

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 2024.

As of December 31, 2024, the Group reported a revenue of RM544.5 million, marking a slight growth from RM507.8 million on December 31, 2023. This rise is primarily attributed to an increase in the average selling prices of Fresh Fruit Bunches (FFB), Crude Palm Oil (CPO), and Palm Kernel (PK) by 15.4%, 10.9%, and 34.1%, respectively, reaching RM763, RM4,131, and RM2,496 per metric tonne. The 15.1% increase in FFB production volume, totaling 288,657 MT compared to 250,750 MT in the corresponding period of 2023 and the rise in selling prices contributed to the overall revenue growth.

The Group reported a gross profit of RM46.0 million, profit before tax of RM31.6 million, profit after tax of RM24.4 million, and EBITDA of RM107.3 million. This mainly due to the Group has undertaken aggressive cost control measures, innovative sustainable approaches in operations, and the strategic disposal of Jayamax and Selangor estates.

Overview of Business and Operations, Objectives and Strategies

Rimbunan Sawit Berhad was listed on the Main Board of Bursa Malaysia 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.

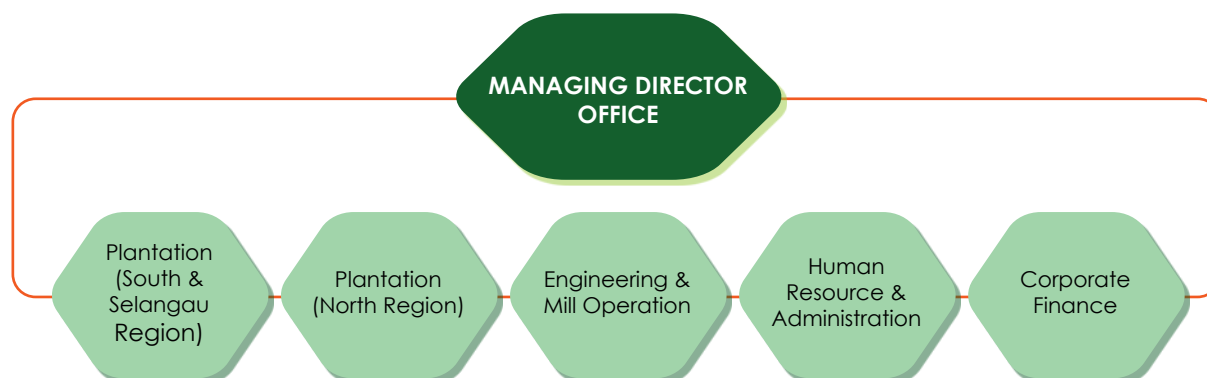
Our Corporate and Organisation Structure

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 five core functions mainly Plantation Operation – South & Selangau Region, Plantation Operation – North Region, Engineering and Mill Operation, Human Resource and Administration, and Corporate Finance.

The supporting functions including Information Technology, 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 21 December 2023, our Group wholly-owned subsidiaries, R.H. Plantation Sdn Bhd and Jayamax Plantation Sdn Bhd had entered into a Sale and Purchase Agreement ("SPA") with Mahawangsa Sungai Bok Plantation Sdn Bhd. For R.H. Plantation Sdn Bhd, the Company proposed to dispose of a parcel of agricultural land described as Lot 56 Sawai Land District, Miri, Sarawak measuring an area of approximately 4,857 hectares together with the oil palm plantation and buildings erected thereon ("Selangor Estate") to Mahawangsa Sungai Bok Plantation Sdn Bhd for a total cash consideration of Ringgit Malaysia Ninety million (RM90,000,000) only. On the other hand, Jayamax Plantation Sdn Bhd proposed to dispose of 4 parcels of agricultural land described as Lots 4 and 6, both of Block 9 Dulit Land District, Miri, Sarawak and Lots 101 and 102, both of Sawai Land District, Miri, Sarawak, collectively measuring an area of approximately 5,078 hectares, each with the oil palm plantation and buildings erected thereon (collectively, the "Jayamax Estate") to Mahawangsa Sungai Bok Plantation Sdn Bhd for a total cash consideration of Ringgit Malaysia Seventy Five million (RM75,000,000) only.

On 22 December 2023, 10% of total disposal consideration of RM165,000,000 has been paid to R.H. Plantation Sdn Bhd and Jayamax Plantation Sdn Bhd by Mahawangsa Sungai Bok Plantation Sdn Bhd upon execution. Both aforementioned subsidiaries entered into Supplementary Agreements with the purchaser on 21 February 2024, to change the manner in which the balance of the disposal consideration will be settled. On 28 February 2024, Mahawangsa Sungai Bok Plantation Sdn Bhd has make payment of RM2,500,000 each for R.H. Plantation Sdn Bhd and Jayamax Plantation Sdn Bhd.

On 28 June 2024, the redemption sums of RM12,371,539 to redeem Selangor Estate and Jayamax Estate had all been settled. On 1 July 2024, Mahawangsa Sungai Bok Plantation Sdn Bhd has make payment of RM11,545,821 to R.H. Plantation Sdn Bhd and RM5,000,000 to Jayamax Plantation Sdn Bhd. Besides, R.H. Plantation Sdn Bhd also received redemption sums of RM61,458,243 on 1 July 2024.

The disposal consideration for Selangor Estate and Jayamax Estate have been settled by Mahawangsa Sungai Bok Plantation Sdn Bhd on 5 July 2024 pursuant to the payment of the final amount of RM5,495,936 and RM47,628,461 on 5 July 2024 in the late afternoon to Messrs. Huang & Co. Advocates as stakeholder, of which such sum was then released to R.H. Plantation Sdn Bhd and Jayamax Plantation Sdn Bhd on even date, 9 July 2024.

The Selangor Estate and Jayamax Estate have been delivered to Mahawangsa Sungai Bok Plantation Sdn Bhd and relocated their employees from both Selangor and Jayamax estate to other estates within Rimbunan Sawit Berhad Group, and Mahawangsa Sungai Bok Plantation Sdn Bhd has taken possession and management of both estates on even date, 9 July 2024.

The Disposals have been completed on 9 July 2024 following the receipt of the payment of the total balance disposal consideration by the R.H. Plantation Sdn Bhd and Jayamax Plantation Sdn Bhd from Mahawangsa Sungai Bok Plantation Sdn Bhd in accordance with the terms and conditions of the Conditional Sale and Purchase Agreements. An announcement was made on 9 July 2024.

Management Discussion and Analysis (cont'd)

Palm Oil Mills

Our portfolio of estates remains at fourteen spanning across Kuching, Sibul and Miri regions in Sarawak. Our total land bank stood at 59,414 hectares. Our total planted area stood at 35,389 hectares, comprising 60% of our land bank. The planted area by Age Cluster and are reflected in the following tables:

Age Cluster	2024 (HA)	Planted Hectares by Region	2024 (HA)
Immature (1-3 years)	3,284	Kuching region	6,779
Young mature (4 - 7 years)	2,058	Sibu region	9,396
Prime mature (8 - 19 years)	16,945	Miri region	19,214
Old mature (> 20 years)	13,102		
Total planted area *	35,389	Total planted area *	35,389

*Excluded Jayamax estate and Selangor estate which were disposed in July 2024.

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 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 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)

The brief profiles of the three mills are indicated in the following table: (Cont'd)

	RHP Mill	RSB Mill	Lundu Mill
Sustainability & Environmental	<ul style="list-style-type: none"> Equip with composting plant to recycle mill's waste into plant nutrients for manuring Flue filtering system to regulate boiler gas emission 	<ul style="list-style-type: none"> Waste management plan in compliance with DOE Flue filtering system installation in the pipeline 	<ul style="list-style-type: none"> Waste management plan in compliance with DOE Flue filtering system to ensure clean air emission
Performance Metrics - 2024	<ul style="list-style-type: none"> Temporarily ceased operation for upgrading 	<ul style="list-style-type: none"> FFB Processed: 328,046 MT CPO Production: 61,816 MT PK Production: 13,031 MT OER: 18.84% KER: 3.97% CPO Sales: RM254.17 million PK Sales: RM33.85 million 	<ul style="list-style-type: none"> FFB Processed: 191,037 MT CPO Production: 37,171 MT PK Production: 8,576 MT OER: 19.46% KER: 4.49% CPO Sales: RM153.17 million PK Sales: RM21.60 million

Our Financial Performance

Our revenue increased slightly by 7.2% to RM544.5 million as compared to 2023 of RM507.8 million accompanied with increase in the average selling prices of Fresh Fruit Bunches (FFB), Crude Palm Oil (CPO), and Palm Kernel (PK) by 15.4%, 10.9%, and 34.1%, respectively, reaching RM763, RM4,131, and RM2,496 per metric tonne as compared to 2023. The 15.1% increase in FFB production volume, totaling 288,657 MT compared to 250,750 MT in the corresponding period of 2023 and the rise in selling prices contributed to the overall revenue growth.

Cost of sales has increased by 2.1% to RM498.5 million as compared to RM488.4 million in 2023 mainly due to increases in harvesting and transport, manuring, plantation admin expenses and FFB purchases.

The administrative and other expenses dropped by RM2.4 million due to the decrease in bad debts written off, biological asset written off and property, plant and equipment (PPE) written off.

The finance cost has reduced by RM3.2 million due to the increase in loan repayment of term loan, revolving credit, hire purchase and banker acceptance.

Other income dropped by RM16.8 million mainly due to no reversal of impairment loss on property, plant and equipment was made during the year.

Management Discussion and Analysis (cont'd)

Our Financial Performance

The Group's property, plant and equipment (PPE) stood at RM661.6 million, a reduction of RM10.4 million as compared to 2023 mainly due to disposal of PPE and PPE written off with carrying amount RM6.6 million, and yearly PPE's depreciation of RM65.1 million for the Group. This however, was mitigated by PPE additions of RM61.3 million.

The disposals of Jayamax and Selangor estates which were reclassified as held for sale are completed in 3rd Quarter of 2024.

Total group borrowings decreased by RM107.9 million to RM232.2 million from RM340.1 million as at 31 December 2024 mainly due to the repayment of borrowings RM161.8 million. This decrease was partially offset by the drawdown of term loan amounting to RM36.7 million.

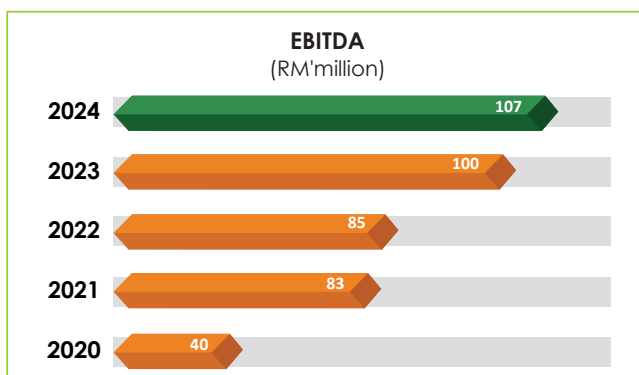
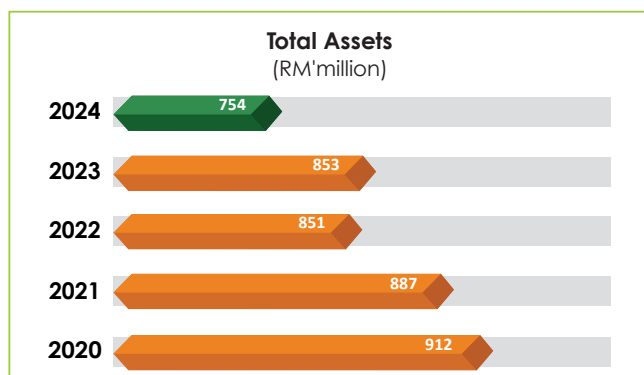
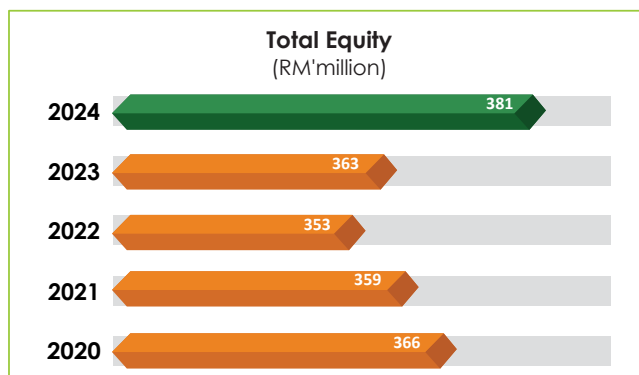
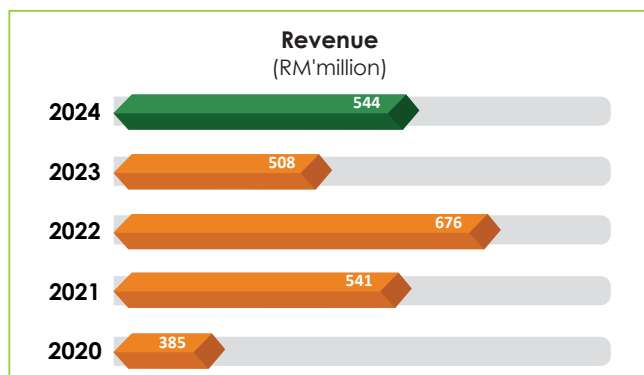
The Group's debt to equity ratio has improved, decreasing to 0.54 times as compared to 0.93 times in 2023. This positive change is attributed to the continued reduction in the Group's borrowings and an increase in the Group's profitability, which has strengthened the equity position. The following is an overview of our Group's key financial indicators for the past five financial years.

Key Financial Indicators	2024	2023	2022	2021	2020
(RM'thousand)					
Revenue	544,494	507,762	675,917	541,502	385,471
EBITDA	107,297	100,237	84,773	82,893	39,763
Profit/(Loss) after taxation	24,439	13,018	(5,818)	(6,978)	(56,052)
Attributable to:-					
Owners of the company	28,553	25,110	(330)	(6,533)	(44,122)
Non-controlling interest	(4,114)	(12,092)	(5,488)	(445)	(11,930)
Total equity	381,072	362,932	353,474	359,292	366,450
Total assets	753,745	853,314	851,225	886,746	912,356
Net debts	204,815	337,327	338,831	370,016	408,516
Debt to Equity Ratio	0.54	0.93	0.96	1.03	1.11
Earnings/(Loss) per share (sen)	1.40	1.23	(0.02)	(0.32)	(2.16)
Net assets per share (RM)	0.19	0.18	0.17	0.18	0.19

Management Discussion and Analysis (cont'd)

Review of Financial Results

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



Management Discussion and Analysis (cont'd)

Review of Operating Activities

The Group's EBITDA for 2024 increased to RM107.3 million as compared to RM100.2 million in 2023. The increase was primarily driven by higher selling prices, contributing to enhanced revenue generation and higher FFB production in the Group's own estates, which has positively impacted cost efficiency.

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

Key Operating Indicators	2024	2023	2022	2021	2020
CPO Production Volume (MT)	98,986	106,152	111,756	103,126	112,376
PK Production Volume (MT)	21,608	24,100	24,512	22,109	24,078
FFB Production Volume (MT)	288,657	250,750	211,681	192,732	246,501
OER (%)	19.07	19.32	19.41	19.69	19.58
KER (%)	4.16	4.39	4.26	4.22	4.20
Mature Area (Ha)*	37,394	38,464	36,352	39,424	39,349
FFB Yield per Ha (MT/Ha)	7.72	6.52	5.82	4.89	6.26
CPO Sales Volume (MT)	98,605	107,531	110,607	103,527	112,403
PK Sales Volume (MT)	22,211	24,024	23,812	22,359	24,172
FFB Processed (MT)	519,083	549,418	575,800	523,839	573,949

* Included Jayamax estate and Selangor estate which still have operation before physically disposed to Mahawangsa Sungai Bok Plantation Sdn Bhd in July 2024. Formasi Abadi Sdn Bhd that has ceased operation is excluded from the mature area in YE2024.

Anticipated or Known Risks

The Group continually reviews and assesses its existing risks to ensure effective management and mitigation. These risks are categorized into four main categories: 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 initiated various programs, incentive and remuneration packages to enhance recruitment of labors.

Management Discussion and Analysis (cont'd)

Anticipated or Known Risks (Cont'd)

Risk Category	Description/ Rationales	Impact	Mitigation Plans
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	Plantation maintenance, labor and mill operations require continuous investment, irrespective of palm oil prices while expansion or replanting activities may lock up significant funds, reducing liquidity buffers	Inability to meet short-term obligations, disruption in operations and higher financing costs.	Robust cash flow management to project short- and medium-term liquidity needs and identify potential shortfalls early. Besides that, the Group regularly review and optimize cost structures, including labor, logistics and overheads.

Forward Looking Statements

Malaysia's oil palm industry in 2025 is expected to remain resilient, driven by steady global demand for palm oil, particularly from key markets such as China, India, and the European Union.

However, challenges such as fluctuating crude palm oil (CPO) prices, labor shortages, and environmental regulations may impact production and exports. The industry's focus on sustainability, mechanization, and downstream expansion will be crucial in maintaining competitiveness. Additionally, government policies and incentives, including ESG (Environmental, Social, and Governance) compliance, will play a key role in shaping the sector's growth and investment outlook.

In view of the above, the Group remain cautiously optimistic on the outlook for the financial year 2025.

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.

Tiong Chiong Ie
Managing Director