GROUP MANAGING DIRECTOR

AND CHIEF EXECUTIVE'S STATEMENT

Dear Esteemed Stakeholders,

I am pleased to present a review of the Group's progress on strategic priorities, the launch of our new Five-Year Strategic Roadmap, key sustainability initiatives, and the outlook for the upcoming financial year 2026 ("FY2026").

Dato' Lee Yeow Chor
Group Managing Director and Chief Executive

A REVIEW OF THE FIVE-YEAR STRATEGIC PLAN (2020–2024)

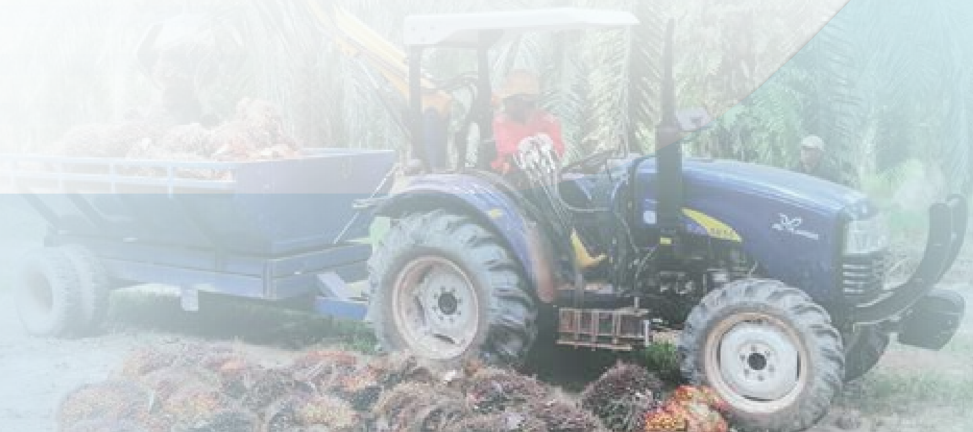
The Group embarked on a Five-Year Plan from 2020 to 2024 to transform itself from a cost-competitive palm oil producer into a high value-added, diversified palm-based products enterprise. This transformation was guided by five strategic priorities, each of which has delivered meaningful progress despite external challenges.

Our first strategic priority focused on enhancing oil yield by at least 15%, supported by the adoption of high-yielding planting materials such as elite clonal palms and third-generation hybrid seedlings. As reported previously, this target could not be achieved due to persistent labour shortages from 2021 to 2023.

In FY2025, however, our plantation operations recorded an average oil yield of 4.37 metric tonnes ("MT")/mature hectare ("ha"), a 4% improvement over the previous financial year, following an 8% increase in the year before. In particular, the oil yield from the first-year matured palms rose to 3.5 MT/ha, about 20% higher when compared to the previous generation palms. These improvements in oil yield reflect the effectiveness of our yield enhancement strategies and bode well for the Group's long-term performance as we advance towards our new five-year plan. Most importantly, this positive momentum has been achieved despite the accelerated replanting of older palms, reinforcing our confidence in sustaining further improvements in the years ahead.

"Our first strategic priority focused on enhancing oil yield by at least 15%, supported by the adoption of high-yielding planting materials such as elite clonal palms and third-generation hybrid seedlings."

Our second strategic priority focused on reducing reliance on manual labour by improving the land-to-worker ratio through estate mechanisation and digitalisation. This objective has been successfully achieved with the implementation of mechanised mainline fresh fruit bunches ("FFB") evacuation systems across all terrain-suitable estates in Malaysia. In addition, we continuously reviewed the performance of these systems and made necessary adjustments, including the replacement and adoption of improved machinery, to further enhance operational efficiency. The final stage of SAP ERP system implementation in our Indonesian estates has also successfully gone live during FY2025.



The third strategic priority focused on diversifying our oil palm portfolio with higher-value crops to optimise returns from our existing land bank. In FY2025, the Group planted approximately 485 hectares of coconuts, increasing the total coconut planted area to 3,616 hectares as of June 2025.

Our fourth strategic priority was to increase non-crude palm oil ("CPO") income. During the financial year, Nextgreen IOI Pulp Sdn Bhd, a joint venture in which IOI holds a 45% equity stake, entered into a partnership with a subsidiary of Xiamen C&D Corporation, a Fortune Global 500 company, to develop Malaysia's first large-scale zero-waste paper pulp plant in Pekan, Pahang. The Chinese subsidiary holds a 25% equity stake in the project and will also serve as the off-taker of the plant's products under this collaboration.

Phase 1 of the paper pulp plant will have a production capacity of 150,000 MT per annum, converting empty fruit bunches ("EFB") into sustainable paper pulp for applications such as writing paper, tissue paper, and food containers. This initiative complements the Group's palm wood factory, with both representing significant steps towards income diversification and reinforcing the Group's commitment to achieving net zero emissions by 2040.

The fifth strategic priority was to increase the profit contribution of our oleochemical segment by 30% through capacity expansion, production efficiency, and the development of innovative high value-added product applications. While we have successfully expanded manufacturing capacity with our state-of-the-art plants in Penang and Johor and managed to achieve the targeted profit during FY2022, the persistent challenging operating environment from FY2023 to FY2025 had led to a decline in profit from that record level.

NEW FIVE-YEAR STRATEGIC ROADMAP (2025–2029)

As the Group transitions into our next five-year strategic cycle (2025–2029), we are charting a bold course anchored in innovation, sustainability, and value creation. This roadmap is structured around four new strategic priorities designed to elevate the Group's position across the palm-based value chain while reinforcing its commitment to environmental stewardship and operational excellence.

1 Product Portfolio Expansion

Product portfolio expansion forms the first priority, focused on growing our presence in high-value end markets through a broader range of product offerings across upstream and downstream segments. By investing in differentiated solutions for niche applications, including pharmaceuticals, personal care, nutrition, renewables and agri-science, we are unlocking new market opportunities and enhancing value creation.

2 Innovation

Innovation, the second priority, remains central to the Group's strategy. Key initiatives include advancing fourth-generation seed materials and expanding organic oil palm plantations from 1,100 to 3,500 hectares. Our oleochemical operations in Germany will continue the research and development ("R&D") on the dozens of patents filed in the previous years to develop innovative products for pharmaceutical applications. Another key focus will be the production of premium-grade, low-contaminant palm and lauric oils, specifically tailored to meet the stringent requirements of high-standard markets such as the European Union ("EU").

> **Together, these strategic priorities represent an integrated approach to growth, innovation, and sustainability; positioning the Group to lead in the evolving palm-based products industry while delivering long-term value to stakeholders.**

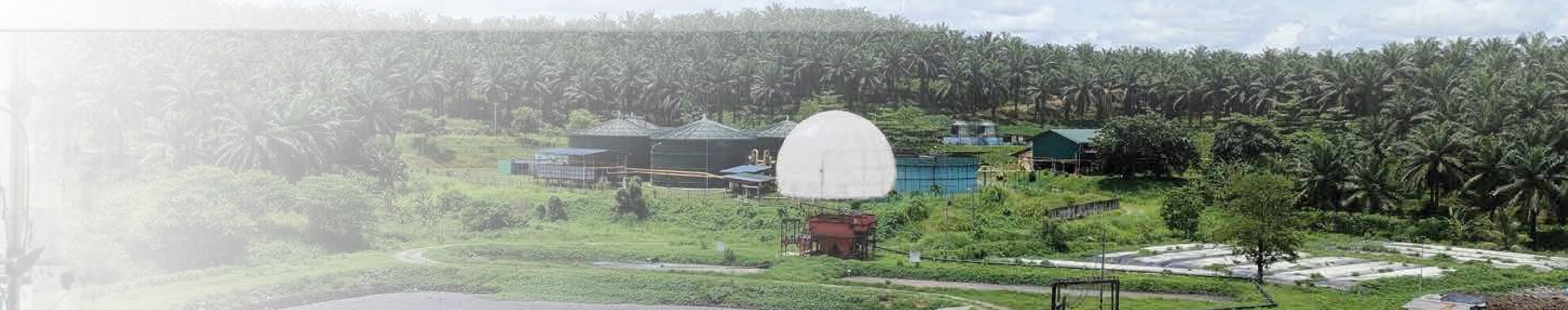
3 Productivity & Quality

Productivity and quality represent the third priority. The goal of achieving high oil yield, carried forward from the recently concluded five-year plan, will continue as a central objective. Building on the successful mechanisation of mainline FFB evacuation systems, the programme is now being extended to infield and upkeep operations to further reduce reliance on manual labour. In our processing plants, automation and digitalisation initiatives aim to streamline production, increasing plant utilisation and reducing manual intervention.

4 Sustainability & Climate Initiatives

Finally, **sustainability and climate initiatives** reflect our commitment to achieving net zero emissions by 2040. To date, 10 out of our 15 mills have been equipped with biogas power plants, with further projects underway. At the same time, more solar panels are being deployed across remote estates and facilities. Biomass power plants using EFB pellets and wood chips are also under development, alongside investments in carbon reduction, water recycling, and reforestation.

Together, these strategic priorities represent an integrated approach to growth, innovation, and sustainability; positioning the Group to lead in the evolving palm-based products industry while delivering long-term value to stakeholders.



CORPORATE SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

The Board Sustainability Committee ("BSC") which formed in FY2023 continues to effectively ensure compliance and ethical behaviour on all sustainability-related matters.

In FY2025, as part of our biennial practice, we conducted a comprehensive materiality assessment to identify sustainability-related risks that could affect the Group's growth and prospects. The assessment also evaluated any changes from previously identified material issues. The prioritised top material matters were subsequently reviewed by the BSC and approved by the IOI Board of Directors in line with our governance framework.

Regarding our Climate Change Action initiative and pathway to net zero by 2040, we have exceeded our target of 40% GHG intensity reduction from 2015 base year by achieving a 46% emission intensity reduction in FY2025. Our continued success in our decarbonisation pathway is due to the successful strategic combination of nature-based and engineered solutions, together with the detailed implementation activities and the commitment of our employees. For an overview of our other social and environmental initiatives, please refer to my message in the FY2025 Sustainability Report.

The IOI ESG Platform, first introduced in FY2024, has enabled us to better manage the large pool of environment and social-related data that we have collected over the years as well as allow for ease of data auditability. The Disclosure Director embedded within the ESG Platform ensures that we comply with the reporting standards and frameworks such as Bursa Malaysia's National Sustainability Reporting Framework ("NSRF") and IFRS Sustainability Disclosure Standards, IFRS S1 and S2.

The Group's commitment to corporate social responsibility is channeled primarily through the IOI Foundation ("IOIF") (formerly known as Yayasan Tan Sri Lee Shin Cheng), this charitable foundation is jointly funded by the Group and its sister company, IOI Properties Group Berhad.

To date, IOIF has awarded degree scholarships to 356 deserving undergraduates and supported 1,649 students through its Student Adoption Programme. We also believe in nurturing leadership from within and have successfully conducted the 4th IOI Youth Leadership Camp for the next generation of our IOI family.

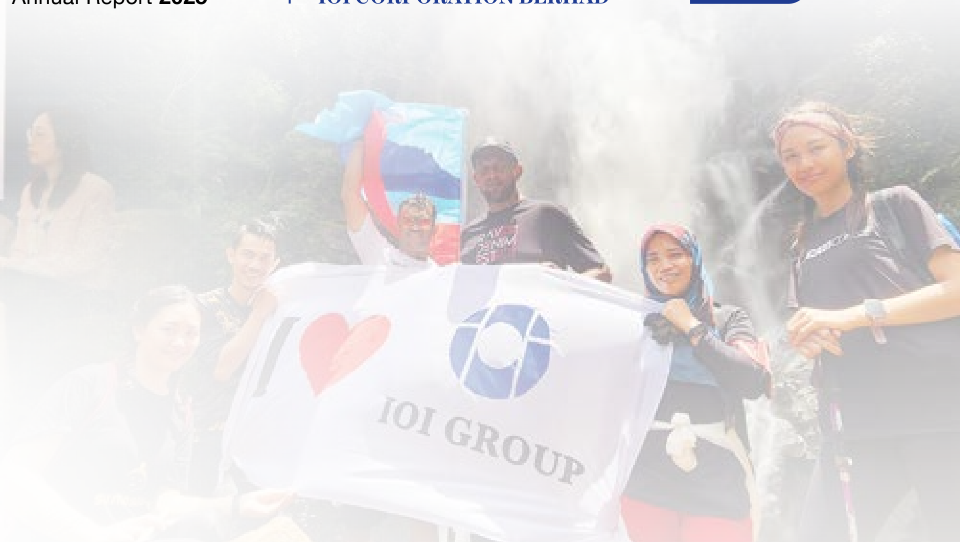
In line with the Malaysian government's initiative to bridge the education gap, the IOIF adopted 21 underserved schools under the Program Sekolah Angkat Madani in June 2025. In these schools, we are not just donors but active partners in education, rolling out tailored programmes such as IOI Mathematics Enhancement Programme and IOI Public Speaking Programme to unlock the potential of students.

Our philosophy of empowerment extends beyond education through Bargain Basement, our self-sustaining social enterprise. With four outlets, it not only sells pre-used items, but has created a virtuous cycle of community support, generating nearly RM1 million to aid 50 beneficiaries.

OUTLOOK AND PROSPECTS

CPO price has been rising steadily since early July 2025, advancing from around RM4,000/MT to the level of around RM4,500/MT in September 2025. Strong buying interest from key importing countries together with Indonesia's B40 biofuel mandate should remain supportive of the price. In addition, the current discount of CPO price against the US soybean oil price would help to sustain its demand. On the other hand, the ongoing high FFB production cycle which is expected to persist over the next few months is likely to result in CPO stock rising gradually into the fourth quarter of 2025.

For our plantation segment, FFB production in FY2026 is projected to be higher than in FY2025. This increase is primarily driven by a larger portion of our palms reaching prime age and young palms coming into maturity, despite the ongoing accelerated replanting programme in the Sabah region. In addition, our continuous efforts to enhance estate management efficiencies through mechanisation and digitalisation are expected to further support productivity gains. Coupled with the firm CPO price, we expect the plantation segment to deliver a good financial result for FY2026.



The outlook for the refinery and commodity marketing sub-segment remains challenging, mainly due to intense competition from Indonesian refiners who benefit from the raw material price advantage under the country's CPO export duty policy. On a positive note, the recent US tariffs on Malaysian palm oil are expected to have minimal impact, given the Group's low export of palm oil to the US market. Against this backdrop, our competitive advantage in producing low contaminant oils as well as the continuation of our operation efficiency initiatives will be key to maintaining a satisfactory financial performance.

The operating environment for our oleochemical sub-segment is expected to remain challenging. The US trade tariffs and ongoing geopolitical tensions will continue to influence global trade flows and purchasing patterns. Industry overcapacity and high raw material price remain headwinds, exerting pressure on both sales volume and profit margins. Meanwhile, the implementation of the EU Deforestation Regulation, now scheduled for December 2025, may disrupt trade flows into Europe but could also create opportunities for certified sustainable producers like us. To overcome these challenges, we will continue to strengthen our product portfolio through market insights and application expertise, drive innovation with differentiated offerings, and enhance cost efficiency through disciplined resource management.

For our specialty food ingredients sub-segment, represented by our associate company Bunge Loders Croklaan Group BV ("BLC"), sales margins particularly for cocoa butter equivalents are expected to remain good, although the sales margin in BLC's US operations may be affected by the additional tariffs on imports of palm raw material. Overall, we anticipate the sub-segment's performance to remain satisfactory.

As for the USD/MYR exchange rate, the anticipated interest rate cuts by the US Federal Reserve are expected to provide support to the Malaysian Ringgit. Nevertheless, uncertainties surrounding the US trade policies and heightened geopolitical tensions may lead to increased volatility in the USD/MYR exchange rate.

Overall, while FY2026 presents a dynamic and evolving landscape, we remain confident in our ability to navigate the market volatilities. With clear strategies, disciplined execution, and a focus on innovation and sustainability, we expect our operating and financial performance for the year to be resilient and satisfactory.

CLOSING REMARKS

As our previous Five-Year Strategic Plan (2020–2024) draws to a close, overall, we are pleased with the progress made across all five strategic priorities. These achievements have laid a solid foundation for sustainable growth, operational resilience, and long-term value creation, paving the way for our new Five-Year Strategic Roadmap (2025–2029). Looking ahead, the new Five-Year Strategic Roadmap is expected to mark a pivotal chapter in our journey of growth and success.

Our strength lies in our unwavering dedication to innovation, talent development and sound risk management, guided by the six IOI values: integrity, commitment, team spirit, cost efficiency, innovation and excellence in execution. These values continue to shape our culture and drive our strategic initiatives.

As we move into this next phase, our focus remains clear: to drive sustainable growth, enhance our upstream and downstream capabilities, and maintain our competitive edge in an increasingly complex global landscape. With a bold vision and a resilient foundation, the Group is well-positioned to navigate the future with confidence and purpose.

Dato' Lee Yeow Chor
Group Managing Director and Chief Executive