch our operations directly. As at the time of writing this Statement, we have not been materially affected by the conflict. Nevertheless, we continue to monitor the developments closely and manage our cost base with discipline as we navigate this current financial year.

Against this backdrop, our diversified model continues to demonstrate its value as a buffer against sector-specific volatility. In Bulking, we expect continued momentum, supported by healthy demand for storage infrastructure services. In Plantation, near-term conditions remain challenging, with the impending effects of El Niño and elevated fuel costs continue to weigh on margins. That said, we expect to see improvements of our Malaysian estate as the agronomic initiatives put in place over recent years gain traction. In Food, expanding the export segment for tuna loins and canned tuna provides a tangible avenue for earnings improvement and our team is actively working to build on this opportunity. In Manufacturing, PKN's acceptance in May 2026 of a five-year, RM197.09 million contract with the Ministry of Education marks a meaningful step-change for the division and provides a stable revenue base over the medium term.

KFima enters FY2027 with cautious optimism. We are clear-eyed about the risks before us and remain focused on executing the strategies needed to address them. With a strong balance sheet, a disciplined approach to capital and costs and management teams focused on execution, we believe the Group is well positioned to deliver on its long-term aspirations and create enduring value for all its stakeholders.

Acknowledgements

On behalf of the Board, I extend my sincere appreciation to the management team and employees of the Group. I am proud of the way they have responded to the extremely complex operating landscape we faced this year, while at the same time executing major projects to fruition. Their resilience, adaptability and dedication to the Group enable us to deliver on important strategic initiatives, despite all the challenges. I am equally grateful to my fellow Board members for their steady guidance and counsel throughout the year.

Finally, to our shareholders, business partners, customers and suppliers: thank you for your continued trust and support.

Dato' Idris Bin Kechot
Chairman