For Immediate Release

A Strong First-Half Performance Fuelled by Robust Sales Volume Growth and Improved Price Dynamics

Singapore, 14 August 2026 – **Kencana Agri Limited** ("Kencana" or the "Group"), today announced its financial results for the period ended 30 June 2026.

Summary of Results

US$ '000	1H 2026	1H 2025	Change %
Revenue	110,804	87,148	27.1%
Gross profit	32,083	28,211	13.7%
EBITDA (*)	33,092	29,941	10.5%
Profit before tax	18,860	13,132	43.6%
Net profit	11,800	9,782	20.6%

(*) Earnings before interest, tax, depreciation and amortization (EBITDA) is calculated as follows: profit before tax + interest expense – interest income + depreciation and amortisation expenses +/- fair value changes in biological assets and other receivables

Review of Financial Performance

Revenue

The Group’s revenue increased by US$23.7 million, or 27.1%, from US$87.1 million in 1H 2025 to US$110.8 million in 1H 2026. The improvement was driven primarily by higher sales volumes across all product categories, complemented by firmer average selling prices (“ASP”) amid a supportive palm oil price environment.

Revenue from crude palm oil (“CPO”), the Group’s principal product, rose by 30.0% from US$72.5 million in 1H 2025 to US$94.3 million in 1H 2026. CPO sales volume increased by 26.2% from 88,274 MT to 111,408 MT, while the ASP of CPO strengthened by 3.0% from US$822/MT to US$846/MT. The increase in CPO sales volume was primarily supported by higher purchases of third-party CPO and greater throughput of third-party fresh fruit bunches (“FFB”), enabling the Group to optimise mill utilisation and maintain sales volumes during the ongoing replanting programme at its Bangka plantation.

Revenue from palm kernel (“PK”) increased by 12.7% from US$14.1 million in 1H 2025 to US$15.9 million in 1H 2026, on the back of a 9.9% increase in sales volume from 18,715 MT to 20,571 MT and a 2.6% improvement in ASP from US$752/MT to US$771/MT.

Cost of operation

Cost of sales increased from US$58.9 million in 1H 2025 to US$78.7 million in 1H 2026, rising at a faster pace than revenue. As a result, while gross profit grew by 13.7% from US$28.2 million to US$32.1 million, the Group’s gross profit margin moderated from 32.4% in 1H 2025 to 29.0% in 1H 2026.

The higher cost of sales and the moderation in gross profit margin reflect two deliberate strategic initiatives undertaken by the Group :

- **Intensified plantation upkeep and maintenance.** The Group stepped up its estate upkeep, manuring and maintenance programmes across its plantations to improve field conditions, support optimal palm nutrition and maintain stable production levels over the medium to long term. While these programmes raise production costs in the near term, Management views them as essential investments in the long-term productivity and sustainability of the Group’s plantation assets.

- **Sourcing of third-party FFB and CPO to optimise mill utilisation.** With the Group’s Bangka plantation currently in its replanting phase, internal FFB supply in that region has temporarily reduced. To maintain the Bangka mill at an efficient level of utilisation and preserve the absorption of fixed processing costs, the Group increased its purchases of FFB and CPO from third-party suppliers. Externally sourced materials carry a higher cost per tonne than the Group’s own crop and therefore narrow the blended gross profit margin during the replanting period, notwithstanding their positive contribution to absolute gross profit and mill economics.

Profit

Profit before tax increased by US$5.8 million, or 44.3%, from US$13.1 million in 1H 2025 to US$18.9 million in 1H 2026. In addition to the higher gross profit, the improvement was supported by a lower net fair value loss on biological assets and plasma receivables of US$1.3 million (1H 2025: US$2.2 million), lower finance costs of US$5.3 million (1H 2025: US$6.9 million) in line with the Group’s reduced borrowings, and lower distribution costs of US$1.1 million (1H 2025: US$1.4 million) mainly due to lower shipment costs.

Income tax expense increased from US$3.4 million in 1H 2025 to US$7.1 million in 1H 2026, reflecting the higher current-year tax charge on improved taxable profits as well as an under-provision of income tax in respect of prior years of US$2.3 million recognised during the period.

Consequently, the Group recorded a net profit of US$11.8 million for 1H 2026, an increase of US$2.0 million, or 20.6%, from US$9.8 million in 1H 2025.

Impact of currency translation on the Group’s financial performance

The Group's operating subsidiaries are located in Indonesia and their functional currency is the Indonesian Rupiah (“IDR”), while the Group presents its consolidated financial statements in US Dollar (“US$”). During 1H 2026, the average IDR/US$ rate depreciated by approximately 5.0%, from IDR16,425/US$ in 1H 2025 to IDR17,251/US$ in 1H 2026.

As substantially all of the Group's revenue and costs are earned and incurred in IDR, the weaker average rate reduced the US$-reported figures for 1H 2026. The Group's underlying performance was accordingly stronger than reported. Had the average rate remained at the 1H 2025 level, the Group would have reported revenue of approximately US$116.4 million, gross profit of approximately US$33.7 million and net profit of approximately US$12.4 million. On this constant currency basis, revenue growth would have been approximately 33.5% (as reported: 27.1%), gross profit growth approximately 19.4% (as reported: 13.7%) and net profit growth approximately 26.7% (as reported: 20.6%)

Review of Financial Position

Non-current assets

Total non-current assets decreased by US$11.8 million, from US$187.4 million as at 31 December 2025 to US$175.6 million as at 30 June 2026. Substantially all of this decrease, amounting to approximately US$11.2 million, was attributable to currency translation. Excluding this effect, the underlying movement was a marginal decrease of approximately US$0.6 million, reflecting a broadly stable non-current asset base.

On an underlying basis, property, plant and equipment increased by approximately US$1.6 million, as additions of US$5.7 million during the period, principally relating to assets under construction as well as vehicles and heavy equipment, exceeded the depreciation charge. Bearer plants recorded only a marginal underlying decrease, as planting expenditure of US$2.5 million during the period, comprising both new planting and the replanting programme at the Group's Bangka plantation, together with capitalised borrowing and depreciation costs, largely offset the depreciation charge for the period. The remaining underlying movements were modest, comprising mainly the amortisation of land use rights and a decrease in deferred tax assets, the latter arising from the utilisation of accumulated tax losses carried forward as certain operating subsidiaries that were loss-making in prior years have turned profitable.

Current assets

Total current assets increased by US$3.0 million, from US$76.2 million as at 31 December 2025 to US$79.2 million as at 30 June 2026, notwithstanding a negative translation effect of approximately US$5.1 million. Excluding the translation effect, the underlying increase was approximately US$8.0 million.

The underlying increase was driven mainly by higher cash and cash equivalents of approximately US$4.0 million, higher inventories of approximately US$2.3 million reflecting larger quantities of CPO and PK held at the reporting date pending shipment, higher trade and other receivables of approximately US$1.3 million in line with the higher sales recorded in 1H 2026, and higher other non-financial assets of approximately US$1.7 million, mainly comprising advance payments to suppliers for the purchase of third-party FFB and advances to contractors for infrastructure and construction works and the acquisition of machinery. These increases were partially offset by a lower carrying value of biological assets of approximately US$1.2 million, arising from fair value changes in the standing crop.

Equity

Total equity attributable to owners of the Company increased by US$4.9 million to US$61.8 million as at 30 June 2026, as the net profit of US$11.8 million for the period was partially offset by the payment of dividends of US$3.4 million and a US$3.5 million charge to the foreign exchange translation reserve arising from the weaker IDR closing rate.

Non-current liabilities

Total non-current liabilities decreased by US$22.7 million, from US$127.5 million as at 31 December 2025 to US$104.8 million as at 30 June 2026, of which approximately US$6.7 million was attributable to currency translation. The underlying decrease of approximately US$16.0 million was mainly due to a US$12.9 million underlying reduction in the non-current portion of borrowings, reflecting repayments made during the period as well as the reclassification of instalments falling due within the next twelve months to current liabilities, and the reclassification of the non-current portion of advances from customers of US$2.7 million to current liabilities as the related delivery obligations fall due within the next twelve months.

Current liabilities

Total current liabilities increased by US$8.9 million, from US$79.2 million as at 31 December 2025 to US$88.1 million as at 30 June 2026, notwithstanding a translation effect of approximately US$5.6 million that reduced the US$ carrying amount of IDR-denominated liabilities.

The underlying increase of approximately US$14.6 million was mainly attributable to a US$8.6 million underlying increase in the current portion of borrowings, principally arising from the reclassification of non-current borrowings maturing within the next twelve months rather than from new indebtedness and a US$4.3 million increase in trade and other payables. The higher trade payables largely reflected delayed fertiliser deliveries arising from supply constraints amid the heightened geopolitical tensions in the Middle East. Consequently, billings were correspondingly received later than usual, leaving a larger balance outstanding within normal credit terms at the reporting date. The remaining increase of US$1.7 million in income tax payable was consistent with the higher income tax expense for the period.

Notwithstanding the higher current portion of borrowings arising from reclassification, the Group's total loans and borrowings (including lease liabilities) decreased from US$156.3 million as at 31 December 2025 to US$142.7 million as at 30 June 2026. Excluding translation effects, the underlying reduction reflects the net repayment of borrowings during the period. Together with the enlarged equity base, the Group's net debt to equity ratio improved from 2.3 times as at 31 December 2025 to 1.8 times as at 30 June 2026.

Review of Group Cash Flows

Operating activities

The Group generated net cash from operating activities of US$24.5 million in 1H 2026, broadly comparable with US$24.6 million in 1H 2025. Operating cash flows before changes in working capital improved by US$3.3 million to US$33.5 million, in line with the Group's stronger operating performance. This improvement was offset by a higher net working capital outflow of US$3.9 million (1H 2025: US$2.6 million), mainly arising from the build-up of inventories and higher other non-financial assets and receivables, as well as higher income taxes paid of US$5.1 million (1H 2025: US$2.9 million).

Investing activities

Net cash used in investing activities increased to US$6.8 million in 1H 2026 (1H 2025: US$5.4 million), reflecting the Group's continued investment in its productive asset base. This comprised purchases of property, plant and equipment of US$4.4 million (1H 2025: US$3.8 million) and planting expenditure on bearer plants of US$2.5 million (1H 2025: US$1.9 million), covering both new planting and the replanting programme at the Group's Bangka plantation. These outflows were partially offset by interest received and proceeds from the disposal of property, plant and equipment totalling US$0.2 million.

Financing activities

Net cash used in financing activities amounted to US$16.9 million in 1H 2026 (1H 2025: US$13.7 million). During the period, the Group continued to deleverage, making net repayments of borrowings of US$4.2 million, with repayments of US$40.8 million against new drawdowns of US$36.6 million. Interest paid decreased to US$5.5 million (1H 2025: US$6.9 million) in line with the Group's lower borrowing base. The Group also paid dividends of US$3.4 million to shareholders (1H 2025: nil) and placed an additional US$3.1 million of deposits into restricted accounts pledged for bank facilities, mainly as collateral in support of the Group's working capital requirements (1H 2025: net release of US$9.8 million), with repayments of lease liabilities of US$0.9 million accounting for the balance.

Review of Operational Performance

For the six months ended 30 June 2026, the Group's mills processed a total of 463,104 tonnes of FFB, an increase of 3.4% from 448,088 tonnes in 1H 2025. FFB processed from the Group's estates, including plasma, was 374,518 tonnes, while FFB purchased from external parties rose 55.4% to 88,586 tonnes. The Group stepped up third-party sourcing to maintain mill utilisation, particularly at its Bangka operations, which are currently undergoing replanting.

CPO production increased 5.6% to 99,201 tonnes, from 93,981 tonnes in 1H 2025, outpacing the growth in FFB processed on the back of an improved oil extraction rate of 21.4%, compared with 21.0% in 1H 2025. The higher extraction rate reflects continued improvements in mill processing efficiency.

The Group's total planted area stood at 67,862 hectares as at 30 June 2026, comprising 51,151 hectares of nucleus and 16,711 hectares of plasma, largely unchanged from 67,885 hectares as at 31 December 2025. During the period, approximately 6,716 hectares moved from the prime mature (7–18 years) category into the above-18-years category, bringing mature area above 18 years to 35.9% of total planted area. The Group is progressing its replanting programme in response, which will progressively renew its production base in the coming years.

Outlook

Mr Henry Maknawi, Chairman of Kencana, said, "The outlook for Indonesia's palm oil industry continues to be shaped by domestic policy implementation, geopolitical developments and weather conditions. The implementation of the Government's B50 biodiesel programme is expected to support domestic CPO demand and influence the balance between domestic consumption and export availability. Meanwhile, the Government's export governance framework involving PT Danantara Sumberdaya Indonesia ("DSI") entered a transition phase in June 2026, while its detailed operating arrangements continue to evolve. Its implications for the industry will depend on the final scope and practical implementation of the framework.

Externally, geopolitical tensions, particularly those affecting global energy markets and key shipping routes, continue to contribute to volatility in fuel, freight and fertiliser costs. The Group is also closely monitoring the ongoing El Niño conditions and the associated risk of below-normal rainfall in parts of Indonesia. Prolonged dry conditions may affect FFB yields and CPO production, potentially with a time lag depending on their location, duration and severity.

The Group will remain focused on operational efficiency, disciplined cost management and financial prudence. Agronomic practices will continue to be optimised, while fertiliser and other input costs will be managed prudently alongside close monitoring of policy, market and weather developments. These measures are intended to strengthen the Group's operational and financial resilience, thereby supporting sustainable long-term performance."

About Kencana Agri Limited

Listed on the Main Board of the Singapore Stock Exchange on 25 July 2008, Kencana Agri Limited ("Kencana" or the "Group") is a fast-growing producer of Crude Palm Oil ("CPO") with oil palm plantations strategically located in the Sumatra, Kalimantan and Sulawesi regions. As at 30 June 2026, Kencana's total planted area (including Plasma Programme) was 67,862 ha. As part of its growth strategy and in line with its goal to be a leading palm oil producer and supplier of choice for both local and international markets, Kencana has streamlined its integrated plantation operations, which include palm plantations, palm oil mills, kernel crushing plants, as well as bulking facilities, to support its operations. In addition, Kencana strives to pursue sustainable palm oil production whilst remaining committed to being a good corporate citizen for the benefit of all stakeholders.

For more information about Kencana, please visit www.kencanaagri.com

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