

GROUP BUSINESS REVIEW: PLANTATION

WHO WE ARE & WHAT WE DO



Plantation is IOI's core business, covering the cultivation of oil palm and processing of palm oil with operations in seed breeding, cultivation and crop oil extraction. Today, we have 94 estates, 15 palm oil mills, four research and development ("R&D") centres and a biotechnology centre across Malaysia and Indonesia. Our harvested fresh fruit bunches ("FFB") are processed by our 15 milling facilities with a total installed capacity of 1,016 metric tonne ("MT") per hour of FFB.

Our current total planted area (including subsidiary companies) stands at 172,459 hectares ("ha") (FY2024: 176,202 ha), while our associate companies' planted area stands at about 127,500 ha. In FY2025, our total oil palm planted area is 167,883 ha with 81% classified as mature, compared to 172,107 ha in FY2024 when 86% was mature. The weighted average oil palm age is 12 years, with an increased young prime profile coupled with accelerated replanting.

To expand our product portfolio, we strategically diversified into other higher value and renewable crops. We cultivated coconuts on selected parcels of our plantation land to optimise landbank productivity, leveraging their resilience to drought and Ganoderma, the rising global demand and their versatile downstream applications from agriculture to food and beverage to health and wellness. As of June 2025, we have planted 3,616 ha of coconuts, and target another 634 ha by next year, including 447 ha converted from rubber-planted area. We have also produced our own planting materials, including hybrid Matag coconuts, at our new seed garden, set up to develop new and improved materials for future expansion. Other non-palm crops planted include 109 ha of durians and 8 ha of avocados.

Driven by innovation, we established Southeast Asia's first certified organic oil palm plantation at Pamol Kluang estate by producing 1,128 ha of organic palm oil through sustainable practices since March 2024. Organic oil palm cultivation offers a promising potential to premium markets that value sustainability, traceability, environmental stewardship and healthier choices. We aim to certify another 2,495 ha. To optimise revenue during replanting, we are also increasing crop diversity through intercropping. As of FY2025, we have planted 515 ha of bananas and 11 ha of pineapples, both considered cash crops, and target 150 ha of bananas and 20 ha of pineapples by next year.

IOI continues to deliver long-term stakeholder value through responsible palm oil production and resource conservation. Our Environmental, Social and Governance ("ESG") excellence was recognised with the *Company of the Year (Plantation) – ESG Champion* (see pages 12-13 for the full award listing).



TOP 3 Largest Companies* in Plantation Sector

*By market capitalisation on Bursa Malaysia

Total Planted Area
172,459 Hectares*

*Excludes area owned by associate companies

94 Total Oil Palm Estates*

*Located in Malaysia and Indonesia

197,698 Hectares & 14 Mills

RSPO*-Certified in Malaysian and Indonesian Operations

*Roundtable on Sustainable Palm Oil

KEY FOCUS AREAS

- Expanding our product portfolio by increasing high-yielding seed production, Ganoderma tolerant seed production and coconut planting
- Innovating to produce organic oil palm and develop new generation seed materials
- Increasing productivity and quality through elite clonal palms, mechanisation and digitalisation
- Integrating sustainability practices and climate initiatives through renewable energy implementation

KEY BUSINESS HIGHLIGHTS

- Our plantation segment recorded higher FFB production of 2.84 million MT in FY2025 (FY2024: 2.80 million MT) and FFB yield of 20.49 MT per ha (FY2024: 19.34 MT per ha) due to strategic workforce management and agronomic excellence. Improved foreign worker availability also boosted harvesting efficiency and overall operations.
- The strong yields from young mature palms in Indonesia and a favourable crop trend in Peninsular Malaysia further boosted our FFB volume. We further strengthened our gains through a prompt completion of manuring programmes, effective weeding and pruning schedules, reduced harvesting intervals to ensure optimal fruit collection, improved loose fruit recovery across estates and expanded mechanisation and digitalisation initiatives to enhance field productivity and data-driven decision-making.
- Unfavourable weather in several key estates affected harvesting, but we mitigated the challenges and strengthened field resilience through these measures:
 - Enhanced road access and irrigation management to improve field mobility and reduce rainfall-related disruptions;
 - Commissioned a strategically located new mill in Indonesia in January 2025 to expedite crop evacuation, preserve fruit freshness and eliminate reliance on the sea route; and
 - Accelerated infield mechanisation to enable more efficient harvesting and crop handling under adverse conditions.
- In December 2024, we strengthened our plantation portfolio through the acquisition of 648.5 hectares of an oil palm estate in Kunak District, located within Tingkayu in Sabah. The estate adjoins our existing Baturong estate and is held under a 99-year lease expiring on 31 December 2098. It will be progressively developed and integrated into our Sabah operations, supporting sustainable growth and value creation through disciplined asset expansion.
- To ensure long-term productivity and sustainability, IOI continues to prioritise replanting, augmented with the use of elite clonal palms and high-yielding third-generation hybrids to boost yields. In FY2025, 1,410 ha of young palms matured and 9,254 ha of old palms were replanted. Since FY2019, we have replanted a total of 57,482 ha to improve our age profile.



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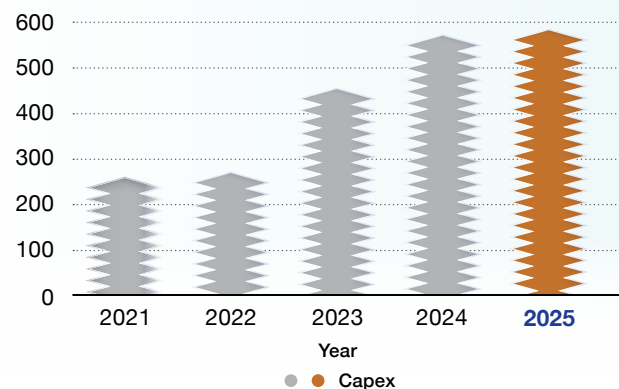
FINANCIAL HIGHLIGHTS

In FY2025, IOI achieved a notable increase of 30% in our plantation segment profit, bringing FY2024's profit of RM1,209.3 million to RM1,576.5 million. Excluding the fair value gain on biological assets and derivative financial instruments of RM5.3 million (FY2024: RM8.0 million), and net impairment loss on plasma receivables and property, plant and equipment of RM2.6 million (FY2024: RM8.0 million), the segment still reported an underlying profit of RM1,573.8 million for FY2025, which was 30% higher than the underlying profit of RM1,209.3 million for FY2024 due mainly to higher crude palm oil ("CPO") and palm kernel ("PK") prices realised, which were partially offset by lower oil extraction rates ("OER").

The average CPO price for FY2025 was higher by RM476 per MT (FY2025: RM4,332 per MT compared to FY2024: RM3,856 per MT) and the average PK price was also higher by RM1,105 per MT (FY2025: RM3,315 per MT compared to FY2024: RM2,210 per MT).

CAPEX

RM Million

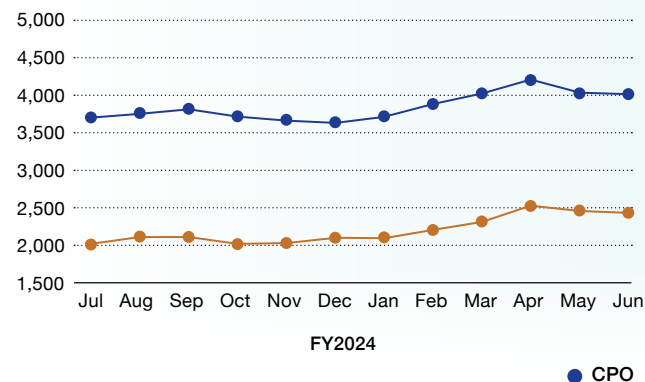


AVERAGE REALISED CPO & PK PRICES

RM 3,856/MT
Average CPO Price

RM 2,210/MT
Average PK Price

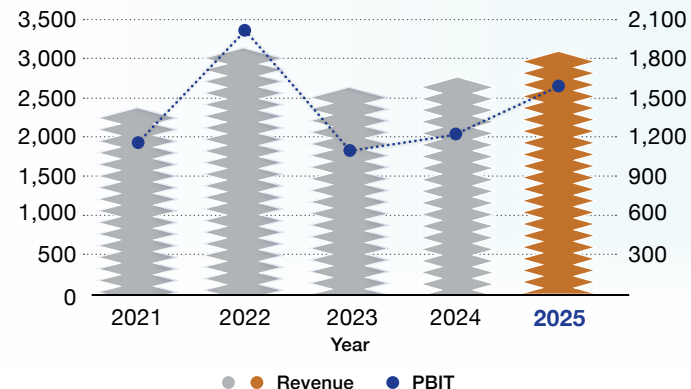
RM/MT



REVENUE & PROFIT BEFORE INTEREST & TAX ("PBIT")

Revenue (RM Million)

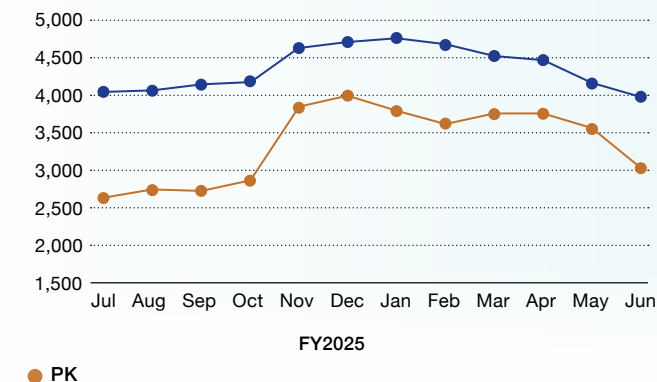
PBIT (RM Million)



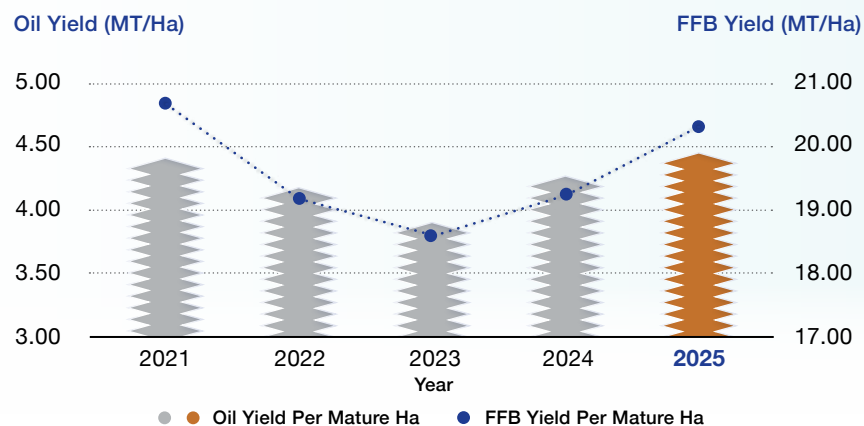
RM 4,332/MT
Average CPO Price

RM 3,315/MT
Average PK Price

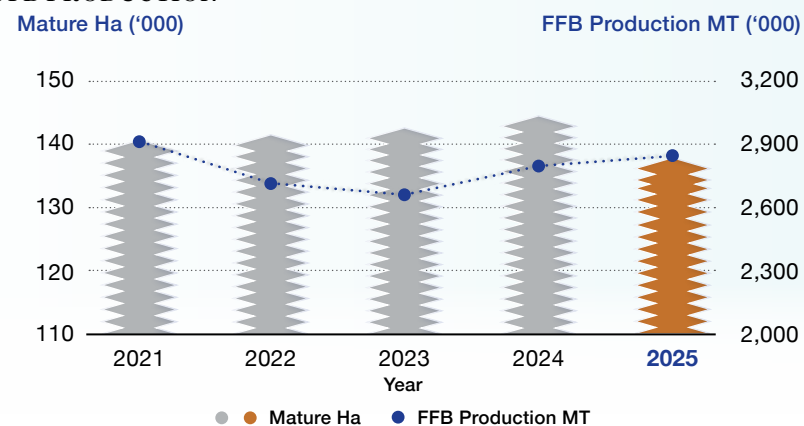
RM/MT



OIL YIELDS & FFB YIELDS



AVERAGE MATURE OIL PALM AREA HARVESTED & FFB PRODUCTION



5-YEAR PLANTATION PERFORMANCES

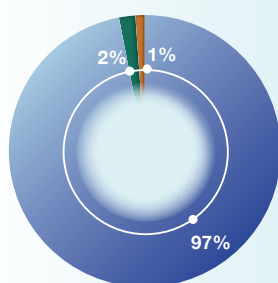
Crop Statement	2025	2024	2023	2022	2021
OIL PALM					
Average mature area harvested (Ha)	138,597	144,959	143,996	141,011	140,418
FFB production (MT)	2,839,583	2,803,965	2,686,356	2,726,516	2,917,621
FFB yield per mature hectare (MT/Ha)	20.49	19.34	18.66	19.34	20.78
Mill production (MT)					
Crude palm oil	616,307	625,127	580,688	607,200	646,692
Palm kernel	106,914	112,059	114,818	124,114	135,853
Oil extraction rate (%)					
Crude palm oil	21.33	21.77	20.92	21.39	21.39
Palm kernel	3.70	3.90	4.14	4.37	4.49
Oil yield (MT/Ha)	4.37	4.21	3.90	4.14	4.45
Average selling price (RM/MT)					
Crude palm oil	4,332	3,856	4,118	4,688	3,076
Palm kernel	3,315	2,210	2,233	3,593	2,115
CPO Cost of production (excluded depreciation and amortisation, windfall profit levy and Sabah Sales Tax) (RM/MT)	2,032	2,050	2,190	1,595	1,354
Cost of sales (RM/MT)	2,623	2,585	2,770	2,401	1,863
Net cost of sales (RM/MT)	2,041	2,185	2,326	1,662	1,415

Area Statement In Hectares	2025	2024	2023	2022	2021
OIL PALM					
Mature	135,423	147,152	146,069	143,787	143,749
Immature	32,460	24,955	27,749	31,405	33,177
Total oil palm planted area	167,883	172,107	173,818	175,192	176,926
COCONUT					
Mature	494	249	249	54	54
Immature	3,122	2,882	1,921	909	236
Total coconut planted area	3,616	3,131	2,170	963	290
Others	960	964	937	825	889
Total planted area	172,459	176,202	176,925	176,980	178,105
Nursery	334	338	358	324	254
Estate under development	381	378	462	532	554
Labour lines, building sites and others	32,528	28,155	29,384	29,277	28,074
Total area	205,702	205,073	207,129	207,113	206,987

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PLANTATION STATISTICS

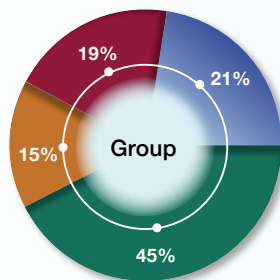
Crop Mix



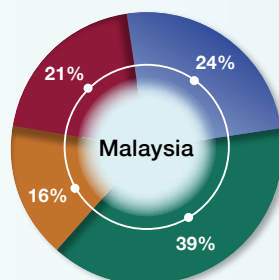
Total Planted Area
172,459 Ha

Oil Palm	97%
Coconut	2%
Others	1%

Oil Palm Hectareage by Age

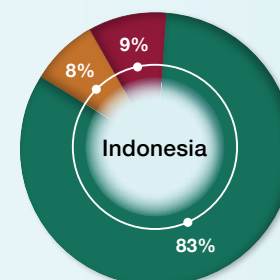


Total Oil Palm Planted Area
167,883 Ha



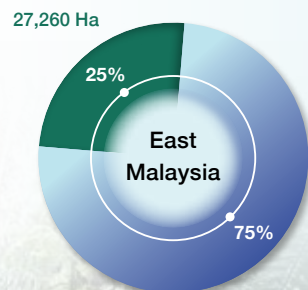
Total Oil Palm Planted Area
146,506 Ha

■ Past Prime ■ Prime ■ Young ■ Immature

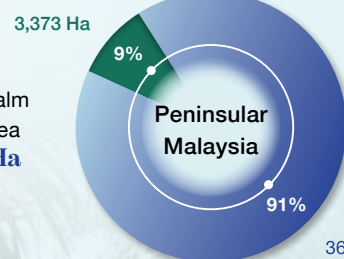


Total Oil Palm Planted Area
21,377 Ha

Oil Palm Hectareage by Region

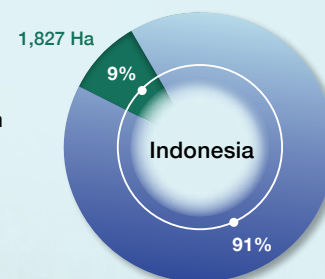


Total Oil Palm Planted Area
107,055 Ha
64%



Total Oil Palm Planted Area
39,451 Ha
23%

■ Mature ■ Immature



Total Oil Palm Planted Area
21,377 Ha
13%



BUSINESS PERFORMANCE REVIEW

Strategic Objectives

- Strengthening and expanding portfolio through increase in quality seed production and diversification.
- Innovating to produce organic oil palm and improved seed materials.
- Increasing productivity and quality through elite clonal palms, mechanisation, digitalisation and operational efficiency.
- Mitigating climate change by reducing carbon emissions and progressing towards net zero by 2040.

Key Initiatives

- Maximising oil yields through high-yielding seeds, elite clonal palms, Ganoderma tolerant seeds and superior planting materials.
- Reduce worker dependency by advancing mechanisation and automation.
- Digitalisation.
- Continued investment in R&D.
- Installing biogas plants and solar panels, as well as initiating energy-saving technologies and practices.
- Embarking on conservation projects to minimise crop loss during adverse weather conditions.

Achievements In FY2025

- We have produced 8.6 million of high-yielding seeds, and this has contributed to our high oil yields and OERs. Our Malaysian plantations achieved an average oil yield of 4.62 MT/ha in Malaysia (versus the industry average of 3.28 MT/ha in 2024), as reflected by our top three best-performing estates:
- | ESTATE | OIL YIELD |
|-----------|------------|
| Mamor | 6.94 MT/ha |
| Detas | 6.52 MT/ha |
| Tangkulap | 6.30 MT/ha |
- Our mills achieved high OERs, driven by superior high-yielding palms, as reflected by our top three best-performing mills (versus the industry's average of 19.67% in 2024):
- | MILL | OER |
|------------------|--------|
| Baturong (Sabah) | 24.72% |
| Mayvin (Sabah) | 22.76% |
| Morisem (Sabah) | 22.48% |
- Spearheaded the first certified organic oil palm plantation in Southeast Asia at Pamol Kluang estate by re-engineering the entire process and using zero chemicals.
 - We have successfully achieved these progressive milestones in our mechanisation journey:
 - Completed the full implementation of mechanised mainline FFB evacuation system across all our estates in Malaysia.
 - Reduced fossil fuel dependency and greenhouse gas emissions by converting 40% of our infield fleet from diesel to electric-powered machineries.
 - Deployed terrace spraying machines (swing sprayers) in Mekassar and Bukit Dinding estates in the Peninsular Region for effective weed control on terraces and to reduce worker dependency.
 - Collaborated with local universities, technology start-ups and Malaysian Palm Oil Board to co-develop new machinery and smart tools to support our growth and strengthen our competitive edge.
 - Conducted roadshows and trainings to upskill our field personnel for infield machinery operation.
 - We have also continued our digitalisation efforts:
 - Achieved the go-live of SAP RISE on Google Cloud Platform, providing IOI with an agile, future-ready ERP platform that supports data-driven decisions and continuous improvement.
 - Expanded the roll-out of our SAP to Indonesia to digitalise operations from estates to mills after the successful SAP implementation in Malaysia.
 - Achieved full tower connectivity deployment across 40 critical low-connectivity estates, significantly improving network reliability and communications.
 - We have expanded renewable energy use across our operations by installing and operating biogas plants in 10 mills, equipping 8 mills with gas engines for power generation and installing solar panel in our Terusan Baru Division 3 estate.



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CHALLENGES & MITIGATION

Challenges/ Risks

- Shortage of foreign workers directly impacted the supply chain (from FFB harvesting to CPO and PK production and sales) leading to lower FFB and oil yields, and negatively impacting revenue.
- Sporadic droughts in Peninsular Malaysia plus heavy rainfall and floods in Sabah and Indonesia, which impacted crop productivity and affected FFB production.
- Volatility of CPO prices caused by ongoing United States (“US”) tariff and trade tensions, which have disrupted commodity flows and impacted global demand sentiments, persistent US-China trade friction adding uncertainty to agricultural commodity markets and drought in South America affecting soybean production.

Mitigation Actions

- Actively recruit more local workers with competitive incentives, improve employee welfare and amenities, and introduce a “worker-get-worker” scheme.
- Introduce better work processes and intensify mechanisation or automation to improve the effectiveness and efficiency of the production chain.
- Annually review pay rates for workers to remain competitive.
- Liaise with relevant authorities such as Ministry of Home Affairs, Ministry of Human Resources, Ministry of Plantation and Commodities and other government agencies through the Malaysian Palm Oil Association or East Malaysia Planters Association on labour-related issues and policies.
- Strategic deployment of harvesters from replanting areas to cover other tall palm areas when there is worker shortage.
- Accelerate mechanisation to enhance efficiency of FFB evacuation, particularly in areas with wet weather conditions.
- Employ water conservation practices such as constructing conservation terraces, silt pits and bunds to retain soil and water.
- Construct weirs at drainage and irrigation systems to maintain soil moisture.
- Apply EFB as mulch to increase water holding capacity and maintain soil fertility.
- Locate sites for water catchment areas such as unplanted steep ravines and low-lying waterlogged basins.
- Desilt annually and improve drains to lead away excessive water during heavy rainfall.
- Manage costs strategically by continuously improving operational efficiency and productivity through mechanisation and digitalisation efforts that reduce dependency on foreign workers and enable greater margin stability even in volatile pricing environments.
- Diversify to other crops to mitigate concentration risk of relying solely on oil palm.
- Enter into forward sales contracts to partly mitigate volatility of CPO prices.
- Expand customer base across multiple geographies, reducing reliance on any single market and mitigating the impact of bilateral trade frictions, particularly between the US and China.

Challenges/ Risks

- Outbreak of insect pests (such as nettle caterpillars), vertebrate pests (such as rats and wild boars) and diseases (such as Ganoderma fungus), which damaged crops and attacked oil palm trees.

- Approximately 22% of IOI's current oil palm trees are categorised as past prime (more than 21 years old and above), which are due for replanting, causing revenue and profit to be impacted by low FFB production.

Mitigation Actions

- Implement integrated pest management approaches that prioritise biological control over chemical pesticides.
- Employ different techniques during replanting such as soil ripping and ploughing to prevent Ganoderma outbreak; and pulverising trunk chips to minimise breeding of rhinoceros beetles in immature and young mature palms.

- Accelerate phased replanting programme by replanting 5% to 6% of planted area per year with superior planting materials to achieve early and high yields from a young mature palm age.
- Replant with third-generation Limited Breeding Programme materials crossed with valid progeny-tested AVROS pisifera, which are expected to generate more than 33.0 MT of FFB per ha and have potential to generate more than 8.4 MT of CPO per ha from the seventh year onwards after planting, and disease resistance, accelerating yield recovery post-maturity.
- Plan systematic 4% replanting per year of land area after completion of the 10-year replanting programme to balance yield recovery with operational continuity, ensuring minimal disruption to overall production volumes.
- Replant with healthy new generation seedlings, employ best practices and high yield for early maturity.
- Enhance estate management practices to improve labour efficiency and cost control to cushion the financial impact during the replanting phase.

OUTLOOK & PROSPECTS

The plantation segment is poised for a stronger performance in FY2026, with FFB production projected to surpass FY2025 levels. This anticipated growth is primarily attributed to a larger proportion of our palms entering their prime productive age, alongside the maturation of young palms – particularly in our Indonesian estates. These gains are expected to materialise despite the ongoing accelerated replanting programme in the Sabah region, which reflects our long-term commitment to sustainable yield enhancement.

Operationally, our continuous efforts to enhance estate management efficiencies through mechanisation and digitalisation are expected to further support productivity gains. These initiatives include deployment of infield mechanisation to streamline harvesting and crop handling, adoption of digital tools for real-time monitoring, resource optimisation and decision-making, and enhanced agronomic practices to sustain yield performance across varying age profiles.

Coupled with a relatively firm forecasted CPO price environment, we anticipate that the plantation segment will deliver good financial results in FY2026. These developments underscore IOI's strategic focus on operational excellence, asset optimisation and long-term value creation.

