Group Managing Director's Review

Dear Shareholders,

FYE2026 tested the resilience of our businesses. Against a more complex operating backdrop, marked by softer commodity prices in parts of our portfolio and continuing geopolitical conflicts, the Group delivered a resilient performance overall.

Dato' Roslan Bin Hamir
Group Managing Director

Bulking division provided an important anchor to the year's performance, supported by higher utilisation rate and a diversified commodity mix. Plantation made steady operational progress, particularly across our Malaysian estates, even as earnings in Indonesia moderated. Manufacturing improved on a profitability basis and enters the new financial year with a stronger revenue base. The Food division faced a more difficult year, and management has taken practical steps to sharpen its focus and competitiveness. Taken together, these outcomes reflect the continued value of a diversified portfolio, where progress in one division can provide meaningful support when others face headwinds.

At the Group level, revenue of RM674.03 million for FYE2026 was modestly lower than the RM683.39 million recorded in FYE2025, reflecting lower contributions from the Plantation, Manufacturing and Food divisions. Gross profit remained broadly stable at RM356.05 million (FYE2025: 357.83 million), while gross profit margin improved to 52.8% from 52.4%, reflecting a more favourable product and cost mix across the portfolio. PBT was RM185.38 million compared with RM193.06 million in the prior year. The moderation was principally driven by lower contributions from the Plantation and Food divisions. These were partially offset by continued strength in Bulking and improved Manufacturing profitability. Profit After Tax ("PAT") was RM136.89 million compared with RM152.15 million in FYE2025.

The Group's balance sheet remains sound. Total equity grew to RM1,317.68 million (FYE2025: RM1,275.74 million), supported by retained earnings growth of RM69.94 million. Cash and bank balances stood at RM147.88 million, and the Group held financial investments of RM193.71 million, against total borrowings of RM179.43 million. The Group's gearing ratio remained conservative at 0.42 times, consistent with the prior year. The Group's financial position positions us well to pursue growth opportunities and capital investments as they arise across our divisions.

Divisional Review

Bulking

Bulking division's revenue increased by 15.9% to RM244.53 million from RM211.03 million in FYE2025, while PBT grew 13.9% to RM135.74 million from RM119.16 million year-on-year ("y-o-y"). These results reflect the continued maturation of the division's terminal infrastructure, a broader and more active customer base, and higher volumes across a diversified range of liquid products.

Capacity utilisation and throughput growth was broad-based, with notable increases in used cooking oil ("UCO"), technical fats and oleochemicals, reflecting the division's growing relevance to renewable energy supply chains and specialty chemical customers.

The division's PBT performance was achieved against a backdrop of rising costs, including higher direct labour costs, increased pipeline charges and higher fuel costs. These were absorbed through revenue growth and disciplined

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operational management. On the capital investment front, the refurbishment of three carbon steel tanks for specialised product cargo storage at Port Klang is on track for completion. The construction of 13 stainless steel tanks, also in Port Klang, is progressing and is expected to be completed Q2 2027. These additions will enhance the division's storage flexibility and support future throughput growth.

The division's results demonstrate the cumulative value of investments made over several years. Our focus remains on maximising utilisation, managing maintenance and operating costs with discipline, and continuing to deepen customer relationships across our terminal network.

Plantation

The Plantation division recorded revenue of RM191.87 million for FYE2026, compared with RM201.86 million in FYE2025. PBT was RM42.42 million against RM61.95 million in the prior year, a reduction of 31.5%. The decline was primarily due to lower contribution from our Indonesian subsidiary, PTNJL. This was partially offset by improved FFB production from the Malaysian estates, although overall divisional PBT moderated due to cost pressures and softer CPO pricing in Indonesia.

At PTNJL, earnings were lower than the prior year on the back of weaker CPO sales volumes and average selling prices. Incidents of crop theft during the year also weighed on harvested volumes, and the estate's underlying performance would have been stronger without these disruptions. On a positive note, the mill maintained a healthy oil extraction rate and CPKO prices improved during the year, providing partial revenue support. The outstanding land status matter at PTNJL remains an area of active engagement with the relevant Indonesian authorities, and we remain hopeful of a resolution during this FY2027.

Performance of our Malaysian estates showed encouraging improvement. FFB production increased 19.0% y-o-y to 114,003 MT from 95,804 MT in FYE2025, and the Group's overall FFB yield per hectare improved to 14.67 MT from 14.17 MT. Revenue grew 13.2% to RM90.38 million from RM79.84 million in FYE2025. These improvements reflect the agronomic and rehabilitation work undertaken over recent years, and while the Malaysian portfolio as a whole still recorded a modest net loss, its trajectory is encouraging.

Looking ahead, our priorities are unchanged: to improve FFB yields, strengthen field operating standards, apply mechanisation where it is cost-effective, and manage input costs carefully. These results build gradually, and we remain committed to the consistent operational work that underpins them.

Manufacturing

The Manufacturing division recorded revenue of RM70.14 million for FYE2026, 8.3% lower y-o-y, primarily attributable to lower volumes in travel and transport document segments. Despite this, the

Ladang Ayer Hitam, Kluang

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division delivered improved PBT of RM8.21 million, compared with RM0.90 million in FYE2025, driven by a lower material cost base, a better product mix and continued discipline in managing operating costs.

After the financial year end, we received a five-year contract with the Ministry of Education ("MOE"). This is a meaningful development for the division, providing a more predictable revenue base for the medium term and creating a platform to rebuild scale and sustain the margin improvements achieved in FYE2026. The work ahead is one of execution: supply chain management, timely delivery and consistent product quality.

Food

The Food division had a more difficult year in FYE2026. Revenue declined to RM162.88 million from RM190.00 million in FYE2025, and PBT fell to RM10.34 million from RM22.12 million. The lower reported results were partly attributable to the weaker PNG Kina against the Malaysian Ringgit, which reduced the translated revenue and earnings of International Food Corporation Limited ("IFC"), our Papua New Guinea subsidiary. Operationally, the division also had to contend with higher production and logistics costs, although domestic demand remained broadly steady.

During the year, management undertook a structured review of the division's operations and organisation. This resulted in a realignment of efforts at both the corporate and local levels, with a sharper focus on areas where the division has genuine and durable competitive advantages, particularly tuna processing and the export market for tuna loins and canned tuna. The work is still in its early stages, but we are encouraged by the initial progress and expect the division to build steadier momentum as FY2027 progresses.

International Food Corporation Limited, Lae

Environmental, Social and Governance ("ESG")

FYE2026 marked meaningful progress in our ESG agenda and brought external recognition of that progress. In December 2025, KFima was included as a constituent of the FTSE4Good Index, reflecting the depth and credibility of our ESG commitments and the rigour with which they are implemented across our operations. We are encouraged by this inclusion, and we understand that maintaining the standards it reflects is an ongoing responsibility.

We are pleased to report that the Group recorded zero work-related fatalities in FYE2026. This is an important outcome and one we do not take for granted. Work remains to be done in reducing workplace incidents and improving our Lost Time Injury Frequency Rate (LTIFR) across the Group. We will continue to reinforce safe work practices, strengthen supervisory standards, and build a culture in which safety is treated as a shared responsibility at every level of the organisation.

On the environmental front, we continued to advance climate-related adaptation and mitigation programmes at our estates. These include enhanced drainage systems, regenerative agricultural practices and greater mechanisation, measures designed to reduce yield sensitivity to increasingly variable weather patterns. We have also made progress in establishing measurable targets to reduce resource intensity, specifically energy and water consumption, across our operations.

The ongoing digitisation of our Plantation management systems is intended to improve the timeliness and quality of sustainability reporting, and to strengthen management's visibility over operational and environmental performance. In parallel, we have commenced work on climate scenario analysis to better understand the potential physical and transition risks facing the Group under different climate pathways. This work will help inform our long-term strategic and capital allocation decisions.

Good governance continues to underpin how we conduct ourselves as a Group. We maintained active engagement with our people on integrity, compliance and responsible business conduct, supported by appropriate oversight through our Board and management committees. As the operating and regulatory environment becomes more complex, these principles remain central to how we make decisions and protect the trust placed in us by our stakeholders.

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Over time, our approach to sustainability has been shaped around **three cross-cutting capabilities:**

ALIGN

We start with accountability

Meeting our disclosure obligations and regulatory expectations is the minimum standard we hold ourselves to. These requirements establish a floor of transparency and accountability. We regard compliance as the starting point of our sustainability work, and build from there to develop the practices that distinguish how the Group creates value.

ADVANCE

We look for where sustainability strengthens the business

Across the Group, we treat environmental progress and commercial opportunity as connected rather than separate goals. In several of our businesses, sustainability-related demand is opening new commercial opportunities, including a growing role in renewable energy supply chains and in products and services that meet rising environmental expectations. Elsewhere, more efficient use of materials, energy and water, together with regenerative and resource-conscious practices, strengthens margins as well as our footprint. We see sustainability and profitability as mutually reinforcing rather than competing claims on our attention.

ANCHOR

We build long-term resilience

The most important test of sustainability is whether the business can continue to operate well under changing conditions. The most important test of our sustainability work is whether the Group can continue to operate well as conditions change. Taken together, the Group's environmental, safety and governance efforts are less a series of separate initiatives than a single, developing capability: the capacity to anticipate disruption, withstand it and adapt. This is patient, practical work. It may not always be the most visible part of sustainability, but it is where long-term resilience - and durable advantage - is built.

Looking Ahead

We enter FY2027 with a cautious but grounded outlook. The macroeconomic environment remains uncertain, with geopolitical instability continuing to affect input costs, logistics and currency movements. Weather-related risks also warrant close attention, particularly the possible onset of El Niño conditions, which could affect rainfall patterns and crop production. We will continue to monitor these developments closely and manage our cost base with the same discipline we have applied over the years.

In Bulking, we expect continued momentum, supported by healthy demand for storage infrastructure services and the progressive completion of capacity expansion projects at Port Klang. In Plantation, the near-term environment is mixed. We expect recovery potential across our Malaysian estates as the agronomic improvements of recent years continue to take hold, although production may be affected by increasingly variable weather patterns, including the possible impact of El Niño. In Indonesia, conditions will require careful management of on-site operating and land-related matters. In Manufacturing, the MOE contract provides a stable and material revenue base, and management's task is to translate that into consistent execution and sustainable margin performance. In Food, we expect performance to improve as IFC's strategic repositioning takes effect and export development initiatives progress.

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The Group enters FY2027 with a sound balance sheet, a clear set of operational priorities, and management teams who are realistic about the challenges and opportunities before them.

We will continue to do the work carefully, allocate capital with discipline, and remain focused on delivering long-term value for our stakeholders.

Acknowledgements

On behalf of the leadership team, I would like to extend my appreciation to the Board for its guidance, counsel and stewardship. To our shareholders, customers, suppliers, business partners, financiers and the communities in which we operate, your continued support and partnership are deeply valued.

I also wish to thank all our employees across the Group. FYE2026 presented genuine challenges across a number of our businesses, and the professionalism, commitment and practical judgment shown by our people at every level of the organisation have been integral to the outcomes we have achieved.

We will continue to run our businesses with care, invest with discipline, and keep the long-term interests of KFima and its stakeholders at the centre of our work.

Dato' Roslan Bin Hamir
Group Managing Director

Fima Bulking Services Berhad, North Port

Value Creating Business Model

Business Activities

BULKING

The Bulking Division operates a network of liquid bulk terminals across Peninsular Malaysia which are located in North Port (Port Klang), Butterworth (Penang), and Tanjung Langsat (Johor). Presently, these terminals have 352 tanks with a combined storage tank capacity of 596,647 cbm.

[See pages 32-35]

PLANTATION

The Group now owns and operates 16 estates in Malaysia and Indonesia with a total plantable landbank area of 17,131 hectares of which 16,160 hectares have been planted with oil palm. The Group also owns a 45 MT/HR palm oil mill in Indonesia.

[See pages 36-43]

FOOD

The Group's involvement is via its subsidiary in Papua New Guinea ("PNG"), International Food Corporation Limited ("IFC") which manufactures and distributes canned mackerel, canned tuna and frozen tuna loins for both export and domestic markets.

[See pages 44-48]

MANUFACTURING

The Division specialises in the production and trading of security and confidential documents, identity and travel documents, and other security documents for the local and overseas markets.

[See pages 49-51]

Our Capital

Inputs

Financial Capital
- Funds available to the business, including:
  - > Retained earnings of RM756.75 million
- Cash and bank balances of RM147.88 million
- Strong balance sheet with total assets of RM1,870.34 million

Manufactured Capital
- High-security complex in Bangi with state-of-the-art printing facility
- 45 MT/HR palm oil mill in Nunukan
- 6 liquid bulk terminal (3 in North Port, Port Klang, 2 in Butterworth, Penang and 1 in Tanjung Langsat, Johor)
- Integrated fish canning operations in PNG

Intellectual Capital
- Robust safety, quality, and information management systems
- Strong brand equity
- Strategic partnerships & alliances
- R&D capabilities to develop solutions and respond to emerging customer preferences
- Industry best practices
- Key personnel with subject-matter expertise

Human Capital
- 3,598 dedicated employees, with 65.5% male and 34.5% female
- 80.6% of the workforce are local hires

Social and Relationship Capital
- Maintain mutually beneficial relationships with employees, regulators, and other stakeholders across the value chain
- Localised sourcing with high levels of procurement from domestic suppliers
- Community investments in welfare, infrastructure, and employment

Natural Capital
- 16 estates with 17,131 hectares of plantable landbank
- Responsibly sourced tuna & mackerel purchased, all within fisheries management regulations
- Our operations also rely on fuel, water, and electricity to run their activities

Value Creating Business Model

Material Matters

- **MM1** Climate Risk & Impacts
- **MM2** Water Impact & Waste Management
- **MM3** Biodiversity & Deforestation
- **MM4** Human Rights
- **MM5** Occupational Safety, Health & Well-being
- **MM6** Sustainable & Traceable Supply Chains
- **MM7** Product Quality & Safety
- **MM8** Community Investments
- **MM9** Innovation & Technology
- **MM10** Anti-Bribery & Corruption

These Activities are Undertaken to Sustain and Enhance the Value of Our Capitals

Financial
- Disciplined financial management and capital allocation practices for all divisions

Manufactured
- Capital expenditure across divisions:
  > Manufacturing Division spent RM2.94 million mainly at equipment upkeep, facility improvements and maintaining production readiness to support ongoing customer commitments and the new MOE contract
  > Plantation Division allocated RM25.00 million mainly spent on bearer plant and the Group continue development works for Ladang FCB Kuala Betis and Ladang FCB Aring
  > Food Division spent RM2.43 million for installation of a new Contact Plate Freezer ("CPF"), complemented by production equipment upgrades, including seamer modifications and a tomato sauce filling machine
  > Bulking Division spent RM48.18 million primarily towards the development of new tank infrastructure, the upgrade and replacement of process equipment, and safety-related facility improvements across their terminal network

Intellectual
- Continued progress towards international standard accreditations and implementation of industry best practices
- Portfolio/Product Development
- Innovation/implementation of measures to improve productivity and process efficiencies
- Retention of top brand status (Besta in PNG)

Human
- Encouraging local employment
- Competitive remuneration & benefits
- Ensuring a safe, healthy and conducive work environment
- Continuous training and development programmes to employees and other forms of engagement to keep employees motivated

Social and Relationship
- We operate a customer-centric business model built on strong relationships, customised solutions, and responsive service
- We maintain responsible business practices by embedding ethics, transparency, and governance into every level of our operations
- Support community development through welfare contributions, infrastructure improvements, and job creation efforts that empower local communities and support small businesses
- We enhance human capital through progressive labour practices, capacity-building initiatives such as PROTÉGÉ and industrial collaborations, and continuous upskilling programmes that promote safety, inclusivity, and long-term employability of local talent
- Promote human capital development through fair labour practices, capacity-building programmes like PROTÉGÉ and industrial collaborations
- Provide continuous upskilling programmes to promote safety, inclusivity and long-term employability of local talent

Natural
- Ongoing monitoring of our resource use intensity & efficiency
- Use of renewable energy and gradual to 'greener' machinery/equipment
- Compliance to regulatory requirements, standards, practices & ESG metrics
- Supply chain transparency to uphold environmental performance throughout our value chain
- Converting waste into resource through circular practices such as reuse, recycling, and resource recovery initiatives

Outcomes

Financial
- Revenue down by 1.4% to RM674.03 million
- 4.0% decrease in PBT to RM185.38 million
- ROE down by 1.0% to 11.3%
- ROCE down by 0.6% to 12.0%
- Consistent dividend payouts

Manufactured
- Optimising land usage and expanding tank capacity at bulking terminals in Port Klang and Tanjung Langsat facilitate operational scalability, meeting customer demands, and benefiting long-term Financial and Social & Relationship Capitals
- Enhanced safety and efficiency of facilities and assets which have a short-term impact on Financial Capital but essential for sustainable value-creation
- Mechanisation initiatives in Plantation division improves productivity and reduces manual workload
- Reduced downtime, improved efficiencies, and customer engagement
- Inventory management improvements in the Food division which reduces the risk of stock-outs and production disruptions which have an impact on Financial Capital

Intellectual
- Onsite and online integrity training sessions for workers and staff
- Maintained/obtained accreditations, important prerequisites of our key customers and markets
  > Plantation Division, 11 Malaysian estates are MSPO-certified
  > Manufacturing Division upholds regulatory standards such as ISO 27001:2013 Information Security Management, ISO 37001:2016 Anti-Bribery Management Systems, ISO 9001:2015 Quality Management System, ISO 14298:2013 Graphic Technology-Management of Security Printing Processes
  > Bulking terminals are International Sustainability and Carbon Certification (ISCC) certified
  > Food Division achieved Grade A rating for British Retail Consortium (BRC), Business Social Compliance Initiative (BSCI) and International Featured Standard (IFS)

Human
- Zero fatalities and y-o-y LTIFR increased from 3.41 to 5.53
- Job security and creation 559 new hires in FYE2026. Retention of headcount, salaries and benefits positively impacted Social & Relationship Capital
- Positive work culture with skilled workforce

Social and Relationship
- Retained key customers and market segments
- Localisation of supply chain, with 96.1% of contracts awarded to local companies in Malaysia, 97.2% in Indonesia and 45.5% in Papua New Guinea
- Ongoing CSR activities & welfare contributions will have a long-term effect on all Capitals
- Regular engagements with authorities on industry-specific concerns and stakeholder dialogues are essential for ensuring compliance and building trust with stakeholders and positively impact all Capitals

Natural
- Most of our measured intensities showed y-o-y improvement
- Total waste reduced y-o-y from 102,451 MT to 92,484 MT y-o-y
- GHG disclosures expanded to include commuting, business travel, and downstream transportation and distribution amounted to approximately 1,820 tCO_2e annually
- By-product recovery fish oil, fish meal and pineapple silage enhance value retention that will also benefit Financial Capital
- The installation of tank insulation contributed to improved energy efficiency and a lower carbon footprint

UNSDG