



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the Board of Directors of Rimbunan Sawit Berhad, it is my privilege to put forward to you the Annual Report of our Company and Group for the financial year ended 31 December 2025.

Revenue increased 20.7% to RM657.3 million in 2025 (2024: RM544.5 million), driven mainly by the higher sales value of the Group's core products, Crude Palm Oil ("CPO") and Palm Kernel ("PK"), supported by stronger commodity pricing and higher milling throughput during the year. Average selling prices improved for CPO to RM4,205/MT (+1.8%) and PK to RM3,200/MT (+28.2%), which amplified the revenue contribution from these principal products. In addition, FFB production rose 9.0% to 314,544 MT (2024: 288,657 MT), which supported revenue growth through higher internal processing volumes and corresponding CPO and PK output, while also strengthening gross margins through the Group's integrated estate-to-mill operations.

The Group reported a gross profit of RM83.5 million, profit before tax of RM17.1 million, profit after tax of RM1.7 million, and EBITDA of RM95.0 million. The results were primarily underpinned by the Group's continued focus on cost optimization initiatives, adoption of innovative and sustainable operational practices.

Overview of Business and Operations, Objectives and Strategies

Rimbunan Sawit Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2006 with three main subsidiaries mainly R.H. Plantation Sdn. Bhd. ("RHP"), Timrest Sdn. Bhd., and Rimbunan Sawit Holdings Berhad (which was later renamed to Rimbunan Sawit Management Services Sdn. Bhd.). We started off a palm oil mill in RHP and a land bank of 13,663 hectares before gradually expanded the planted areas and mill operation via various acquisitions between 2008 and 2012.

We remain as a cultivator of oil palm and operator of palm oil mill producing CPO, Palm Kernel ("PK"), and Fresh Fruit Bunches ("FFB"). As a progressive player in this plantation industry, we are committed to espouse our stakeholder's value as we continue to yield products and services of high quality underpinned by the conducive work environment and continuous engagement with the local community.

Our Corporate and Organisation Structure

Our corporate functions at head office level remain intact with continuous improvement and streamlining led by managing director office with the mutual support and backing of the six core functions mainly Plantation Operation – South & Selangau Region, Plantation Operation – North Region, Engineering and Mill Operation, Human Resource and Administration, Account and Finance, and Information Technology.

The supporting functions including Agricultural Practices, Internal Audit, Purchasing, Transportation, Geographic Information System, Land and Public Relations will continue to be streamlined to ensure cohesiveness with core functions and in adherence with Board of Directors' guidelines.

Management Discussion and Analysis (cont'd)

RIMBUNAN SAWIT'S ORGANISATION STRUCTURE



The Progress of the Ongoing Corporate Proposals

On 13 January 2026, Rimbunan Sawit Berhad ("RSB")'s wholly-owned subsidiary, Sastat Holdings Sdn. Bhd. ("SHSB") had entered into a Sale and Purchase Agreement ("Disposal SPA") with Trinity Capital Resources Sdn. Bhd. ("TRCSB" or the "Purchaser") to dispose of a parcel of land situated at Batang Baram, Baram in the Miri division of Sarawak measuring approximately 1,504 hectares and described as Lot 205 Teraja Land District ("Sastat Estate") for a cash consideration of RM28,000,000 ("Disposal Consideration").

The sale and purchase of the Sastat Estate shall be conditional upon the following conditions precedent being fulfilled:

- (a) the consent in writing of the Director of Lands and Surveys for the transfer of Sastat Estate to TRCSB in compliance with the restriction in interest expressed in the Provisional Lease of Sastat Estate;
- (b) the consent in writing of the Superintendent of Lands and Surveys for the transfer of Sastat Estate to TRCSB in accordance with section 31 of the Sarawak Land Code;
- (c) the consent in writing of the Director of Lands and Surveys for the charge of Sastat Estate to the bank or financial institution granting a loan to TRCSB to part finance the purchase of Sastat Estate, in compliance with the restriction in interest expressed in the Provisional Lease of Sastat Estate;
- (d) all such other approvals, consents or authorizations from the relevant authorities or parties.
 - (i) The conditions precedent shall be fulfilled within 6 months from the date of the Disposal SPA, or such other extended period as SHSB and TRCSB may mutually agree upon in writing.
 - (ii) SHSB shall at its own costs and expenses, use its best endeavours to do all things including taking all steps necessary to fulfil or procure the fulfilment of the conditions precedent in paragraph (a) and (b) above.
 - (iii) TRCSB shall at its own costs and expenses, use its best endeavours to do all things including taking all steps necessary to fulfil or procure the fulfilment of the condition precedent in paragraph (c) above. TRCSB may waive the fulfilment of such condition precedent if it is not required or applicable, including where TRCSB is not obtaining, or does not intend to obtain, a loan to part finance its purchase of Sastat Estate.
 - (iv) The date upon which all of the conditions precedent have been fulfilled shall be the "Unconditional Date" and the Disposal SPA shall become unconditional on the Unconditional Date.

Management Discussion and Analysis (cont'd)

The Progress of the Ongoing Corporate Proposals (cont'd)

- (d) all such other approvals, consents or authorizations from the relevant authorities or parties. (cont'd)
- (v) If the conditions precedent is not fulfilled within the Conditional Period or the Extended Conditional Period, as the case may be, the following will take place:
- (a) SHSB shall refund all monies paid by TRCSB, including the Deposit, free of interest; and
 - (b) the Disposal SPA shall be deemed to be terminated and of no further force or effect and neither SHSB nor TRCSB shall have any further rights under the Disposal SPA except for any obligation which is expressed to apply after the termination of the Disposal SPA and any rights or obligations which were accrued arising from any breach of the Disposal SPA prior to such termination.
- (vii) If the conditions precedent has been fulfilled or obtained but SHSB decides not to proceed to complete the Disposal SPA, SHSB shall refund the Deposit and pay a like sum to TRCSB as agreed liquidated damages and the Disposal SPA shall be terminated.

On 16 January 2026, 10% of disposal consideration has been paid to SHSB by TRCSB upon execution of the Disposal SPA, of which 3% shall be retained by SHSB's solicitors as the retention sum for payment to the Director General of Inland Revenue as required under the Real Property Gains Tax Act, 1976 ("RPGT Act").

On 23 February 2026, the Director of Lands and Surveys has approved the application for consent to transfer of Sastat Estate to TRCSB in compliance with the restriction in interest expressed in the Provisional Lease of Sastat Estate and the consent in writing of the Superintendent of Lands and Surveys for the transfer of Sastat Estate to TRCSB in accordance with section 31 of the Sarawak Land Code.

On 16 March 2026, the application for permission to charge which was submitted by the Purchaser's financing bank – Hong Leong Bank Berhad – or their solicitors, has been approved. On 17 March 2026, all the conditions precedent for the Proposed Disposal under the Disposal SPA have been fulfilled, or where applicable, deemed fulfilled. Pursuant thereto, the Disposal SPA has become unconditional on 17 March 2026.

On 27 March 2026, assessed RPGT amount of RM316,429.00 has been remitted to LHDN by the TRCSB's solicitors and the surplus amount of RM523,571.00 has been released to SHSB on 30 March 2026.

The sale proceeds and the breakdown of utilisation are tabulated as below:

No.	Purposes	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Time-Frame
1.	Working capital purposes, including defraying expenses in connection with the Proposed Disposal, and for investment and development of viable potential estate	28,000	2,800	31 December 2026
	Total	28,000	2,800	



Management Discussion and Analysis

(cont'd)

Oil Palm Estates

Our portfolio of estates remains at thirteen (13) spanning across Kuching, Sibul and Miri regions in Sarawak. Our total land bank stood at 54,259 hectares. Our total planted area stood at 34,356 hectares, comprising 63% of our land bank. The planted area by Age Cluster and are reflected in the following tables:

Age Cluster	2025 (HA)	Planted Hectares by Region	2025 (HA)
Immature (1-3 years)	4,872	Kuching region	6,792
Young mature (4 - 7 years)	2,257	Sibu region	7,052
Prime mature (8 - 19 years)	15,637	Miri region	20,512
Old mature (> 20 years)	11,590	Total planted area	34,356
Total planted area	34,356		

Our Group placed top emphasis on best agricultural practices within its estates. All our estates have obtained the Malaysian Sustainable Palm Oil ("MSPO") certification during the financial year under review.

Palm Oil Mills

The Group has three palm oil mills with two of the mills situated in Miri region, namely RHP Mill and RSB Mill. RSB Mill was constructed in early 2013 and commenced production in the middle of 2017. Subsequently, the Mill began its CPO sales in July 2017.

Lundu Mill, on the other hand, is located in Kuching region. The Mill was previously constructed and managed by RH Lundu Palm Oil Mill Sdn. Bhd. before it was bought over by RSB Lundu Palm Oil Mill Sdn. Bhd. except for the land via the supplemental agreement dated 21 December 2018. Lundu Mill began operation in March 2006.

The upgrading works for Lundu Mill were completed in January 2025, while RHP Mill was completed and resumed operations in December 2025.

The brief profiles of the three mills are indicated in the following table:

	RHP Mill	RSB Mill	Lundu Mill
Operation & Capacity	<ul style="list-style-type: none"> Commenced operation in 1998 80 metric ton per hour 	<ul style="list-style-type: none"> Commenced operation in May 2017 60 metric ton per hour 	<ul style="list-style-type: none"> Commenced operation in March 2006 60 metric ton per hour
Certification & Compliance	<ul style="list-style-type: none"> Obtain MSPO certification on 18 February 2019 Crops' grading in line with MPOB guidelines MSPO SCCS 	<ul style="list-style-type: none"> Obtain MSPO certification on February 2019 Crops' grading in line with MPOB guidelines MSPO SCCS 	<ul style="list-style-type: none"> Obtain MSPO certification on 20 June 2018 Crops' grading in line with MPOB guidelines MSPO SCCS

Management Discussion and Analysis (cont'd)

Palm Oil Mills (cont'd)

	RHP Mill	RSB Mill	Lundu Mill
Sustainability & Environmental	<ul style="list-style-type: none"> Waste management plan in compliance with DOE Flue filtering system to regulate boiler gas emission 	<ul style="list-style-type: none"> Waste management plan in compliance with DOE Flue filtering system to regulate boiler gas emission 	<ul style="list-style-type: none"> Waste management plan in compliance with DOE Flue filtering system to ensure clean air emission
Performance Metrics - 2025	<ul style="list-style-type: none"> FFB Processed: 9,781 MT CPO Production: 1,857MT PK Production: 379 MT OER: 18.99% KER: 3.88% CPO Sales: RM1.07 million PK Sales: RM Nil 	<ul style="list-style-type: none"> FFB Processed: 366,694 MT CPO Production: 69,209 MT PK Production: 14,686 MT OER: 18.87% KER: 4.01% CPO Sales: RM287.83 million PK Sales: RM48.38 million 	<ul style="list-style-type: none"> FFB Processed: 224,999 MT CPO Production: 45,456 MT PK Production: 10,725 MT OER: 20.2% KER: 4.77% CPO Sales: RM192.17 million PK Sales: RM33.87 million

Our Financial Performance

Our revenue increased by 20.7% to RM657.3 million (2024: RM544.5 million), mainly driven by higher sales value from the Group's core palm products, namely Crude Palm Oil ("CPO") and Palm Kernel ("PK"), supported by firmer average selling prices and higher processing throughput during the year. Average selling prices improved for FFB, CPO and PK by 8.5%, 1.8% and 28.2%, respectively, to RM829/MT, RM4,205/MT and RM3,200/MT. In addition, FFB production increased by 9.0% to 314,544 MT (2024: 288,657 MT), which contributed positively to revenue primarily through higher internal milling volumes and corresponding CPO and PK output.

Cost of sales rose by 15.1% to RM573.8 million as compared to RM498.5 million in 2024, primarily due to higher expenses in manuring and weeding activities, higher depreciation and the continued requirement for some external FFB purchases to optimise mill utilisation.

Administrative and other expenses increased by RM2.8 million, mainly attributable to the write-off of biological assets and inventories, as well as losses arising from fair value changes in biological assets.

Finance costs decreased by RM1.0 million, largely due to higher repayments of revolving credit and hire purchase obligations, partially offset by increased term loan balances and lease liabilities.

Other income declined significantly by RM45.2 million, mainly due to the absence of the one-off gain of RM41.4 million recognised in 2024 from the disposal of the Jayamax and Selangor estates (assets classified as held for sale), and was further impacted by lower sales of scrap materials and seedlings as well as lower fair value gains on biological assets in 2025.

Management Discussion and Analysis (cont'd)

Our Financial Performance (cont'd)

The Group's total assets increased by RM12.2 million (+1.6%) to RM765.9 million as at 31 December 2025 (2024: RM753.7 million), mainly reflecting continued reinvestment into productive capacity and a stronger liquidity position. The uplift was driven primarily by net growth in property, plant and equipment ("PPE") supported by gross PPE additions of RM102.0 million, partially offset by depreciation of RM68.7 million and disposals/derecognition/write-offs of RM28.9 million, resulting in a higher PPE balance. In addition, cash and cash equivalents rose to RM44.0 million (2024: RM27.4 million), underpinned by stronger operating cash flows RM80.3 million vs RM31.4 million while inventories increased to RM23.7 million (2024: RM19.9 million) in line with operational activity levels. These increases were partly offset by lower year-end trade and other receivables.

The Group's total borrowings increased by RM38.7 million to RM270.9 million as at 31 December 2025. The increase was primarily driven by new financing drawdowns undertaken to support the Group's funding requirements, including capital expenditure and working capital needs arising from ongoing estate and mill operations. In particular, the Group recorded a drawdown of RM75.9 million in term loans during the year, supplemented by RM0.7 million utilisation of bank overdraft facilities. These increases were partially offset by disciplined debt servicing, with the Group repaying RM50.6 million of borrowings over the same period. As a result of the net increase in borrowings, the Group's debt-to-equity ratio rose to 0.60 times in 2025 (2024: 0.54 times), reflecting a measured increase in leverage in line with the Group's financing strategy.

Notwithstanding the improvement in operational performance during the year, the Group continues to operate in a challenging environment characterised by volatility in commodity prices and tight liquidity conditions. As disclosed in the audited financial statements, the Group's current liabilities exceeded its current assets as at 31 December 2025. The Board remains focused on prudent cash flow management, cost optimisation and active engagement with financiers to strengthen the Group's financial position.

The following is an overview of our Group's key financial indicators for the past five financial years.

Key Financial Indicators	2025	2024	2023	2022	2021
(RM'thousand)					
Revenue	657,286	544,494	507,762	675,917	541,502
EBITDA	94,995	107,297	100,237	84,773	82,893
Profit/(Loss) after taxation	1,733	24,439	13,018	(5,818)	(6,978)
Attributable to: -					
Owners of the company	(473)	28,553	25,110	(330)	(6,533)
Non-controlling interest	2,206	(4,114)	(12,092)	(5,488)	(445)
Total equity	377,255	381,072	362,932	353,474	359,292
Total assets	765,898	753,745	853,314	851,225	886,746
Net debts	226,187	204,815	337,327	338,831	370,016
Debt to Equity Ratio	0.60	0.54	0.93	0.96	1.03
(Loss)/Earnings per share (sen)	(0.02)	1.40	1.23	(0.02)	(0.32)
Net assets per share (RM)	0.18	0.19	0.18	0.17	0.18

Management Discussion and Analysis (cont'd)

Review of Financial Results

The five-year key financial metrics are shown in the following charts.



Review of Operating Activities

The Group's EBITDA decreased from RM107.3 million in 2024 to RM95.0 million in 2025, primarily driven by higher operational costs, which were compounded by an increase in selling and distribution costs, administrative and other expenses and a reduction in other income.

The following table highlights key operating indicators for the past five years.

Key Operating Indicators	2025	2024	2023	2022	2021
CPO Production Volume (MT)	116,522	98,986	106,152	111,756	103,126
PK Production Volume (MT)	25,790	21,608	24,100	24,512	22,109
FFB Production Volume (MT)	314,544	288,657	250,750	211,681	192,732
OER (%)	19.37	19.07	19.32	19.41	19.69
KER (%)	4.29	4.16	4.39	4.26	4.22
Mature Area (Ha)*	28,175	37,394	38,464	36,352	39,424
FFB Yield per Ha (MT/Ha)	11.16	7.72	6.52	5.82	4.89
CPO Sales Volume (MT)	114,413	98,605	107,531	110,607	103,527
PK Sales Volume (MT)	25,699	22,211	24,024	23,812	22,359
FFB Processed (MT)	601,474	519,083	549,418	575,800	523,839

* Formasi Abadi Sdn Bhd, which ceased operations in YE2024, is excluded from the mature area for YE2024 and YE2025.

Management Discussion and Analysis

(cont'd)

Anticipated or Known Risks

The group continually reviewing and assess its existing risks. Our risks are categorized into four main categories mainly market risks, operational risks, regulatory risks and liquidity risks.

Risk Category	Description / Rationales	Impact	Mitigation Plans
Market	Fluctuation of CPO price due to uncertain global demand, foreign government policies, and restrictions imposed on palm oil usage and political uncertainties.	Reduction in revenue that compress our EBITDA	The Group will continue to engage with relevant authorities or government bodies to promote palm oil and to diversify the market and neutralize the anti-palm oil campaigns.
Operational	Shortage of oil palm harvesters and persistently low FFB yield.	Inferior OER and loss of income	The Group has initiate various programs, incentive and remuneration to enhance recruitment of labors.
Regulatory	Change to policies and regulations that govern labor, environmental, safety and health.	Penalty for non-compliance	The Group remain committed to enhance the efficiency of its operation including mechanization and ensure all the estates and mills are in compliance with MSPO requirements.
Liquidity	Given the Group's capital-intensive nature, liquidity management focuses on cash flow timing, working capital requirements and funding cost movements, including interest rate exposure, to ensure sufficient headroom to support operations and planned investments under varying market conditions.	Higher financing costs, tighter working capital headroom during peak expenditure periods, and reduced flexibility to fund timely estate upkeep, harvesting logistics and planned capital spending, particularly during periods of commodity price volatility.	The Group manages this risk by maintaining adequate liquidity buffers and committed banking facilities, strengthening working capital discipline, phasing discretionary capital expenditure where appropriate, and continuing its initiatives to review the asset portfolio to realign resources towards productive areas while accelerating cost optimisation measures to support cash flow resilience.

Management Discussion and Analysis (cont'd)

Forward Looking Statements

The Malaysian oil palm industry is expected to remain resilient in YE2026, supported by steady global demand, biodiesel initiatives, and Malaysia's strong market position. Crude palm oil production is projected to be stable with moderate impact from labour shortages, ageing trees, and weather conditions. Export demand is expected to remain healthy, particularly from key markets such as India, China, Africa, and the Middle East.

CPO prices are anticipated to stay firm but volatile, influenced by global edible oil supply, crude oil prices, currency movements, and geopolitical factors. Rising input costs, especially fertilizer and labour, may continue to pressure margins.

Sustainability and regulatory compliance will remain key priorities, including MSPO certification, traceability, and evolving international ESG requirements.

Overall, the sector's medium- to long-term outlook remains positive, supported by global population growth, food demand, renewable energy usage, and the versatility of palm-based products.

In view of the above, the Group remain cautiously optimistic on the outlook for the financial year 2026.

Dividend Policy

For the financial year under review, the Board of Directors has decided not to declare dividend as dividend distribution is subject to a liquidity and solvency assessment based on various factors including the entity's financial position, reserves, earnings, capital requirements and other relevant factors, as outlined in the Companies Act 2016.

Our Group has prioritized cash from operations towards debt repayment and reserves for working capital usage, while also ensures higher cash liquidity.

Acknowledgements

On behalf of the Board of Directors, I would like to express my sincere gratitude and appreciation to our shareholders, valued customers and suppliers, business partners, bankers, government agencies and all the other stakeholders for their continuous commitments, supports, and confidence on our Group.

Most importantly, we would like to put on record our utmost gratitude and appreciation to all employees of Rimbunan Sawit Berhad for their efforts and continuous commitment to the Group.

Datuk Tiong Chiong Ie
Managing Director

