FIRST RESOURCES LIMITED
(Incorporated in Singapore)
(Company Registration No. 200415931M)

RESPONSES TO QUESTIONS RECEIVED FOR THE ANNUAL GENERAL MEETING 2026

The following questions were received from the Securities Investors Association (Singapore) (“**SIAS**”) and shareholders of First Resources Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the Company’s Annual General Meeting (“**AGM**”) on 30 April 2026. Accordingly, please find below the responses from the Company.

Question 1

Please elaborate on expansion plans via a) land acquisition to increase plantation and b) improvement in margins via higher end products.

The Company’s Response:

The Group’s growth strategy focuses on disciplined expansion and value optimisation across the palm oil value chain, in line with our strategy of being an upstream-focused integrated plantation player that owns and operates good quality plantation assets and possesses processing capabilities to add value to our upstream produce.

(a) The Group adopts a prudent and selective approach to acquisitions, pursuing opportunities that enhance scale, operational synergies and long-term returns. Recent acquisitions, including the plantation assets in Riau Province in December 2023 and PT Austindo Nusantara Jaya Tbk. in May 2025, have strengthened the Group’s upstream footprint and increased feedstock availability for our growing downstream operations.

Alongside these acquisitions, the Group continues to drive organic growth through the conversion of rubber estates to oil palm and its disciplined replanting programme. Collectively, these measures are expected to support yield improvements and volume growth in the medium term, while strengthening the resilience and sustainability of the Group’s plantation portfolio over the longer term.

(b) Beyond volume growth, the Group continues to enhance earnings quality and margins by optimising its integrated business model and expanding downstream capabilities. Operating in a volatile policy and pricing environment underscores the importance of increasing exposure to higher value-added products.

In recent years, the Group has directed capital expenditure towards expanding and upgrading its processing capabilities, including a new biodiesel plant commissioned in late 2024. More recently, the Group has also broadened its product offerings to include oleochemicals and specialty fats. These investments enhance value extraction from our upstream operations, and strengthen the Group’s ability to serve both the domestic and international markets.

Question 2

Please elaborate on hedging strategies given the volatility of commodity prices.

The Company's Response:

As part of our ongoing risk management policy, the Group may hedge up to a certain proportion of its forecast production through forward sales and other hedging arrangements. This provides downside price protection on hedged volumes, while retaining exposure to potential upside from higher crude palm oil ("CPO") prices on unhedged volumes.

All hedging activities are conducted within established internal risk management guidelines and limits. The Group closely monitors regulatory and macroeconomic developments, as well as supply and demand conditions affecting palm oil and other competing oils, when undertaking hedging activities.

Question 3

In May 2025, the group completed the acquisition of PT Austindo Nusantara Jaya Tbk. (ANJ) through a competitive bidding process. Excluding ANJ's contribution, the group would still have reported a strong set of results from the continued underlying growth in its plantation assets. Fresh fruit bunches harvested would have increased by 8.3% and crude palm oil production by 12.9%.

i. **Following the acquisition, how does management assess the quality of ANJ's assets relative to the original investment thesis, including agronomic practices, operational efficiency and sustainability standards? Where are the most immediate opportunities to drive further improvements and value creation?**

   The Company's Response:

   Following completion of the acquisition, management's assessment of ANJ's assets remains aligned with the original investment thesis. The ANJ portfolio comprises oil palm plantations with sound agronomic foundations, established estate infrastructure, and sustainability practices that are consistent with industry standards. Importantly, all ANJ mills are certified by the Roundtable on Sustainable Palm Oil ("RSPO"), reflecting strong sustainability credentials.

   Since completion, management has prioritised sharpening ANJ's focus on its core oil palm business. Loss-making non-palm businesses have been wound down, and subsidiaries in Southwest Papua and South Sumatra have been divested in a strategic decision to streamline the Group's geographic footprint.

   Operationally, integration efforts are progressing as planned. Immediate initiatives include streamlining overlapping management and support functions, as well as harmonising agronomic practices with the Group's plantation management standards. These measures are expected to enhance operational efficiency, improve consistency across estates, and provide a platform for disciplined value creation over time.

ii. **Specific to agronomic improvement, what is the current yield profile of ANJ's plantations and what level of yield uplift does management expect to achieve over the medium term?**

   The Company's Response:

The Group's FY2025 production highlights indicate that, excluding the contribution from ANJ's plantations, the Group's FFB yield would have been marginally higher at 21.0 tonnes per hectare, compared to 20.8 tonnes per hectare including ANJ. This suggests that the plantations within the ANJ portfolio are already achieving yields broadly comparable to the Group's existing estates.

Following the divestment of ANJ's estates in Southwest Papua and South Sumatra, and with the implementation of agronomic initiatives such as the optimisation of fertiliser application recommendations and the replanting of overaged oil palm trees, further yield improvements can be expected as integration progresses and the Group's plantation management standards are fully implemented.

iii. Separately, what direct and indirect impacts has the Middle East conflict had on the group, including effects on demand, pricing, logistics and input costs?

The Company's Response:

Heightened geopolitical tensions in the Middle East have led to disruptions along key maritime trade routes.

The impact on the Group has primarily been in the form of higher energy, freight and insurance costs, as well as increased prices of fertiliser and other selected raw materials. The effect of higher energy prices is mitigated by the fact that more than 90% of the Group's energy consumption is derived from internal biomass sources. Moreover, elevated energy prices have also supported demand for palm oil and other vegetable oils in biofuel applications, contributing to higher CPO prices.

The Group continues to monitor developments closely, particularly with respect to the supply of fertiliser and other raw materials, which are key cost components. While the operating environment remains challenging, we believe that the Group's disciplined cost management, consistent operational execution and integrated business model will provide resilience in navigating such volatility.

iv. While the national biodiesel mandate was raised from B35 to B40 in 2025, a planned transition to B50 has been delayed. How is the group positioning itself to capture potential opportunities arising from the higher biodiesel mandate, such as B45 or B50, if and when they are implemented?

The Company's Response:

The Group remains supportive of Indonesia's national biodiesel programme and continues to participate meaningfully in this sector. In late 2024, the Group commissioned a new biodiesel plant, tripling its biodiesel capacity from 250,000 tonnes per annum to 750,000 tonnes per annum.

Under the B40 mandate, the Group's biodiesel capacity was already running at a high level of utilisation during 2025. With the impending implementation of the B50 mandate, which has been announced by the Indonesian government to take effect from 1 July 2026, the Group expects its biodiesel capacity to continue operating at high utilisation.

More broadly, higher biodiesel blending mandates in Indonesia are expected to tighten global supply and demand conditions for CPO, contributing to firmer CPO prices and benefiting the Group and other palm oil producers.

<u>Question 4</u>

For FY2025, the company declared a full-year dividend of 14.70 Singapore cents, representing 50% of underlying net profit. This comprises a proposed final dividend of 10.20 Singapore cents and an interim dividend of 4.5 Singapore cents.

From FY2026 onwards, the group intends to increase its payout ratio to up to 60%, signalling a shift towards higher distributions while maintaining the financial flexibility to support future growth.

i. **Beyond the ANJ acquisition, how does management assess the pipeline of potential inorganic opportunities? What criteria are applied in evaluating such transactions, and how disciplined will the group be in deploying capital in the current environment?**

   The Company's Response:

   Each potential acquisition is assessed on a case-by-case basis through comprehensive commercial, operational, agronomic and financial due diligence. Key evaluation criteria include:

   - Asset quality and characteristics, including plantation age profile, estate configuration, soil and climatic conditions;
   - Operational compatibility, with a clear objective for acquired assets to achieve, over time, yield and cost metrics comparable to those of the Group's existing portfolio;
   - Earnings potential, demonstrating a credible pathway to sustainable earnings enhancement over the medium term;
   - Sustainability standards, including alignment with the Group's sustainability framework and policies, as well as industry standards such as those set by the RSPO;
   - Land tenure and regulatory compliance, including the status of land rights and any exposure to ongoing government reviews; and
   - Valuation discipline, ensuring that entry prices appropriately reflect both asset fundamentals and prevailing market conditions.

   Strategically, the Group remains constructive on the long-term economics of upstream palm oil assets. Structural trends in the industry, including ageing plantations, limited expansion of planted areas and the slow pace of replanting, support a favourable long-term profitability outlook for well-managed upstream operators. Nonetheless, the Group remains selective and disciplined in deploying capital for M&A and will pursue inorganic opportunities only where they are strategically aligned with its commercial, operational and financial objectives.

The group has earmarked approximately US$185 million (FY2025: US$160 million) for capital investments in FY2026, primarily for plantation infrastructure, replanting and upkeep. Since 2018, the group has replanted and newly planted approximately 46,000 hectares, including more than 16,000 hectares in FY2025 using proprietary high-yielding seed clones. Nevertheless, approximately 30% of the group's planted area, or over 81,000 hectares, is above 18 years of age.

In addition, following the ANJ acquisition, gross borrowings increased to US$954.4 million, with net borrowings of US$662.2 million, resulting in a gearing ratio of 0.40 times compared with 0.08 times in FY2024.

ii. **Can the board articulate the capital allocation framework that governs how incremental capital is deployed -- specifically, the hierarchy of priorities across dividends, reinvestment and debt reduction?**

   <u>The Company's Response:</u>

   The Board adopts a holistic approach to capital allocation, with the objective of delivering sustainable long-term value to shareholders, while balancing the needs for reinvestment, dividend distribution and debt management.

   In terms of reinvestment, replanting remains a strategic imperative for the Group and is carried out in a measured and disciplined manner. The Group's replanting efforts since 2018 have improved the weighted average age and maturity profile of its plantations, contributing to improved fruit and oil yields and supporting long-term sustainable cash generation.

   Dividend distribution is an important means for the Group to return value to shareholders. With effect from FY2026, the Group will revise its dividend policy to distribute up to 60% of its underlying net profit annually, an increase from the current 50%. This revision reflects the Group's confidence in the resilience of its operating cash flows and its continued commitment to aligning dividend distributions with performance, while retaining flexibility to recalibrate payouts in the event of significant reinvestment requirements or acquisition opportunities.

   While borrowings have increased following the ANJ acquisition, the Group's net gearing ratio of 0.40 times as at 31 December 2025 remains at a healthy level. As the Group continues to generate strong operating cash flows, its net debt position is expected to improve over time, allowing the Group to pursue selective inorganic investment opportunities should they arise.

   Overall, capital allocation decisions are made holistically, with the Board seeking to balance reinvestment needs, shareholder returns, inorganic growth and financial resilience in a manner that supports sustainable long-term value creation.

<u>Question 5</u>

At the annual general meeting to be held on 30 April 2026, the company is seeking shareholder approval on directors' fees of $651,000 for the financial year ended 31 December 2025 (FY2024: $585,000).

It was disclosed in the corporate governance report that an external consultant was engaged to review the non-executive director fee framework.

i. **Can the board elaborate on the process undertaken to appoint the external remuneration consultant? Was a formal selection process conducted, including a request for proposal, and how was the independence and objectivity of the consultant assessed? How many firms participated in the process, and what criteria were used to select the appointed consultant?**

   <u>The Company's Response:</u>

The Board, through the Remuneration Committee, engaged an independent external remuneration consultant to conduct a benchmarking exercise and review of the Non-Executive Directors' fee framework.

The consultant was selected from a shortlist of human resource consultancy firms with relevant experience in board remuneration benchmarking. In appointing the consultant, the Board considered factors such as experience in director remuneration benchmarking, familiarity with practices among Singapore-listed companies, and the ability to provide independent and objective advice. The scope of the engagement was limited to remuneration benchmarking and advisory services, and the consultant does not provide any other services to the Group. In addition, the consultant has no existing relationship with the Company or any of its Directors that would affect its independence.

The Board is satisfied that the consultant exercised independence and objectivity in conducting the review. Following the review, the recommended revisions to the Non-Executive Directors' fee framework were presented to the Remuneration Committee and subsequently accepted by the Board.

ii. What benchmarking methodology was used in the review? Which peer companies were selected for comparison?

The Company's Response:

The review benchmarked fees across all Board and Board Committee roles, as well as the total cost of governance, against a group of Singapore-listed companies, taking into account the roles and responsibilities of the Board and its Committees. The benchmarking analysis considered fee levels across a spectrum of market data points, including reference to market medians, to provide context for assessing the fee framework relative to prevailing market practices.

Peer companies were selected primarily based on SGX listing status, comparable company size (using market capitalisation and other relevant financial metrics), and the availability of meaningful public disclosures on directors' fees. The scope of the peer selection was also expanded to include companies in similar industries as the Group.

iii. What specific factors prompted the review of directors' fees? To what extent have there been changes in the scope, complexity and workload of the board and its committees that justify the increase?

The Company's Response:

The review of Directors' fees was undertaken by the Remuneration Committee as part of its periodic assessment to ensure that the fee framework remains appropriate, competitive and aligned with prevailing market practices.

In recent years, there has been an increase in the scope and complexity of Board and Board Committee responsibilities. These include heightened regulatory and compliance requirements, as well as greater emphasis on sustainability, cybersecurity and risk management matters.

The revised fee framework takes these increased demands into account and seeks to better align fees with prevailing market benchmarks, while ensuring that any adjustments are measured, justified and sustainable. The Board is mindful that Directors' fees should appropriately reflect the responsibilities and time commitment of its Directors, while preserving their independence.

Question 6

Are the company's borrowings mostly in USD? In view of its strong earnings, did the company reduce its debt level significantly in FY25?

The Company's Response:

As at 31 December 2025, approximately 60% of the Group's loans and borrowings were denominated in Indonesian Rupiah (IDR), with the remaining 40% denominated in United States Dollar.

While the Group generated strong operating cash flows in FY2025, gross borrowings increased from US$270.1 million as at 31 December 2024 to US$954.4 million as at 31 December 2025, primarily due to the drawdown of bank loans to finance the acquisition of ANJ.

Question 7

There have been reports about oil palm plantations being investigated, fined or even seized by the Indonesian Government in 2025. Has the company been affected in any way?

The Company's Response:

In 2025, the Indonesian government launched a nationwide initiative to harmonise regional spatial planning records with national forest zoning maps. In some cases, this exercise resulted in previously licensed plantation and mining areas being reclassified as falling within designated forest zones. Where land areas are verified to be within these zones, the regulatory framework provides for administrative resolutions, which may include the payment of fees or, where required, the handover of land to the government. These measures form part of a structured compliance and spatial harmonisation process.

During the financial year ended 31 December 2025, the Group received notification from the Forest Area Control Task Force ("Satgas PKH" or *Satuan Tugas Penertiban Kawasan Hutan*) for certain identified land areas to be handed over, and recognised write-off or impairment of bearer plants amounting to US$3.2 million in relation to these areas. In connection with the land areas that have been handed over, the Group paid administrative charges amounting to US$5.6 million. For the remaining land areas which were included in the notification but not yet handed over, additional administrative charges may be payable by the Group. However, the amount cannot be reliably determined at this stage, as the process remains ongoing and subject to verification and administrative resolution with the relevant authorities.

Based on information currently available, we do not expect this ongoing process to have a material impact on the Group's financial position. We will continue to monitor developments closely and keep shareholders updated should any significant changes arise.

BY ORDER OF THE BOARD
FIRST RESOURCES LIMITED

Lai Kuan Loong, Victor
Company Secretary
23 April 2026