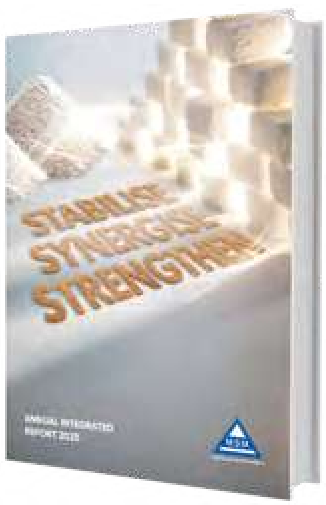
ANNUAL INTEGRATED REPORT 2025

MSM

MSM MALAYSIA HOLDINGS BERHAD



Cover Rationale

The cover of our Annual Integrated Report 2025 translates MSM Malaysia Holdings Berhad's strategic priorities into a simple yet meaningful visual narrative rooted in our core product. The granulated sugar and sugar cubes represent the fundamentals of our business and the discipline behind consistent quality and delivery. The theme — “Stabilise. Synergise. Strengthen.” — symbolises a strategy built from the ground up. It is grounded in operational realities and focused on strengthening performance. The stacked sugar cubes reflect structure and resilience, signalling the building of stronger capabilities and foundations for sustainable progress, while the flowing light trail conveys connectivity and momentum across the Group, highlighting the power of integration and collaboration along our value chain. Together, these elements express our commitment to stabilising operations, synergising efforts across functions and stakeholders, and strengthening the organisation to deliver reliable outcomes and long-term value for our stakeholders.

INSIDE THIS REPORT

BASIS OF THIS REPORT

MSM Malaysia Holdings Berhad (MSM or the Company) is pleased to present our Annual Integrated Report (AIR or the Report) for the financial year (FY) ended 31 December 2025. References to the Group refer to the Company and its subsidiaries. This Report is designed to provide our stakeholders with comprehensive insight into our business strategy, performance and future prospects, framed by Environmental, Social and Governance (ESG) considerations. In advancing our aspiration of becoming a sustainably driven world-class organisation with a diversified food-related business portfolio, we seek to deliver stakeholder value over the short, medium and long term through objective and transparent disclosures.

SCOPE AND BOUNDARIES

This Report details the Group's financial and non-financial performance throughout 1 January 2025 to 31 December 2025 (FY2025). It includes all aspects of our Malaysian operations, notably within the Central and Southern regions. Alongside our performance, this Report also examines challenges to the business, along with opportunities and risks that may influence our value creation process.

REPORTING FRAMEWORKS AND STANDARDS

Our reporting is aligned with these key standards:

- Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements (Listing Requirements)
- The Companies Act 2016
- Bursa Malaysia's Management Discussion and Analysis Guidelines
- Malaysia Code on Corporate Governance 2021 (MCCG 2021)
- National Sustainability Reporting Framework (NSRF)
- IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2)
- GRI Universal Standards 2021
- Task Force on Climate-related Financial Disclosures (TCFD)

MATERIALITY

The principle of materiality guides the assessment of information included in our Report. This Report focuses particularly on issues, opportunities and challenges that may materially impact MSM and our ability to be a sustainable business that consistently delivers value to our shareholders and stakeholders. These material issues are reviewed annually throughout the course of the strategic planning process.

COMBINED ASSURANCE

We apply a combined assurance model to manage various aspects of our business operations. The entire Annual Integrated Report has been vetted and approved by the Management and Board of Directors. The financial statements included in this Report have been audited by PricewaterhouseCoopers PLT, Malaysia. The Sustainability Statement has not been subjected to independent assurance. The Group will continue to strengthen our reporting processes and will evaluate the scope and timing of obtaining independent assurance in the future.

BOARD RESPONSIBILITY STATEMENT

MSM acknowledges its responsibility to ensure the integrity of this Report. We believe this Report addresses all material matters and provides a balanced view of MSM's strategy and its ability to create and preserve value in the short, medium and long term. We confirm that this Report has been prepared in accordance with the Bursa Malaysia Listing Requirements as well as the <IR> Framework, and has been authorised for release on 30 April 2026.

FEEDBACK

We greatly value your feedback as we continue to improve the quality of our reporting. For any feedback and enquiries regarding our reporting suite and the information presented, kindly reach out to our Investor Relations team at: investor.relations@msmsugar.com

FORWARD-LOOKING STATEMENTS

Throughout this Report, we use forward-looking statements that pertain to the plans, goals, strategies, and future performance of our organisation. These statements are not assurances of future performance, as they are subject to risks and assumptions within the context of potential scenarios. While we continue to pursue our strategies and plans, changes in macroeconomic and operating landscapes may require us to adapt accordingly.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

As part of MSM's strategy, we have prioritised the following SDGs to ensure our business is environmentally, socially and economically sustainable:

United Nations Sustainable Development Goals Adopted

BASIS OF THIS REPORT

NAVIGATE OUR REPORT

In this Report, the following navigation icons are designed to connect our six capitals, key stakeholders, strategic themes and enablers to material matters, risks and performance for ease of reference.

NAVIGATION ICONS

- Find relevant information on our corporate website
- Find relevant information in this Report

MATERIAL MATTERS

- M1 Climate Action
- M2 Waste Management
- M3 Water Management
- M4 Renewable Energy and Energy Management
- M5 Upholding Human Rights and Labour Standards
- M6 Diversity, Equity and Inclusion
- M7 Occupational Health and Safety
- M8 Employee Engagement and Talent Management
- M9 Community Engagement and Development
- M10 Governance, Ethics and Integrity
- M11 Traceability, Responsible Sourcing and Supply Chain Management
- M12 Operational Performance
- M13 Data Security and Protection
- M14 Business Development and Product Quality

STAKEHOLDERS

- S1 Consumers and Customers
- S2 Employees
- S3 Regulatory Agencies and Statutory Bodies
- S4 Shareholders and Investment Community
- S5 Media, Non-Governmental Organisations and Communities
- S6 Vendors, Suppliers and Industry Partners

KEY RISKS

- R1 Strategic
- R2 Financial
- R3 Market
- R4 Operational
- R5 Geopolitical
- R6 Catastrophe

OUR INTEGRATED REPORTING APPROACH

MSM's approach to integrated reporting is formulated in line with the Principle-based Framework of Integrated Reporting, comprising the Six Capitals, Seven Guiding Principles and Eight Content Elements established by the Value Reporting Foundation (VRF) and the International Financial Reporting Standards (IFRS). Hence, the contents of this Report have been prepared in accordance with:

SIX CAPITALS

- F Financial Capital
- H Human Capital
- M Manufactured Capital
- S Social & Relationship Capital
- I Intellectual Capital
- N Natural Capital

SEVEN GUIDING PRINCIPLES

- Strategic focus and future orientation
- Connectivity of information
- Conciseness
- Reliability and completeness
- Consistency and comparability
- Materiality
- Stakeholder relationships

EIGHT CONTENT ELEMENTS

- Organisational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

LARGEST STANDALONE SUGAR REFINERY IN MALAYSIA

MSM, Malaysia's leading refined sugar producer, has been listed on Bursa Malaysia's Main Market since 28 June 2011. The Group operates through two subsidiaries, MSM Prai Berhad (established in 1959) and MSM Sugar Refinery (Johor) Sdn Bhd (established in 2015), and is among the largest sugar refiners globally.

Produced

>1 million MT

of refined sugar products in 2025

One of Malaysia's Top 10

leading fast-moving consumer goods (FMCG) brand*

* *Based on Kantar's Brand Footprint Malaysia 2025, with 63.4% household penetration in FY2024.*

Serving

>300

direct account customers

PREMIUM QUALITY SUGAR

Polarisation of

99.6%

ICUMSA

45

1,166

employees

Listed on the Main Market of Bursa Malaysia with a market capitalisation of

RM654 million

as at 31 December 2025

OVERVIEW OF MSM

With a combined annual refining capacity of 2.05 million metric tonnes (MT) across its two refineries, MSM Prai Berhad (MSM Prai) and MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor), the Group continues to optimise the operational efficiency and performance of MSM Johor to support future demand. In parallel, MSM Prai sustains operational excellence through efficient operations, while maintaining its role as the Group's primary production refinery with lower operating costs.

MSM produces, markets and sells refined sugar under its flagship brand, Gula Prai, upholding the promise of **"Sweetening Lives Since 1964"**. Serving both domestic and international markets, MSM caters to household consumers, small and medium industries (SMIs), major industries, regional traders, wholesalers and distributors.

VISION

To be a world-class and cost-efficient organisation driven by sustainability with a diversified portfolio in food-related business.

MISSION

We strive to enhance value for shareholders through efficient, innovative and customer-centric business execution. This is further amplified by value-added downstream and regional market growth throughout the food-related value chain.
We uphold our commitment to sustainability values in four lenses: sustainable value creation, better planet, positive social impact and good governance.

CORE VALUES

S	W	I	I	T
SENSE OF BELONGING	WINNING ATTITUDE	INTEGRITY	INNOVATION	TEAMWORK

OUR SUBSIDIARIES

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd
- MSM Trading & Distribution Sdn Bhd

OUR CUSTOMERS

- Malaysian households
- Beverage and confectionery companies
- Hotels
- Restaurants and food outlets
- Distilleries and producers of ethanol, animal feed and yeast

OUR PRODUCTS

- White refined sugar of various grain sizes
- Soft brown sugar
- Liquid sugar
- Fine syrup
- Sugar premix
- Molasses

OUR VALUE CHAIN

PRODUCING HIGH QUALITY PRODUCTS

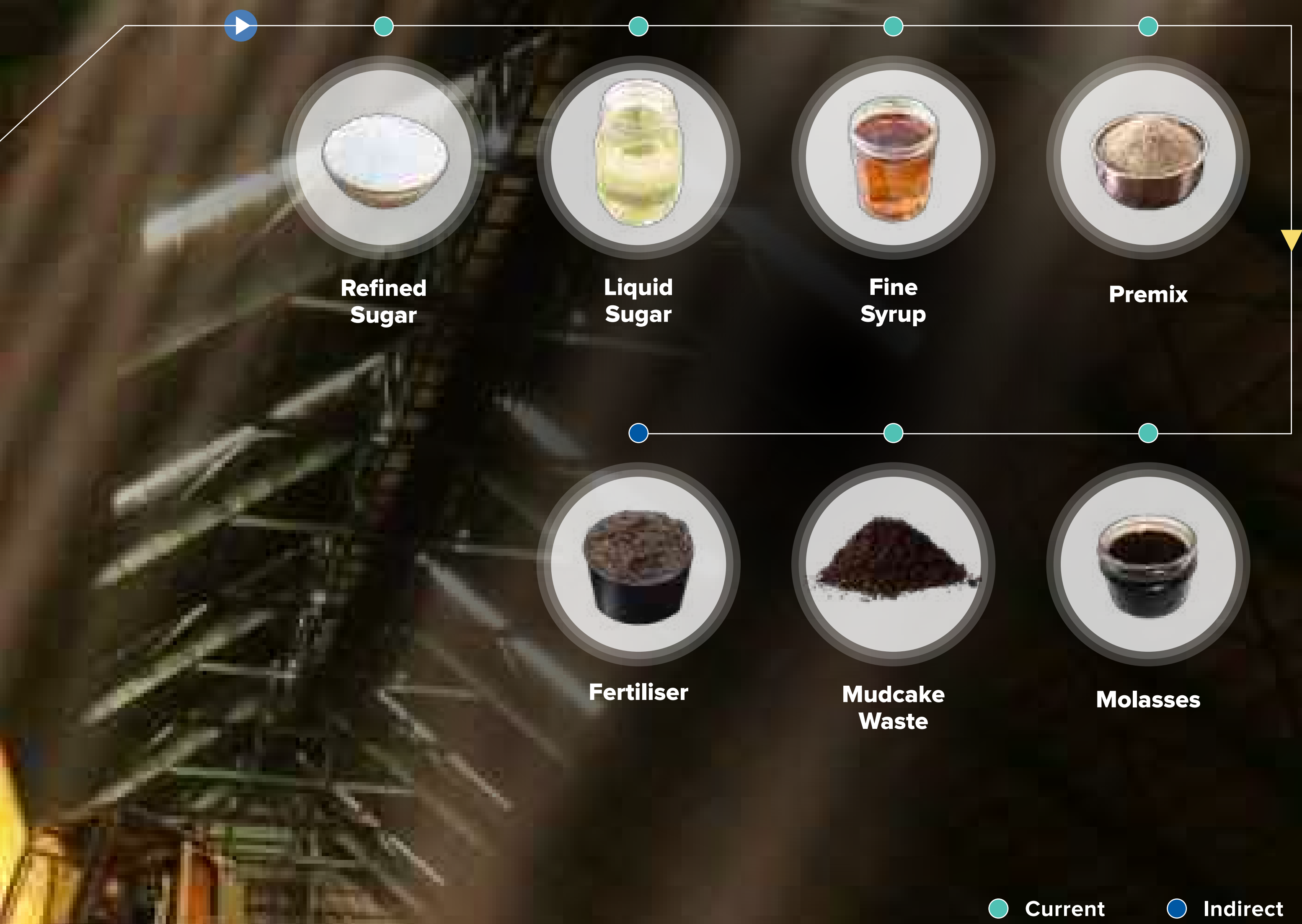
The Group focuses on midstream activities in the sugar value chain — namely sourcing, processing, marketing and distribution of refined sugar products, value-added sugar products and sugar refining by-products.

Through two established refineries in Penang and Johor, MSM produces premium-quality sugar with high sucrose content and is a preferred supplier to food and beverage manufacturers in both domestic and regional markets.

In addition to our flagship refined sugar products, the Group leverages on our expanded production capacities by also producing value-added sugar products such as liquid sugar, fine syrup, premixes, as well as molasses, a by-product of the sugar refining process. The Group continues to explore additional sustainable applications of mudcake, a sugar-refining waste product, beyond its established use as fertiliser, promoting circular economy practices.

OUR VALUE CHAIN

REFINERY



OUR BRAND PRODUCTS

Legends:

- Sugar Grades
- Suggested Storage Conditions
- Packaging Size

Super Premium Sugar (Gula Super)

It is refined to an exceptional level, resulting in a pure, uniform white colour and enhanced sweetness. An ideal choice for use in all culinary creations, from confectionery to baking and beverages. Try this premium sugar today and experience the difference in taste and quality.

Sugar Grades	Suggested Storage Conditions	Packaging Size
Premium Refined Sugar, ICUMSA 40	Keep sugar in a cool and dry place at ambient temperature	500g & 1kg

Coarse Grain Sugar

Here is a sugar product that you cannot miss! Available almost everywhere and at every retail outlet in Malaysia, this sugar delivers an excellent taste, making it the ideal sugar for general sweetening needs.

Sugar Grades	Suggested Storage Conditions	Packaging Size
Coarse Grain Sugar, P1, EP1	Keep sugar in a cool and dry place at ambient temperature	1kg, 2kg, 25kg, 50kg, 500kg & 1,000kg

Fine Granulated Sugar

Another hot selling sugar product! Great to be enjoyed with your favourite beverage and for home food preparation.

Sugar Grades	Suggested Storage Conditions	Packaging Size
Fine Granulated Sugar, PXX, P1S, EPXX, EP1S	Keep sugar in a cool and dry place at ambient temperature	1kg, 2kg, 25kg, 30kg, 50kg, 500kg, 1,000kg & Bulk

Soft Brown Sugar

Indulgent rich flavour with a subtle golden colour, robust aroma and moist texture. Our soft brown sugar is crafted through the perfect infusion of molasses, making it ideal for enhancing the taste of cookies, cakes and even coffee.

Sugar Grades	Suggested Storage Conditions	Packaging Size
Soft Brown Sugar, PB, P4	Keep sugar in a cool and dry place at ambient temperature	500g, 25kg & 50kg

Gula Prai is recognised as
one of the Top 10 leading FMCG brands in Malaysia*

* *Based on Kantar's Brand Footprint Malaysia 2025, with 63.4% household penetration in FY2024.*

OUR BRAND PRODUCTS

Caster Sugar

Popular with bakers as the fine crystals cream easily into butter and dissolve more readily into meringues and batters. Caster sugar adds more volume to baked products, giving them a lighter texture, a result preferred by bakers. It is also perfect to be lightly sprinkled over baked goods.

- Caster Sugar
- Keep sugar in a cool and dry place at ambient temperature
- 500g, 25kg, 50kg & 1,000kg

Icing Sugar

A versatile ingredient in sweet baked goods, sugar and chocolate confectionery, providing a smooth, soft finish texture. Ideal for a plethora of baked goods such as fillings, fondants and as a decorative touch to your baked masterpiece.

- Icing Sugar
- Keep sugar in a cool and dry place at ambient temperature
- 500g, 25kg, 40kg

Cube Sugar

Crafted from fine sugar, the Cube Sugar dissolves effortlessly, ensuring a smooth infusion of sweetness. Ideal for precise portion control, each 5g cube adds a touch of sophistication to teas or coffees, elevating the experience with simplicity and refined taste.

- Fine Granulated Sugar
- Keep sugar in a cool and dry place at ambient temperature
- 5g x 100 cubes

Quality Cup Pack Sugar

Sugar sachet offers a practical and convenient solution for individuals, businesses and food establishments to manage and provide sugar in a controlled, hygienic and efficient manner. Suitable for those who want to do portion control, easy to carry and use on-the-go.

- Fine Granulated Sugar
- Keep sugar in a cool and dry place at ambient temperature
- 5g x 100 sachets

Liquid Sugar

High grade sugar syrup.

- Concentrated clear liquid
- Sugar should be kept in a clean and dry place at ambient temperature, away from direct sunlight
- Tanker

Fine Syrup

Similar to liquid sugar, deep brown colour in appearance.

- Concentrated clear liquid
- Store at least at room temperature as lower temperatures may cause crystallisation. Storage above 50˚C may cause discolouration
- Tanker

Premix

Customisable sweetened products for industrial use.

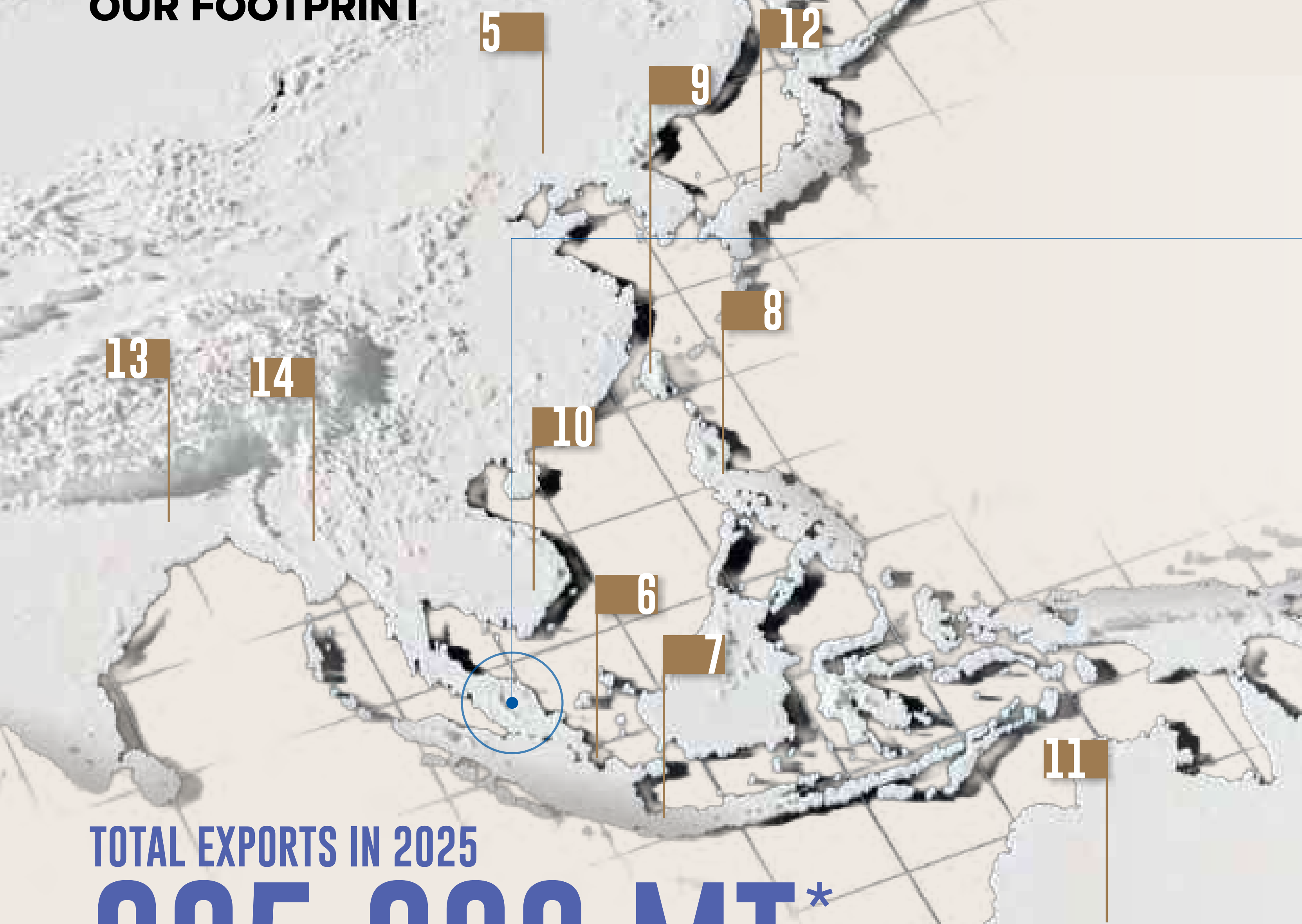
- Sweetened cocoa, glucose or milk preparation
- Keep in a clean and dry place at ambient temperature and away from direct sunlight
- 25kg

Molasses

The thick and dark brown liquid molasses is a by-product derived from the sugar refining process. MSM sells molasses to distilleries and producers of ethanol, animal feed and yeast.

- Molasses (liquid)
- Keep in a cool and dry place
- Ex-factory in customer's tanker

OUR FOOTPRINT

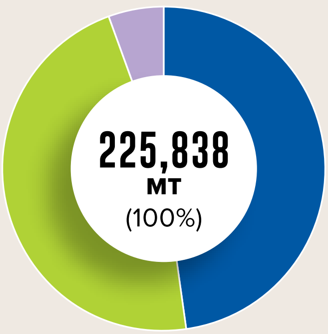


TOTAL EXPORTS IN 2025

225,838 MT*

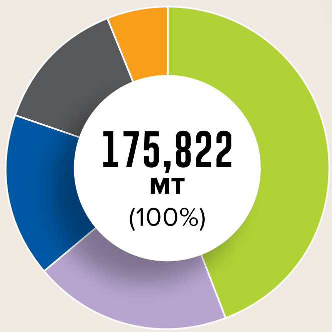
Note:
** Total export sales include sales of molasses.*

Regional Breakdown



- Asia
  107,931 MT (47.79%)
- Southeast Asia
  105,983 MT (46.93%)
- Oceania
  11,924 MT (5.28%)

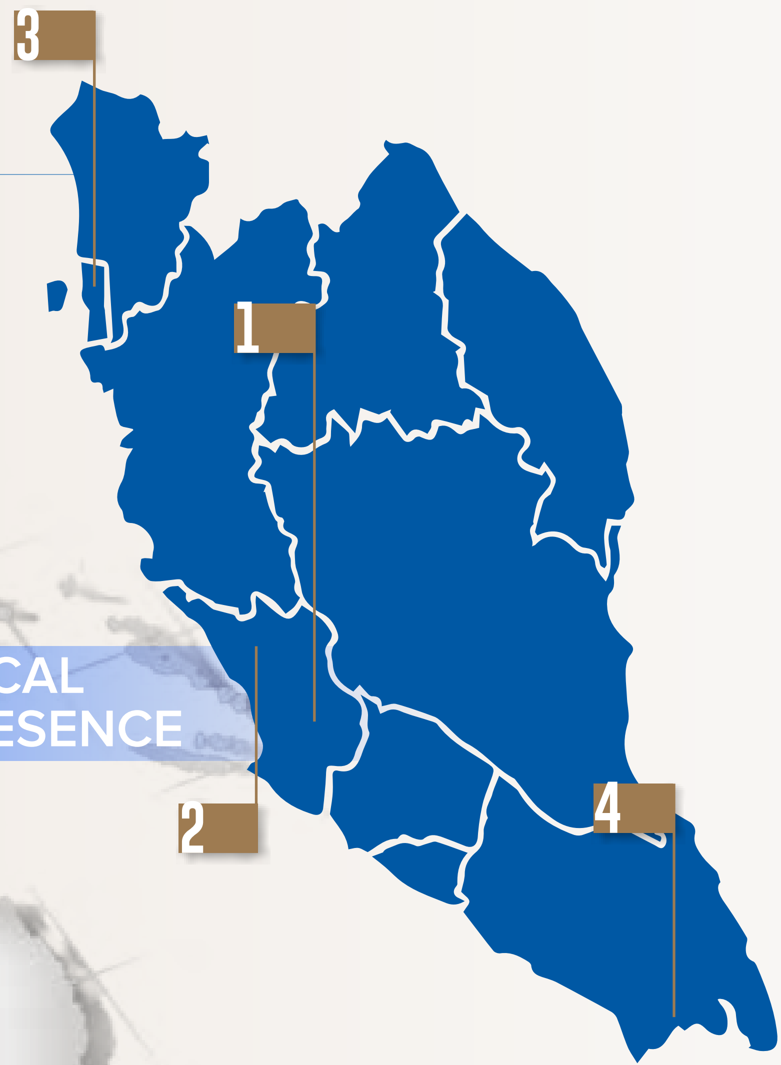
Top 5 Export Destinations



- China
  77,699 MT (44.19%)
- Singapore
  34,685 MT (19.73%)
- Indonesia
  29,086 MT (16.54%)
- Philippines
  24,012 MT (13.66%)
- Hong Kong
  10,340 MT (5.88%)

OUR FOOTPRINT

LOCAL PRESENCE



1

MSM Head Office
MSM Malaysia Holdings Berhad
201101007583 (935722-K)

2

Sungai Buloh Warehouse (SBW)
MSM Prai Berhad
195901000226 (3573-D)

3

MSM Prai
MSM Prai Berhad
195901000226 (3573-D)

Annual Refining Capacity:
1.05 million MT

4

MSM Johor
MSM Sugar Refinery (Johor) Sdn Bhd
201501014132 (1139464-W)

Annual Refining Capacity:
1.00 million MT

GLOBAL REACH

5
China
77,699 MT
(34.40%)

6
Singapore
34,685 MT
(15.36%)

7
Indonesia
29,086 MT
(12.88%)

8
Philippines
24,012 MT
(10.63%)

9
Hong Kong
10,340 MT
(4.58%)

10
Vietnam
10,075 MT
(4.46%)

11
New Zealand
7,435 MT
(3.29%)

12
Taiwan
6,910 MT
(3.06%)

13
Bangladesh
6,776 MT
(3.00%)

14
Myanmar
6,000 MT
(2.66%)

OUR GROUP STRUCTURE

AS AT 31 MARCH 2026

Shareholders

- 10.97% FGV HOLDINGS BERHAD
- 40.03% FGV SUGAR SDN BHD
- 15.27% KOPERASI PERMODALAN FELDA MALAYSIA BERHAD
- 7.11% AMANAHRAYA TRUSTEES BERHAD
- 26.62% OTHER SHAREHOLDERS

MSM MALAYSIA HOLDINGS BERHAD

- 100% MSM PRAI BERHAD
  - 100% MSM LOGISTICS SDN BHD
- 100% MSM SUGAR REFINERY (JOHOR) SDN BHD
- 100% MSM TRADING & DISTRIBUTION SDN BHD

OUR CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Syed Hisham Syed Wazir
Chairman/Independent Non-Executive Director

Datuk Dr Abd Hapiz Abdullah
Independent Non-Executive Director

Dato' Dr Suzana Idayu Wati Osman
Non-Independent Non-Executive Director

Nurul Muhaniza Hanafi
Non-Independent Non-Executive Director

Dato' Mohd Banuri Aris
Non-Independent Non-Executive Director

Tan Chee Beng
Independent Non-Executive Director
(appointed with effect from 12 September 2025)

Thanneermalai A/L SP SM Somasundaram
Independent Non-Executive Director
(appointed with effect from 12 September 2025)

Dato' Fakhrunniam Othman
Non-Independent Non-Executive Director
(resigned with effect from 28 February 2026)

Dato' Sri Muthanna Abdullah
Independent Non-Executive Director
(resigned with effect from 1 July 2025)

Choy Khai Choon
Independent Non-Executive Director
(retired with effect from 19 June 2025)

Low Chooi Hoon
Independent Non-Executive Director
(ceased with effect from 19 June 2025)

GROUP CHIEF EXECUTIVE OFFICER

Dr Mazatul 'Aini Shahar Abdul Malek Shahar
(appointed with effect from 4 February 2026)

Hasni Ahmad
(appointed as Acting Group Chief Executive Officer with effect from 3 July 2025 and ceased on 31 December 2025)

Syed Feizal Syed Mohammad
(resigned with effect from 3 July 2025)

CHIEF FINANCIAL OFFICER

Ab Aziz Ismail

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor
Malaysia

Helpdesk: +603 7890 4700
Fax: +603 7890 4670
Email: BSR.Helpdesk@boardroomlimited.com

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, Menara TH 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur, Malaysia

Tel: +603 2173 1188
Fax: +603 2173 1288
Website: www.pwc.com/my

COMPANY SECRETARY

Akmal Nazaruddin (LS0008220)
SSM Practising Certificate No. : 202008004440
(appointed with effect from 1 August 2025)

Azni Ariffin (LS0010610)
SSM Practising Certificate No. : 202008003324
(resigned with effect from 1 August 2025)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Listed since 28 June 2011
Stock Code: 5202
Stock Name: MSM

REGISTERED OFFICE

Level 21, Wisma FGV
Jalan Raja Laut
50350 Kuala Lumpur
Wilayah Persekutuan
Kuala Lumpur, Malaysia

Tel: +603 2789 0000
Fax: +603 2789 0001
Email : fgvsecretarial@fgvholdings.com

INVESTOR RELATIONS AND ENQUIRIES

Abdul Hadi Karim
Head of Corporate Strategy & Investor Relations
Level 44, Menara FELDA
Platinum Park, No.11
Persiaran KLCC, 50088 Kuala Lumpur, Malaysia

Tel: +603 2162 7900
Fax: +603 2181 5015
Website: www.msmsugar.com
Email: investor.relations@msmsugar.com

MSM SOCIAL MEDIA ACCOUNTS

@gulaprai

MSMGULAPRAI TV

@msmgulaprai

MSM Malaysia Holdings Berhad

MSM Gula Prai

AWARDS AND ACCOLADES

Corporate Reporting

- **National Annual Corporate Report Awards (NACRA) 2025 –** Silver Excellence Award for Companies with less than RM2 billion in Market Capitalisation
- **Australasian Reporting Awards (ARA) 2025 –** Gold Award in ARA 2025 General Award
- **National Corporate Governance & Sustainability Awards (NACGSA) 2025 –** Overall Excellence Award (Top 50)

Occupational Safety & Health

1. **43rd Malaysian Society on Occupational Safety & Health (MSOSH) Awards 2025**
   - Gold Merit Award – MSM Prai Berhad
   - Gold Merit Award – MSM Prai Berhad (Sungai Buloh Warehouse)
   - Gold Class 1 Award – MSM Sugar Refinery (Johor) Sdn Bhd
   - Gold Glass 2 Award – MSM Logistics Sdn Bhd

2. **MiSHA Asia Excellence Awards on OSH Principles of Prevention (OSHPoP) 2025**
   - MiSHA National Road Traffic Safety Champion (Special Award)
   - MiSHA ASIA Golden Award on OSHPoP 2025
   - MiSHA ASIA Excellence Award on OSH Risk Management (Food & Beverages Manufacturing) 2025
   - MiSHA Excellence OSH Leadership Award 2025

   (The above were all awarded to MSM Prai Berhad)

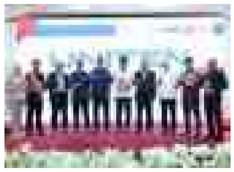
KEY EVENTS IN 2025

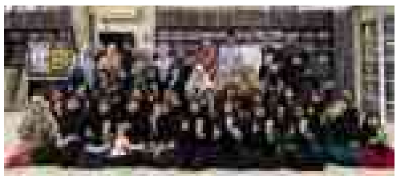
JAN	**17**	MiSHA National Excellence Award on OSHPoP 2024
FEB	**4**	Sungai Buloh Warehouse (SBW) & MSM Logistics Sdn Bhd (MSM Logistics) Blood Donation Drive
	17 – 21	Gulfood 2025
	27	MSM Townhall 1H 2025
	28	Project Stationeries to support Buku Jalanan Chow Kit (BJCK) and Yayasan Chow Kit (YCK)
	28	MSM Prai River Cleaning Campaign
MAR	**7**	International Women's Day
	13	Zakat Wakalah contribution at Iftar Perdana UNITEN
	24	Zakat Wakalah contribution to Rumah Kebajikan Baitul Ehsan Al-Khairi
APR	**24**	MSM Prai contributed 50 Composting Drums to support Eco-Schools
	29	World OSH Day at MSM Johor
	30	World OSH Day at MSM Prai
MAY	**6**	First Collective Agreement (CA) Signing by MSM Logistics
	24	Mangrove Mania 2025 in conjunction with World Environment Day 2025
	30	MSM Prai River Cleaning Campaign
JUN	**19**	MSM Malaysia Holdings Berhad's 14th Annual General Meeting
	24	MSM Prai River Cleaning Initiative
JUL	**16**	Chief Integrity & Governance Officer (CIGO) Symposium 2025
	31	Gula FELDA launch at Festival FGV Karnival Mega 3 Dimensi
AUG	**20 – 21**	FGV Innovation and Lean Six Sigma (LSS) Convention 2025
SEP	**8**	Tree Planting Programme at Taman Eko Rimba
	17	Federal Land Development Authority (FELDA) Chairman Visit to MSM Prai
	17 – 20	Malaysia International Halal Showcase (MIHAS)
	22 – 23	Forklift Cadet Programme 3.0
OCT	**7**	MSM Directors and Koperasi Permodalan FELDA Malaysia Berhad (KPF) delegates visit to SBW
	14 – 15	MSM Head Office Blood Donation Campaign
NOV	**1**	Tree Planting Programme at Tropical Rainforest Conservation and Research Centre
	4	MSM Townhall 2H 2025
	10	Hi-Tea Zakat & Waqf Excellence Engagement 2025
	13	43rd MSOSH Awards 2025
	27	NACRA 2025
DEC	**1 – 5**	Environment, Quality & Food Safety Week 2025 at MSM Prai
	22	MSM LSS Batch 5 Green Belt Ceremony
	30	MSM Directors Visit to MSM Johor







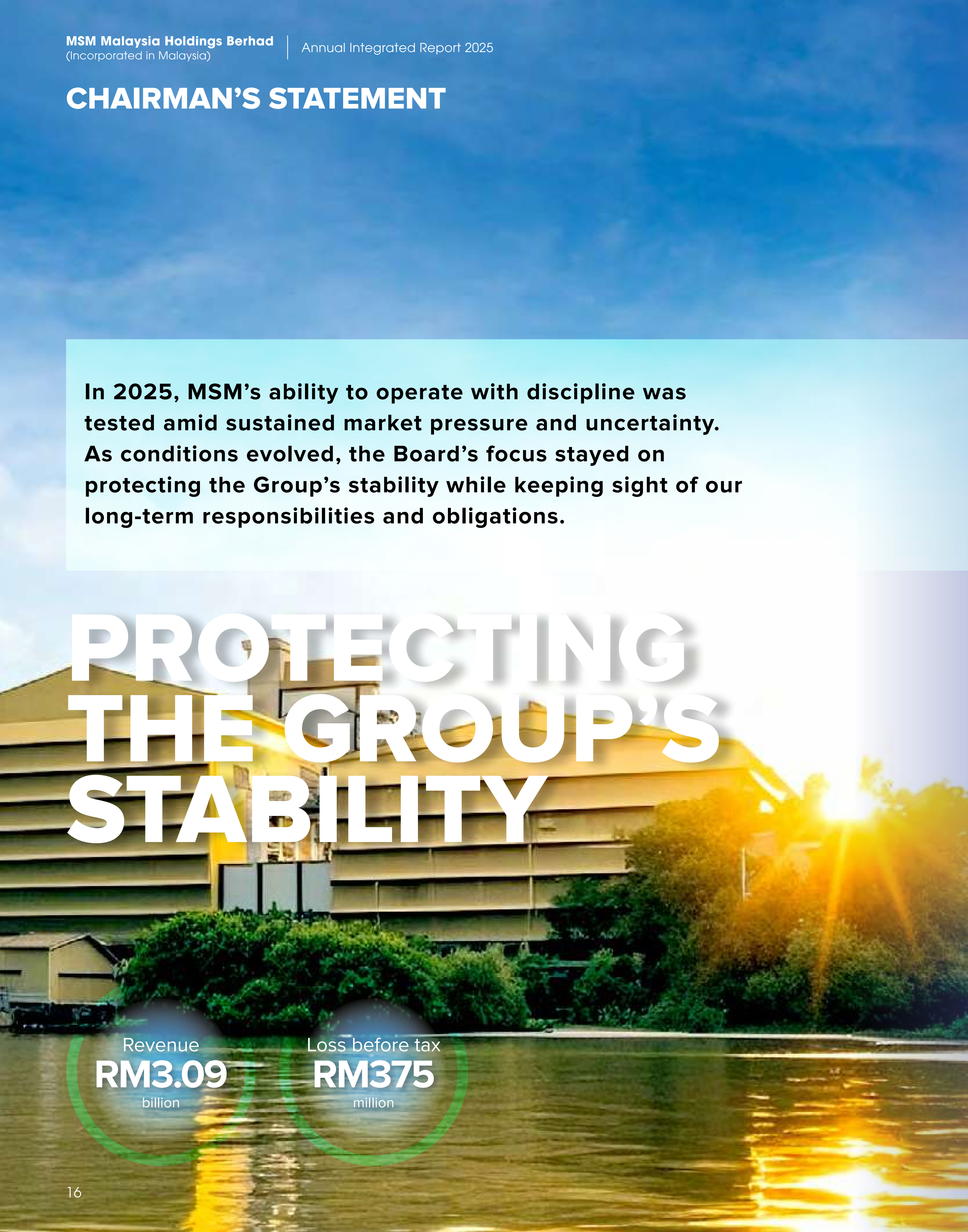







CHAIRMAN'S STATEMENT



In 2025, MSM's ability to operate with discipline was tested amid sustained market pressure and uncertainty. As conditions evolved, the Board's focus stayed on protecting the Group's stability while keeping sight of our long-term responsibilities and obligations.

PROTECTING THE GROUP'S STABILITY

Revenue
RM3.09
billion

Loss before tax
RM375
million

CHAIRMAN’S STATEMENT

DATUK SYED HISHAM SYED WAZIR
Chairman,
Independent Non-Executive Director

We maintained close oversight in guiding Management as priorities were reassessed and adjusted to protect financial stability and continuity.

Operating Environment

The operating environment in 2025 continued to be challenging, shaped by a combination of macroeconomic moderation and pronounced industry-specific pressures. While global inflation eased and economic growth stabilised in several markets, elevated interest rates during the first half of the year continued to weigh on consumption and investment sentiment. For the food and beverage sector, demand conditions remained cautious, influencing downstream sugar consumption patterns.

Within the global sugar industry, market dynamics shifted decisively during the year. Record production in major producing regions, particularly Brazil, alongside strong recoveries in Asia, resulted in a significant global surplus. This supply-led environment placed sustained downward pressure on raw sugar prices, amplifying volatility and compressing margins across the value chain. Currency movements and energy market fluctuations further influenced pricing dynamics and production decisions in key exporting countries.

At the domestic level, Malaysia’s economy was supported by resilient internal demand, although structural constraints within the sugar market persisted. Fixed pricing mechanisms, import flows and policy considerations shaped competitive conditions, requiring careful navigation by industry participants. In parallel, climate-related variability remained a background risk, reinforcing the need for operational preparedness despite relatively improved weather conditions compared with the prior year.

Against this backdrop, the Board stayed closely engaged in overseeing MSM’s response to a complex and fluid environment, recognising that disciplined execution, financial balance and operational continuity were essential in sustaining the Group through ongoing uncertainty.

CHAIRMAN'S STATEMENT

Key Achievements

In the year under review, the Board's principal achievement was exercising sound judgment in the face of rapidly changing market conditions. As volatility intensified and underlying assumptions no longer held, we maintained close oversight in guiding Management as priorities were reassessed and adjusted to protect financial stability and continuity.

With the year unfolding against a materially weaker price and demand environment, the Group's revenue declined to RM3.09 billion from RM3.54 billion, and the Group recorded a loss before tax of RM375 million versus a profit before tax of RM75 million in the prior year. The loss before tax was mainly due to the recognition of a non-recurring impairment during the year.

We also continued to strengthen our engagement with key stakeholders during the year. Constructive dialogue with relevant authorities and industry participants centred on discussions relating to import flows, domestic market conditions and regulatory considerations under the fixed pricing framework. These engagements enabled transparency and alignment on operating realities faced by domestic refiners. Throughout the year, we fulfilled our role within the domestic sugar ecosystem by maintaining supply continuity to customers.

MSM received external recognition across reporting quality, governance and workplace safety, reflecting continued focus on disclosure standards, governance practices and operational excellence.

Sustainability

In 2025, the Board continued to oversee sustainability matters through a dedicated Board Sustainability Committee, with emphasis on responsible sourcing, regulatory readiness and operational efficiency. At the operational level, we commenced a review of the Group Sustainability Policy, with the aim of strengthening its coverage of natural resource use, environmental management, labour standards, local community livelihoods, climate change, digital security and information technology (IT) governance.

Responsible sourcing was also an important area of focus for us. During the year, we continued with the No Deforestation, No People Exploitation (NDPE) Sugar framework through our raw sugar supplier, reinforcing expectations on responsible sourcing and traceability across the sugar supply chain. We remain committed to adhering to the NDPE Sugar framework which addresses key supply chain issues and support transparency and responsible business practices.

As a result of our consistent efforts, MSM has maintained its status as a constituent of the FTSE4Good Bursa Malaysia and FTSE4Good Bursa Malaysia Shariah Indices since 2023.

Governance

Integrity is the foundation of trust, resilience and long-term value creation at MSM. In 2025, we strengthened our governance capabilities and deepened our culture of ethical conduct through structured initiatives, leadership engagement and strategic collaboration.

A key milestone was the reintroduction of the MSM Integrity Pledge across the Group, achieving a 99% participation rate. Benchmarked against practices by the Malaysian Anti-Corruption Commission (MACC) and FGV Holdings Berhad (FGV), the pledge reaffirmed our collective commitment to integrity, ethical conduct and personal accountability. The active role of Governance Champions across our subsidiaries demonstrated that integrity at MSM is embedded at every level of the organisation.

We also extended our commitment beyond internal initiatives by participating in the CIGO Symposium 2025, co-organised with MACC, FELDA and FGV. The signing of the Corruption-Free Pledge underscored our alignment with national anti-corruption aspirations. This was complemented by an engagement session with the MACC Education Division and FELDA's Integrity Department to explore collaborative integrity and anti-corruption training.

Progress under the Organisational Anti-Corruption Plan (OACP) continued during the year, providing a structured roadmap to identify and mitigate corruption risks. The implementation of an Integrity Survey in the fourth quarter of 2025 enabled us to assess our organisational standing and shape targeted improvements, supported by ongoing Corruption Risk Management review and integrity assessments.

Corporate Governance & Risk Management (CGRM) Roadshows were also conducted across key business units to reinforce governance expectations and promote consistent compliance practices.

CHAIRMAN'S STATEMENT

In parallel, we enhanced Personal Data Protection governance through Personal Data Protection Act (PDPA) training and the establishment of a cross-functional taskforce. Throughout the year, MSM remained aligned with the Bursa Malaysia Listing Requirements, the Guidelines on Adequate Procedures and Section 17A of the MACC Act, with the T.R.U.S.T. principles firmly embedded within our governance framework.

As we advance, we remain steadfast in ensuring that integrity is not confined to policy, but reflected in everyday decisions, thereby sustaining stakeholder confidence and supporting MSM's long-term growth.

Awards

During the year, MSM received external recognition across reporting quality, governance and workplace safety, reflecting continued focus on disclosure standards, governance practices and operational excellence.

In corporate reporting, we received a Silver Excellence Award at the National Annual Corporate Report Awards 2025 and a Gold Award at the Australasian Reporting Awards 2025. These recognitions reflect the quality, transparency and comprehensiveness of our disclosures, and our commitment to providing stakeholders with clear and meaningful reporting. In addition, MSM was recognised with the Overall Excellence Award (Top 50) at the National Corporate Governance & Sustainability Awards 2025, underscoring our corporate governance excellence among publicly listed companies in Malaysia.

Operationally, MSM's safety performance and preventive practices were recognised through multiple awards at the 43rd Malaysian Society for Occupational Safety and Health Awards 2025, including four awards received across our refinery and logistics operations. We also received several accolades at the MiSHA Asia Excellence Awards on OSHPoP 2025, including recognition in leadership, risk management and principle-of-prevention categories.

OUTLOOK

Looking ahead, the Board has endorsed MSM's Business Plan 2026 to 2028 (BP28) as the framework guiding the next phase of the Group's development. The plan is structured as a staged progression, beginning with recalibration, followed by balanced production and, subsequently, more deliberate capital deployment.

In a domestic market that shows signs of maturity, the focus over the medium term centres on strengthening earnings visibility and prudent cash flow management. Priority areas include tighter alignment between production and demand, greater emphasis on operational efficiency and a more selective approach to market participation, while directing reinvestment towards initiatives that enhance productivity and unit economics. In parallel, the external operating environment is expected to remain fluid, with heightened geopolitical tensions in the Middle East contributing to volatility in energy markets that may influence global sugar dynamics through tighter supply conditions, while also exerting pressure on fuel, logistics and other input costs.

The Board will continue to exercise close oversight over execution against this plan, with emphasis on financial prudence, operational performance and risk management, alongside ongoing engagement on policy and market conditions affecting the domestic sugar sector.

Acknowledgements

On behalf of the Board, I express our appreciation to the Ministry of Domestic Trade and Cost of Living and other relevant authorities for their engagement on matters affecting the sugar industry. I also thank our customers, suppliers and business partners for their continued cooperation throughout the year.

I acknowledge our shareholders, including the FELDA Group, FGV, KPF and Permodalan Nasional Berhad, for their confidence and continued commitment to MSM. I also record the Board's appreciation to Syed Feizal Syed Mohammad, former Group Chief Executive Officer (Group CEO), and Hasni Ahmad, former Acting Group CEO and Group Chief Operating Officer (Group COO), for their contributions during their respective tenures. I welcome our new Group CEO, Dr Mazatul 'Aini Shahar Abdul Malek Shahar, who joined us in February 2026.

During the year, the Board saw several changes. Choy Khai Choon and Low Chooi Hoon completed their service as Independent Non-Executive Directors in June 2025, while Dato' Sri Muthanna Abdullah stepped down in July 2025. The Board then appointed Thanneermalai A/L SP SM Somasundaram and Tan Chee Beng as Independent Non-Executive Directors in September 2025, reflecting its continued commitment to effective governance. Subsequent to the financial year-end, Dato' Fakhrunniam Othman stepped down from his position as Non-Independent Non-Executive Director.

Finally, I extend my sincere appreciation to Keluarga MSM for their professionalism, resilience and dedication throughout a demanding year.

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

We prioritised strengthening internal discipline, improving decision-making processes and aligning execution under the Stabilisation phase of Business Plan 2025 to 2027 (BP27). The actions taken during the year were designed to mitigate downside risks and position the Group on a firmer footing as we navigate ongoing market volatility.

STABILISATION OF CORE FUNDAMENTALS

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

DR MAZATUL 'AINI SHAHAR ABDUL MALEK SHAHAR
Group Chief Executive Officer

We will therefore approach FY2026 with measured expectations, focused execution and a clear emphasis on financial resilience.

FY2025 unfolded in a demanding environment. How do you reflect on the year under review?

FY2025 was a challenging year for the Group, shaped by a difficult external environment and structural pressures across the industry. Global oversupply of refined sugar led to a sustained decline in the global benchmark for raw sugar futures (NY11) prices and compressed the global white premium, which in turn affected our average selling prices across Wholesale, Industry and Export customer categories. At the same time, a strengthening Ringgit and increased competition in the domestic market further intensified pricing pressure.

Against this operating context, the Group's revenue declined to RM3.09 billion in FY2025 compared to RM3.54 billion in the previous year. Given the prevailing price environment, the Group prioritised margin preservation by adopting a structured sales strategy and moderating volumes to optimise profitability.

The Group recorded a loss before tax of RM375 million in FY2025, compared with a profit before tax of RM75 million in FY2024. The performance was impacted by the challenging market environment as well as a significant impairment recognised during the year.

Operationally, the Group's utilisation factor (UF) moderated to 49% as production was carefully aligned to demand requirements and inventory management objectives. This approach was aimed at preserving margins and protecting cash flow.

In many respects, FY2025 marked a reset year for MSM. The focus shifted away from expansion towards stabilisation, with priority placed on strengthening internal processes, improving decision-making and aligning execution under the Stabilisation phase of BP27. Actions taken during the year were intended to contain downside risks and position the Group on a firmer footing amid ongoing market volatility.

As you step into the role, where is your focus for FY2026?

Upon assuming the role in February 2026, my immediate priority is to stabilise the business, arrest further earnings deterioration and refocus the organisation on disciplined execution. In a commodity-driven business, performance must be anchored on commercial discipline, margin protection and prudent cash management.

For FY2026, we are focused on restoring rigour across the Group's core operating levers. This includes aligning production more closely to demand, improving revenue quality and sales mix, and strengthening margin management to support cash generation and liquidity resilience.

We are also tightening expenditure and capital allocation discipline, with resources prioritised towards regulatory requirements, operational reliability and initiatives with clear commercial impact. At the same time, we are sharpening working capital management, avoiding unnecessary inventory build-up and improving overall execution discipline across the Group.

In parallel, we are reprioritising key strategic initiatives and strengthening governance, accountability and approval discipline to improve speed of execution. Overall, FY2026 is about stabilisation, focused execution and restoring financial resilience.

The priority for FY2026 is clear: stabilise the business, protect cash and execute with discipline.

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

What progress was made in strengthening the Group's commercial and export positioning?

Total sales volume stood at

1.03 MILLION MT

In FY2025, the Group's commercial strategy was guided by the need to balance market presence with financial prudence. Total sales volume stood at 1.03 million MT compared with 1.06 million MT in 2024, reflecting a more competitive pricing environment. Export volumes excluding molasses amounted to 216,038 MT (FY2024: 243,623 MT), as exports were moderated throughout the year when necessary to preserve margins amid weaker global white premiums.

Rather than pursuing volume growth at compressed spreads, we adopted a more selective approach to export execution. This included increasing our focus on value-added sugar products, which achieved stronger growth compared with the previous year and commanded relatively better margins. Sales into select markets, including China, contributed to this shift in mix and supported a more disciplined commercial profile.

Domestically, pricing pressure remained acute, particularly within the Industry customer category. We therefore prioritised customer portfolio management and pricing control to mitigate the impact of lower average selling prices. The objective was to protect the contribution per MT rather than expand volumes indiscriminately.

Operationally, the Group also refined customer and channel allocation across its production network to improve supply-demand matching, support execution efficiency and strengthen overall commercial resilience.

How is MSM working with industry stakeholders to ensure long-term sustainability of the sector?

As a key player in Malaysia's sugar refining industry, MSM continues to engage constructively with relevant stakeholders to support the long-term sustainability of the sector. The industry operates within a regulated framework that balances affordability for consumers with the need to ensure the continued viability of local producers and national food security objectives.

During the year, MSM maintained ongoing discussions with the Government to progress a sustainable pricing framework. The objective is to ensure that the industry structure remains resilient amid global price volatility, import competition and currency fluctuations, while preserving supply reliability for the domestic market.

These engagements are approached from an institutional perspective, centred on maintaining industry stability and safeguarding Malaysia's refining capability. A sustainable operating environment is essential not only for commercial viability but also for ensuring continuity of supply and long-term investment in refining capacity.

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

As you look ahead, what are the Group's priorities for FY2026 and beyond?

Looking ahead to FY2026, we expect market conditions to remain fluid. Global supply dynamics, pricing volatility and currency movements will continue to influence margins across the refining industry, with the US-Iran conflict contributing to volatility in energy markets. This in turn may tighten global sugar supply as higher oil prices may lead producers to divert sugarcane towards biofuel production. Competitive intensity in the domestic market is also likely to persist, requiring continued rigorous commercial control and operational agility.

Against this backdrop, our priorities are clear. We will continue to strengthen cost management, optimise production planning and maintain tight control over working capital. Utilisation will be aligned to market demand and margin visibility rather than volume targets. At the same time, we will refine our commercial mix, with greater emphasis on value-added products and selective export opportunities where risk-adjusted returns are appropriate.

Under BP28, the focus remains on stabilisation and strengthening core fundamentals. This includes reinforcing governance processes, sharpening capital allocation frameworks and ensuring that major initiatives are sequenced prudently. While near-term visibility remains constrained, the measures implemented in FY2025 provide a more structured base from which to pursue gradual performance improvement.

Progress will depend not only on internal execution but also on the trajectory of global pricing and industry conditions. We will therefore approach FY2026 with measured expectations, focused execution and a clear emphasis on financial resilience.

GROUP FINANCIAL REVIEW

OVERVIEW

2025 IN SUMMARY

FY2025 unfolded against a markedly different market backdrop compared to the prior year. Following the strong price environment experienced in late 2024, global raw sugar prices corrected sharply during the year as benchmark NY11 levels declined significantly. This rapid downward movement, combined with increased availability of imported refined sugar in the domestic market, exerted pressure on average selling prices and sales volumes.

Against this backdrop, Management prioritised liquidity preservation, tighter procurement governance and disciplined cost control. Our key priorities included ensuring production was closely aligned with demand levels, supported by closer oversight of raw sugar procurement and a structured back-to-back purchasing approach for selected customer categories, as well as operating expenditure adjustments in line with activity levels.

While FY2025 reflects the impact of a sharp market correction, the actions undertaken during the year strengthened financial rigour and provide a clearer base for execution as pricing dynamics normalise.

STATEMENT OF COMPREHENSIVE INCOME

REVENUE

The Group recorded revenue of RM3.09 billion in FY2025, representing a decrease of 12.7% from RM3.54 billion in FY2024. The decline was primarily attributable to 10% lower average selling prices (ASP) and moderated sales volumes across key customer categories. Total sales volume declined 3% to 1.03 million MT compared to 1.06 million MT in the preceding year.

Average selling prices softened during the year in line with the significant correction in global raw sugar benchmark prices. The rapid decline in NY11 levels from the second quarter onward translated into downward pricing adjustments across both domestic and export channels. The contraction in white premiums further reduced export margins, prompting the Group to scale back export volumes where economics were unfavourable.

Total sales volume for the year declined marginally compared to FY2024, reflecting softer offtake from the Industry customer category and lower export shipments. Domestic demand was influenced by heightened availability of imported refined sugar, which intensified pricing competition in certain customer categories. In response, the Group maintained pricing discipline and prioritised margin quality over volume growth.

Wholesale volume remained relatively stable, given the essential nature of household consumption, although pricing remained regulated under the ceiling price mechanism. The Group continues to engage with relevant authorities on the sustainability of the pricing framework to ensure the long-term viability of domestic refining operations.

Overall, revenue performance in FY2025 reflects a market adjustment phase following the elevated pricing environment experienced in the preceding year. Management responded by aligning production levels with demand and exercising greater control in contract selection, particularly within the export customer category.

The Group recorded revenue of
RM3.09 billion
in FY2025

GROUP FINANCIAL REVIEW

PROFITABILITY

Gross profit for FY2025 declined to RM134 million from RM216 million in FY2024, reflecting the combined impact of lower average selling prices and reduced sales volumes. Gross margin compression was primarily driven by the sharp correction in global sugar prices, which affected realised margins on previously procured raw sugar inventory.

During the year, the rapid decline in benchmark prices resulted in inventory procured at earlier cost levels relative to prevailing market prices, leading to a temporary compression in margins. This dynamic affected industry participants broadly and was not unique to the Group.

In line with moderated sales demand and lower export economics, production volumes were adjusted accordingly. While it was necessary to protect working capital and avoid excess inventory accumulation, lower utilisation levels impacted unit refining costs. The contraction in white premiums further reduced export contribution, reinforcing the Group's decision to prioritise margin preservation over volume expansion.

Loss before taxation for the financial year amounted to RM375 million compared to a profit before taxation of RM75 million in FY2024. Included within this figure was a non-cash impairment of non-financial assets amounting to RM360 million, undertaken following a reassessment of future cash flow assumptions in light of current market conditions and utilisation levels. The impairment aligns the carrying value of certain assets with updated operating realities and enhances balance sheet transparency.

Excluding the impairment, the Group's underlying operating performance reflects the impact of market correction and heightened competition during the year, partially mitigated by ongoing cost optimisation initiatives and tighter procurement governance implemented from mid-2025 onward.

FINANCE COSTS AND GEARING RATIO

As at 31 December 2025, total borrowings stood at RM855 million compared to RM894 million in FY2024 due to lower term loan balances.

Net gearing ratio increased to 40% from 34% in FY2024, primarily due to lower equity from the reported loss and impairment recognised during the year. Finance costs fell to RM41 million compared to RM44 million in FY2024, reflecting lower prevailing financing rates during the year. Cash and bank balances stood at RM194 million at year end. Liquidity management remained a priority throughout the year, with tighter working capital controls and calibrated production planning to manage inventory exposure amid volatile commodity pricing.

GROUP FINANCIAL REVIEW

TAXATION

For FY2025, the Group recorded a tax expense of RM21 million compared to a tax expense of RM43 million in FY2024. The effective tax rate for the year was a positive 6% compared to minus 57% in FY2024. This effective tax rate is higher than the Malaysian income tax rate of minus 24% due to loss recorded and deferred tax assets not recognised in a subsidiary.

The Group recorded a tax expense of

RM21 million

in FY2025

OUTLOOK

The operating environment for the sugar refining industry is expected to remain competitive in FY2026, shaped by global supply dynamics, regional trade flows and domestic regulatory considerations. International benchmark prices are projected to stabilise at lower levels relative to the volatility experienced in FY2025, which is expected to support more predictable procurement planning and margin recovery as higher-cost inventory is gradually blended down.

Domestically, the availability of imported refined sugar and developments surrounding Approved Permit allocations will continue to influence pricing dynamics. The Group remains actively engaged with the relevant authorities to support the development of a sustainable pricing framework that balances food security objectives with industry viability.

Operationally, the Group will maintain disciplined production alignment with demand requirements and continue the stricter raw sugar procurement governance implemented in mid-2025. Back-to-back purchasing for Industry and Export customer categories will remain a key control mechanism to mitigate exposure to price volatility, while Wholesale demand will continue to be forecast and managed through calibrated inventory positioning.

Cost optimisation initiatives will continue into FY2026, with emphasis on production efficiency, energy utilisation and working capital management. While operating expenditure reductions achieved in FY2025 limit further short-term cost compression, Management remains focused on preserving liquidity and strengthening unit economics.

Although recovery will be gradual and subject to market conditions, the structural actions undertaken during FY2025 have positioned the Group to benefit from improved raw sugar pricing dynamics, tighter procurement controls and a more balanced supply environment.

FINANCIAL PERFORMANCE

5-YEAR FINANCIAL HIGHLIGHTS

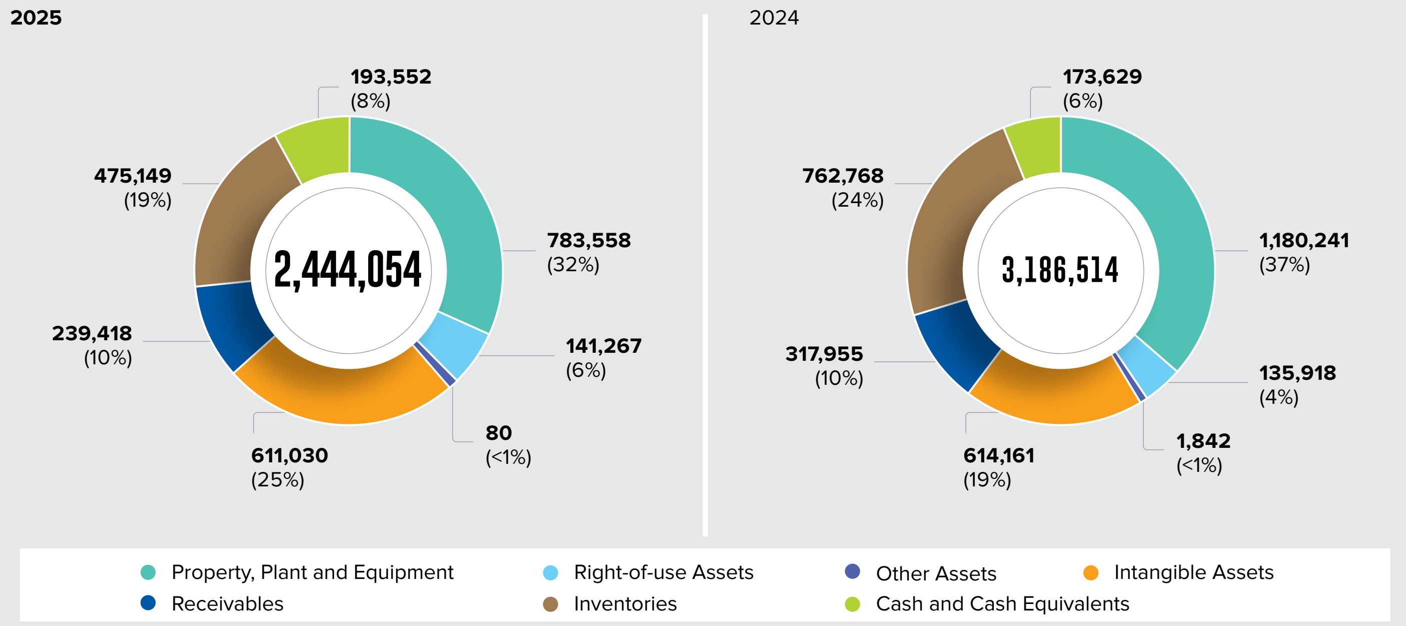
	2025 RM'000	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000
Revenue	**3,094,415**	3,544,733	3,091,223	2,565,985	2,259,698
Cost of Sales	**(2,960,193)**	(3,328,595)	(3,011,960)	(2,611,704)	(2,098,744)
Gross Profit/(Loss)	**134,222**	216,138	79,263	(45,719)	160,954
Other Operating Income	**4,076**	4,254	23,441	10,044	9,897
Selling and Distribution Expenses	**(26,052)**	(23,449)	(25,676)	(39,639)	(28,293)
Administrative Expenses	**(76,561)**	(81,442)	(75,031)	(70,808)	(66,106)
Reversal of Impairment/(Impairment) of Financial Assets - Net	**956**	745	693	2,819	(1,635)
(Impairment)/Reversal of Impairment of Non-Financial Assets	**(359,961)**	-	-	-	16,427
Other Operating Expenses	**(14,099)**	(3,654)	(1,854)	(249)	(7,682)
Other (Losses)/Gains - Net	**(499)**	(384)	10,979	(7,025)	41,998
(Loss)/Profit from Operations	**(337,918)**	112,208	11,815	(150,577)	125,560
Finance Income	**3,747**	7,068	7,932	4,022	2,587
Finance Costs	**(40,686)**	(44,312)	(47,760)	(31,984)	(47,045)
(Loss)/Profit before Zakat and Taxation	**(374,857)**	74,964	(28,013)	(178,539)	81,102
Zakat	**(1,000)**	(1,000)	(1,000)	(1,000)	(1,000)
Taxation	**(21,393)**	(42,710)	(20,871)	827	(43,487)
(Loss)/Profit for the Financial Year from Continuing Operations	**(397,250)**	31,254	(49,884)	(178,712)	36,615
Discontinued Operations					
Profit from Discontinued Operations, Net of Tax	**-**	-	-	-	88,738
(Loss)/Profit for the Financial Year	**(397,250)**	31,254	(49,884)	(178,712)	125,353

FINANCIAL RATIOS	2025 RM'000	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000
Return on Shareholders' Equity	**(36.14%)**	2.09%	(3.40%)	(11.80%)	7.32%
Return on Total Assets	**(16.3%)**	1.0%	(1.7%)	(6.4%)	4.4%
Debt Equity Ratio	**1.2**	1.1	1.0	0.9	0.7
Dividend Cover	**-**	-	-	-	5.9
Total Assets	**2,444,054**	3,186,514	2,890,753	2,811,793	2,870,839
Net Assets per Share	**1.56**	2.13	2.08	2.15	2.44
(Loss)/Earnings per Share (Sen)	**(56.51)**	4.45	(7.10)	(25.42)	17.83

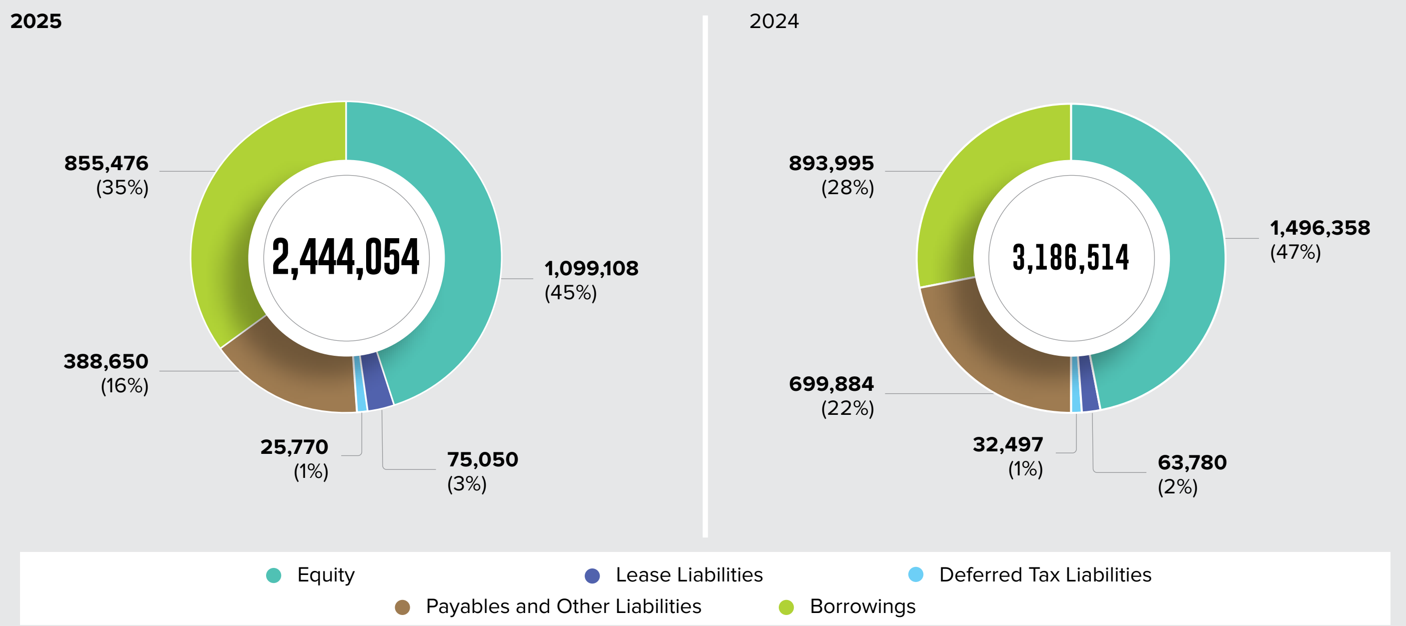
FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS (RM'000)



TOTAL EQUITY AND LIABILITIES (RM'000)



FINANCIAL PERFORMANCE

QUARTERLY FINANCIAL PERFORMANCE

	First Quarter RM'000	Second Quarter RM'000	Third Quarter RM'000	Fourth Quarter RM'000
2025				
Revenue	**749,681**	**812,754**	**748,898**	**783,082**
Profit/(Loss) from Operations	**17,763**	**(12,632)**	**12,113**	**(355,162)**
Profit/(Loss) before Zakat and Taxation	**8,112**	**(22,736)**	**2,822**	**(363,055)**
Profit/(Loss) Attributable to Equity Holders of the Company	**3,725**	**(29,740)**	**(4,602)**	**(366,633)**
Basic Earnings/(Loss) per Share (Sen)	**0.53**	**(4.23)**	**(0.65)**	**(52.15)**
2024				
Revenue	906,614	833,077	861,444	943,598
Profit/(Loss) from Operations	74,348	(21,533)	(46,255)	105,648
Profit/(Loss) before Zakat and Taxation	65,731	(31,642)	(55,576)	96,451
Profit/(Loss) Attributable to Equity Holders of the Company	41,713	(32,397)	(49,758)	71,696
Basic Earnings/(Loss) per Share (Sen)	5.93	(4.61)	(7.08)	10.20

STATEMENT OF VALUE ADDED

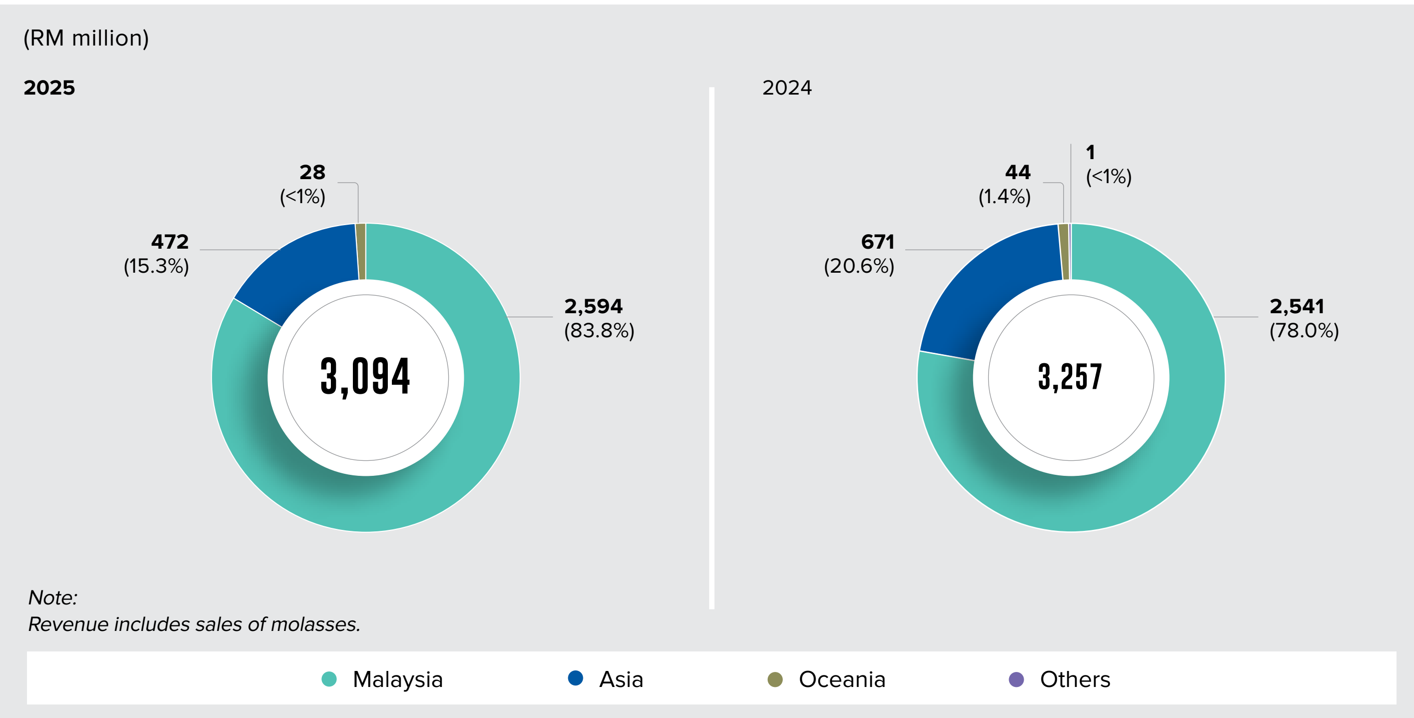
	2025 RM'000	2024 RM'000
Value Added		
Revenue	**3,094,415**	3,544,733
Purchase of Goods and Services	**(2,873,414)**	(3,238,361)
Value Added by the Group	**221,001**	306,372
Other Operating Income	**4,076**	4,254
Other (Losses)/Gains - Net	**(499)**	(384)
Impairment of Non-Financial Assets	**(359,961)**	-
Reversal of Impairment of Financial Assets	**956**	745
Finance Income	**3,747**	7,068
Finance Cost	**(40,686)**	(44,312)
(Deficit)/Net Value Added available for Distribution	**(171,366)**	273,743

FINANCIAL PERFORMANCE

STATEMENT OF VALUE ADDED (CONTINUED)

	2025 RM'000	2024 RM'000
Distribution		
To Employees		
- Employment Cost	**115,881**	115,521
To Government/Approved Agencies		
- Taxation and Zakat	**22,393**	43,710
Retained for Reinvestment and Future Growth		
- Depreciation and Amortisation	**87,610**	83,258
- Retained (Loss)/Profit	**(397,250)**	31,254
(Deficit)/Net Value Added Available for Distribution	**(171,366)**	273,743

REVENUE BY REGION



Note:
Revenue includes sales of molasses.

MARKET LANDSCAPE

In 2025, the global sugar industry continued to operate in a challenging macroeconomic environment. While global economic growth and inflation moderated compared to 2024, interest rates remained elevated during the first half of 2025 in many economies. These factors constrained consumer demand, including in the food and beverage sector, limiting sugar consumption and keeping raw sugar prices subdued.

Raw sugar supply in 2025 was influenced by weather volatility, government export controls and global production trends. Adverse climatic conditions in key producing countries affected cane yields, while export restrictions by major producers, particularly India, constrained global supply availability. At the same time, increased production in Brazil, India and Thailand contributed to surplus expectations, moderating supply tightness. Softer global demand, lower price levels and rising input costs further shaped production and export decisions, resulting in continued supply volatility.

Adding downward pressure on raw sugar prices, the global market shifted to a pronounced surplus in 2025. This transition was driven by record production in Brazil's Centre-South region and strong recoveries in Asia, including India and Thailand. Consequently, global sugar production reached a record 189 million MT, significantly outpacing human consumption of 178 million MT. India was a primary driver of this surplus; to manage the domestic glut, the Indian government announced it would open its sugar export quota earlier in the year. These combined supply-side factors pushed NY11 prices down to a low of 14.04 US cents per pound, with MYR/USD movements within the range of RM4.03 to RM4.52 also influencing local pricing.

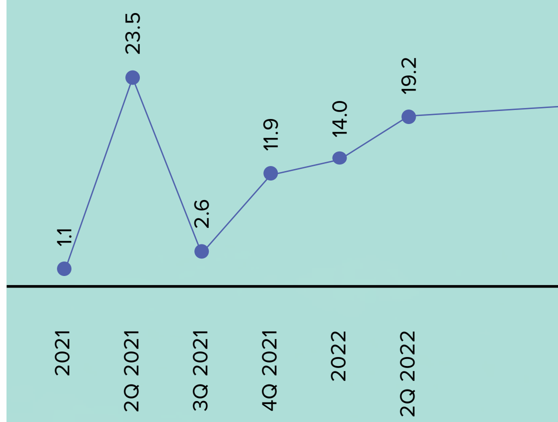
Currency volatility, particularly movements in the US dollar and Brazilian real, remained a key factor affecting global trade competitiveness and pricing dynamics in the NY11 sugar market. In addition, the energy market continued to influence production decisions, as fluctuations in crude oil prices affected the relative attractiveness of sugar versus ethanol production, especially in Brazil.

Climate-related risks persisted despite relatively improved weather conditions compared to the previous year. Variability in rainfall and temperatures continued to pose potential risks to sugarcane yields in major producing regions.

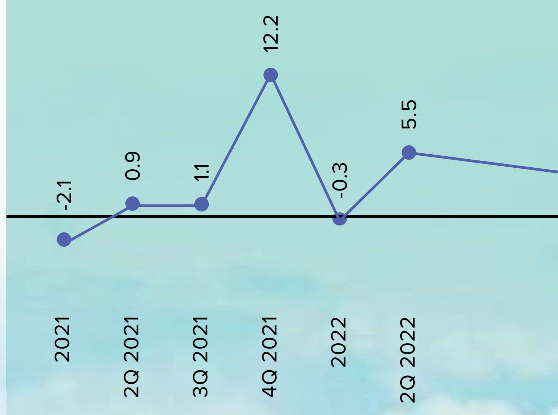
Despite ongoing global challenges, Malaysia's economy has remained resilient, underpinned by strong domestic demand and a recovery in external trade. In 2025, the country recorded GDP growth of 5.2%, reflecting sustained economic momentum despite external headwinds. The outlook for 2026 is supported by a diversified economic structure and continued policy support, which are expected to play a key role in maintaining growth momentum.

MALAYSIA'S QUARTERLY

Year-on-year (nominal) (%)



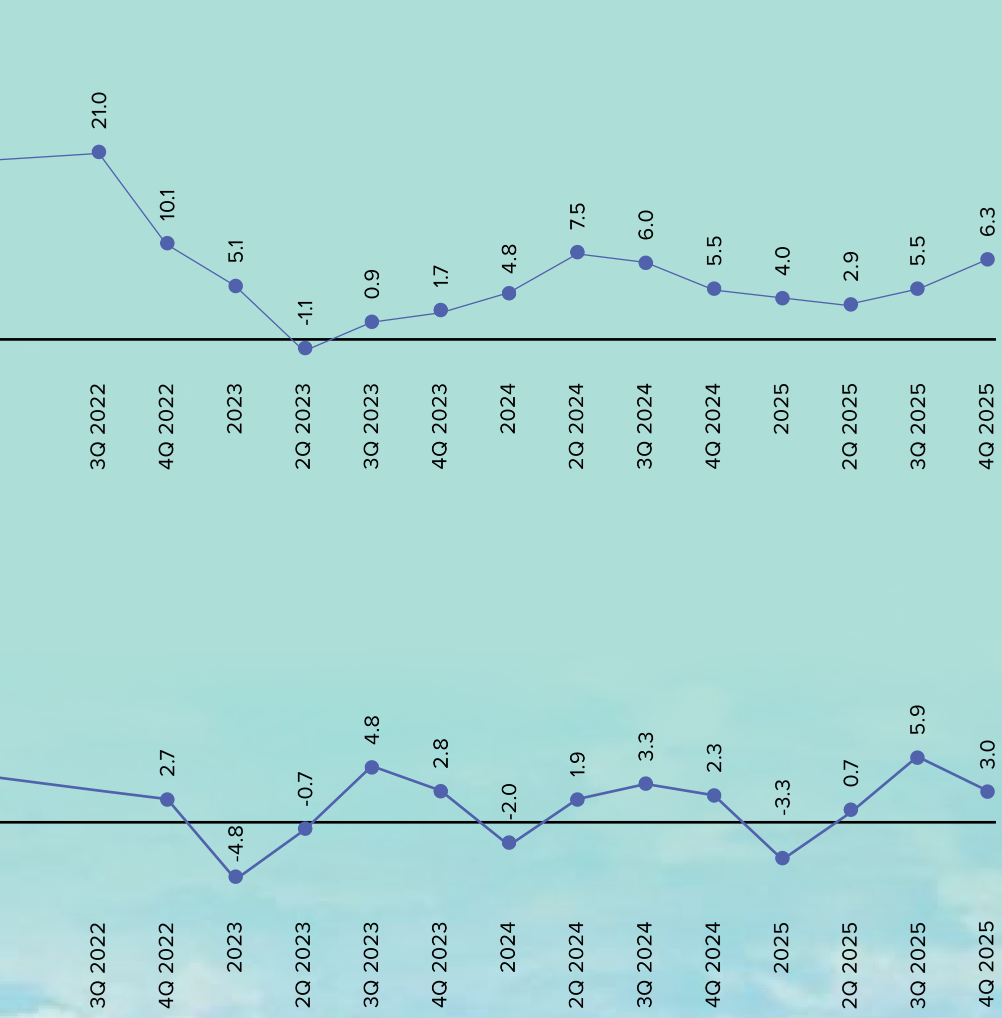
Quarter-on-quarter (nominal) (%)



Source: Department of Statistics Malaysia

MARKET LANDSCAPE

GROSS DOMESTIC PRODUCT (GDP) GROWTH



Performance of Major Sugar Producers in 2025

Brazil – Brazil's production is forecast to increase by 700,000 MT from 2024/25 to 44.4 million MT, supported by higher sugar yields due to favourable weather. The sugar/ethanol production mix is expected to favour sugar, with 51% allocated to sugar and 49% to ethanol. Consumption is expected to remain stable, while exports are forecast to increase in line with higher production.

India – India's production is estimated to jump 26% year-on-year to 35.3 million MT, supported by favourable weather, increased planting area and improved yields as output rebounds from the harsh conditions caused by El Niño. Consumption is anticipated to rise, driven by food service sector growth, while exports and stocks are expected to increase on higher supply.

Thailand – Thailand's production is forecast to increase by 2% to 10.3 million MT, driven by higher sugarcane production and improved cane sugar yields. With consumption expected to be flat, exports are forecast to continue rebounding to 7.0 million MT, drawing down stocks to 10.0 million MT.

United States (US) – US production is forecast to decline slightly from last year to 8.5 million MT. Imports are forecast to be lower, reflecting quota programmes set at minimum levels consistent with World Trade Organisation and free-trade agreement obligations, as well as projected imports from Mexico, re-exports and high-tier tariff imports. Consumption is expected to decline slightly, and stocks are expected to fall largely due to lower imports.

Source: U.S. Department of Agriculture (USDA)

OUTLOOK

The sugar market in 2026 is expected to remain under bearish pressure, driven by higher global sugar output, particularly from major producers such as Brazil (44 million MT), India (35 million MT) and Thailand (10.3 million MT). As a result, raw sugar prices are projected to trade within the range of 13.00 to 15.00 US cents per pound, reflecting a supply-led market. The International Sugar Organization forecasts a global surplus of 1.22 million MT in 2025/26, while the USDA projects global sugar production to rise by 4.6% year-on-year to a record 189 million MT, outpacing consumption growth of 1.4% to 178 million MT.

ENGAGING WITH OUR STAKEHOLDERS

At MSM, stakeholder engagement is an integral part of how we create and protect value. By engaging stakeholders through continuous and structured platforms, we identify material matters, anticipate risks and opportunities and refine our strategic priorities. The feedback and insights received help us enhance performance, strengthen trust and deliver outcomes that are meaningful to our stakeholders.

STAKEHOLDER ENGAGEMENT OVERVIEW

The table below summarises the importance of each stakeholder group to MSM, their key areas of concern, our responses, the engagement platforms used, the relevant material matters and impacts on capitals.

S1 CONSUMERS AND CUSTOMERS

Why They Are Important to Us
Driving demand, influencing market trends and ensuring business sustainability through continued sales and brand loyalty.

Key Areas of Concerns

- Product quality
- Consumer health and safety
- Fair and competitive price
- Excellent customer service
- Attractive credit term

Our Response

- Compliance with food standards
- Household brand
- Creation of a strong distribution network
- Optimisation of inventory management system
- Order fulfilment process

Engagement Platforms

- Online communications (emails, corporate website, social media)
- Dedicated account sales representatives
- On-ground branding events and activities
- Customer complaint response form
- Event and engagement sessions

Relevant Material Matters

M10 M11 M12 M13 M14

Impact on Capitals

F M S

S2 EMPLOYEES

Why They Are Important to Us
Driving innovation, productivity and growth while shaping MSM's culture, delivering value and ensuring long-term success.

Key Areas of Concerns

- Occupational safety, health and well-being
- Career development opportunities
- Vertical and horizontal growth opportunities
- Competitive benefit, remuneration and welfare packages
- Conducive working environment
- Protecting human rights
- Promoting Diversity, Equity and Inclusion (DEI)

Our Response

- Prioritised health and safety programmes
- Robust talent management process
- Employee engagements and feedback mechanisms
- Investment in employees' training and development
- Benchmark pay structures against industry standards
- Talent attraction, career advancement and retention
- Frequent Management conversations with employees
- Team building and recreational events
- Psychological safety and mental health awareness initiatives

Engagement Platforms

- MSM's internal portal and emails
- Social and recreational activities
- Regular employee meetings, engagement events and programmes
- Onboarding programmes

Relevant Material Matters

M5 M6 M7 M8

Impact on Capitals

H S

ENGAGING WITH OUR STAKEHOLDERS

S3 REGULATORY AGENCIES AND STATUTORY BODIES

Why They Are Important to Us

Driving demand, influencing market trends and ensuring business sustainability through continued sales and brand loyalty.

Key Areas of Concerns

- Compliance with all legal and regulatory requirements
- Strong corporate governance
- Environmental emissions and discharge management
- Recycling awareness
- Fair labour practices
- Safety at work
- Waste and water management
- Fulfilment of domestic market sugar supply
- Effective internal control measures

Our Response

- Regular updates, disclosures and reporting to regulators
- Ensure good control environment
- Perform periodical risk assessments and monitoring
- Establish internal governance of halal practices and policies
- Conduct annual consultation sessions
- Uphold sustainable practices to protect stakeholders
- Hold annual stakeholder consultations

Engagement Platforms

- Regulatory forums, briefings, meetings, conferences and consultation papers
- Collaborations and partnerships with local councils

Relevant Material Matters

M2 M3 M7 M10 M11 M13 M14

Impact on Capitals

F M I H S N

S4 SHAREHOLDERS AND INVESTMENT COMMUNITY

Why They Are Important to Us

Providing capital, influencing valuation, ensuring accountability, driving long-term growth and enhancing MSM's reputation and financial stability.

Key Areas of Concerns

- Sustainable financial performance and returns to shareholders
- Future growth for business
- Strategic engagement on value-added initiatives
- Providing comprehensive understanding on the Company's performance, strategy and future prospects
- Transparent and timely communications including financial reports and sustainability disclosures
- Ethical and responsible business conduct
- Embedding ESG in business strategy and decision-making

Our Response

- Implementation of the 3-year rolling MSM Business Plan to sustain long-term plans and growth
- Ensure transparency in corporate reporting and disclosures through various platforms
- Profit sustainability plan and revenue expansion initiatives
- Sustainable manufacturing performance efforts
- Strengthen reliability programmes and MSM Prai rejuvenation plan
- Inculcate ESG mindset and practices
- Uphold a strong governance, compliance and transparency framework

Engagement Platforms

- Annual integrated reports
- Sustainability reports
- Quarterly financial results announcements and briefings
- Annual general meetings
- Annual roadshows (non-deal roadshows, investor conferences, corporate days)
- Online communications (emails, corporate website, social media)

Relevant Material Matters

M10 M11 M12 M13 M14

Impact on Capitals

F I S

ENGAGING WITH OUR STAKEHOLDERS

S5 MEDIA, NON-GOVERNMENTAL ORGANISATIONS AND COMMUNITIES

Why They Are Important to Us

Helping to shape public perception, influence policy, drive social responsibility and foster trust, collaboration as well as sustainable business practices.

Key Areas of Concerns

- Socio-economic operational impact and initiatives
- Support key community developments and activities
- Sponsorships and donations
- Responsive and viable contribution
- Community engagement activities

Our Response

- Community empowerment
- Regular channelling of value information to media
- Media engagement and outreach
- Provision of volunteering opportunities through community activities
- Provision of financial aid and charitable donations

Engagement Platforms

- Online communications (emails, corporate website, social media)
- Community engagement activities

Relevant Material Matters

M9 M10

Impact on Capitals

S N

S6 VENDORS, SUPPLIERS AND INDUSTRY PARTNERS

Why They Are Important to Us

Providing quality materials for MSM to produce the products and services needed for MSM's sustainable growth.

Key Areas of Concerns

- Convenient access to procurement systems
- Fair and equal evaluation of vendors and their proposals
- Communicate fair conditions that satisfy both suppliers' and MSM's needs
- Communication of new policies, guidelines or strategies
- Annual audits

Our Response

- Establishment of honest and open contract and tender negotiations
- Support for local vendors
- Actively engage with vendors to improve their understanding on the Company's procedures, guidelines, expectations of deliverables and quality standards
- Conduct integrity assessments

Engagement Platforms

- Supplier meetings
- Vendor site visits
- Vendor evaluation form
- E-Procurement system
- E-Procurement and Tender management system
- Formal and informal engagements

Relevant Material Matters

M5 M7 M10 M11 M13 M14

Impact on Capitals

S F I M

WHAT MATTERS TO YOU (AND US)

MSM performed a desktop-based materiality validation to confirm that our existing material matters remain aligned with our operating context, value chain and stakeholder expectations. The validation considered MSM's prior materiality outcomes, current-year business and risk context, relevant regulatory and reporting developments, and peer sustainability disclosures within the sugar and broader agri-food sector.

Based on this review, MSM concluded that all existing material matters remain unchanged for the current reporting cycle. While the level of emphasis and disclosure depth may evolve in response to emerging trends and reporting expectations, no material matter was assessed as obsolete or requiring removal. This outcome supports continuity in our sustainability priorities and ensures that our reporting remains focused on the matters most relevant to MSM's impacts, performance and long-term value creation.

Our materiality process continues to be guided by a double materiality perspective that considers the:

Outward impacts of MSM's activities on the economy, environment and people	**Inward impacts** of sustainability-related risks and opportunities on MSM's financial resilience and corporate value

By validating our material matters on an ongoing basis, we strengthen our ability to allocate resources, enhance disclosures and execute our sustainability strategy in a structured and responsive manner.

Double Materiality Assessment Process

Identification & Benchmarking	Corruption Risk Management Review
	Review of applicable sustainability standards, frameworks and principles
	Benchmarking against leading companies within and outside the industry
Risk Assessment	Identification and evaluation of sustainability-related risks based on potential impact and likelihood
Impact Assessment	A comprehensive evaluation of MSM's actual and potential societal and environmental impact, integrating risk analysis, stakeholder insights and benchmarking exercises
Financial Materiality Analysis	Identification of key risks and opportunities affecting MSM's financial value, assessing impacts on assets, liabilities, enterprise value, resource accessibility and business relationships

WHAT MATTERS TO YOU (AND US)

Impact Materiality Prioritisation (2024 baseline; validated for current reporting cycle)

The impact materiality prioritisation shown reflects the latest available scoring from MSM's 2024 materiality assessment. For the current reporting cycle, MSM conducted a desktop-based validation to confirm the continued relevance of all material matters. As no new stakeholder scoring exercise was undertaken, the 2024 prioritisation is retained as the baseline, while disclosures will continue to be strengthened in line with evolving expectations.

MATERIAL MATTERS	IMPACT MATERIALITY
Occupational Health and Safety	4.6
Data Security and Protection	4.5
Governance, Ethics and Integrity	4.4
Operational Performance	4.4
Business Development and Product Quality	4.4
Upholding Human Rights and Labour Standards	4.4
Traceability, Responsible Sourcing and Supply Chain Management	4.3
Waste Management	4.3
Climate Action	4.2
Water Management	4.2
Renewable Energy and Energy Management	4.2
Employee Engagement and Talent Management	4.2
Diversity, Equity and Inclusion	4.1
Community Engagement and Development	4.0

WHAT MATTERS TO YOU (AND US)

Material Matters

M1 CLIMATE ACTION

Description

Managing climate-related impacts by reducing greenhouse gas emissions, improving climate resilience and supporting a responsible transition across MSM's operations and value chain.

Importance to MSM

Climate change can affect operational reliability, cost structures and stakeholder expectations, while also creating transition risks as policies, technologies and market preferences evolve.

Risks

- Higher operating costs due to energy price volatility and carbon-related regulations.
- Physical risks such as extreme weather disrupting logistics and supply continuity.
- Reputational risk if climate commitments and progress are not credible.

Opportunities

- Cost savings through energy efficiency and process optimisation.
- Enhanced competitiveness through low-carbon initiatives and operational resilience.
- Stronger access to finance and stakeholder confidence.

Our Response

- Track and manage emissions and energy use; implement efficiency initiatives.
- Strengthen climate governance and integration into risk management.
- Enhance disclosures progressively in line with evolving reporting expectations.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F M I S N

Stakeholders

S3 S4 S5 S6

UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION

M2 WASTE MANAGEMENT

Description

Managing waste generated from operations responsibly by prioritising reduction, reuse, recycling and safe disposal, while exploring circularity opportunities.

Importance to MSM

Effective waste management supports compliance, reduces environmental impact and improves operational efficiency.

Risks

- Regulatory non-compliance and penalties due to improper waste handling.
- Increased disposal costs and operational disruption.
- Environmental incidents impacting community trust.

Opportunities

- Cost optimisation through waste minimisation and segregation.
- Improved resource efficiency and circular economy collaboration.
- Stronger sustainability performance and reputation.

Our Response

- Implement waste segregation, monitoring and compliant disposal practices.
- Engage vendors and contractors to ensure responsible waste handling.
- Identify opportunities to reduce waste at source and improve recovery rates.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F M I S N

Stakeholders

S2 S3 S5 S6

UN SDGs

6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION

WHAT MATTERS TO YOU (AND US)

M3 WATER MANAGEMENT

Description

Managing water consumption and discharge responsibly through conservation, monitoring and compliance with effluent standards.

Importance to MSM

Water is essential to operations, and responsible management reduces environmental impacts and compliance risks.

Risks

- Compliance breaches relating to effluent discharge and water regulations.
- Disruptions to operations due to water availability constraints.
- Community concerns relating to water quality and usage.

Opportunities

- Reduced cost and resource dependency through efficiency measures.
- Stronger environmental stewardship and stakeholder trust.
- Improved operational resilience.

Our Response

- Monitor water withdrawal, usage and discharge; maintain treatment controls.
- Implement conservation initiatives where feasible.
- Strengthen compliance management and incident prevention.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F M I S N

Stakeholders

S3 S5 S6

UN SDGs

6 CLEAN WATER AND SANITATION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

M4 RENEWABLE ENERGY AND ENERGY MANAGEMENT

Description

Optimising energy use through efficiency improvements and exploring renewable energy options where feasible to support cost management and emissions reduction.

Importance to MSM

Energy is a significant operating cost driver and a key contributor to emissions.

Risks

- Rising energy costs and volatility are impacting profitability.
- Performance disruption from inefficient energy systems.
- Increasing transition expectations from stakeholders and regulators.

Opportunities

- Operational savings from efficiency initiatives.
- Potential emissions reduction through renewable solutions.
- Improved competitiveness and resilience.

Our Response

- Track energy consumption and improve efficiency through operational controls.
- Assess opportunities for renewable energy adoption.
- Promote energy awareness and good practices across the workforce.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F M I H N

Stakeholders

S2 S3 S4 S6

UN SDGs

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

WHAT MATTERS TO YOU (AND US)

M5 UPHOLDING HUMAN RIGHTS AND LABOUR STANDARDS

Description

Upholding fair labour practices and respect for human rights across MSM's operations and supply chain, including preventing forced labour, child labour and unfair working conditions.

Importance to MSM

Strong labour standards support workforce wellbeing, ethical business conduct and stakeholder confidence, particularly within complex supply chains.

Risks

- Legal and reputational risks arising from labour violations.
- Supply chain disruption and loss of business partnerships.
- Reduced employee engagement and retention.

Opportunities

- Stronger supplier relationships and resilience through responsible sourcing.
- Enhanced trust with customers, regulators and investors.
- Better workforce stability and productivity.

Our Response

- Maintain policies and practices that support fair labour and human rights.
- Promote awareness and channels for reporting concerns.
- Strengthen supplier expectations and oversight over time.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F I H S

Stakeholders

S2 S3 S4 S5 S6

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

M6 DIVERSITY, EQUITY AND INCLUSION

Description

Fostering an inclusive workplace that values diversity, ensures fair opportunities and supports equal treatment across all levels of the organisation.

Importance to MSM

Inclusive workplaces strengthen engagement, innovation and talent retention, while aligning with evolving stakeholder expectations.

Risks

- Talent attraction and retention challenges if inclusion is not embedded.
- Workplace grievances affecting morale and productivity.
- Reputational risk from perceived inequity.

Opportunities

- Stronger employer brand and broader talent pipeline.
- Improved performance through diverse perspectives and collaboration.
- Enhanced culture and workforce wellbeing.

Our Response

- Promote fair recruitment and development practices.
- Encourage inclusive leadership and a respectful workplace culture.
- Monitor workforce indicators and address gaps progressively.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

I H S

Stakeholders

S2 S4 S5

UN SDGs

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

WHAT MATTERS TO YOU (AND US)

M7 OCCUPATIONAL HEALTH AND SAFETY

Description

Ensuring a safe and healthy working environment for employees and contractors through risk prevention, safe systems of work and continual improvement.

Importance to MSM

Safety is fundamental to operational continuity, workforce well-being and MSM's licence to operate.

Risks

- Workplace incidents causing harm, operational disruption and legal liabilities.
- Increased costs from downtime, claims and regulatory actions.
- Reputational impact and reduced employee morale.

Opportunities

- Improved productivity and reliability through a strong safety culture.
- Lower incident-related costs and stronger compliance.
- Enhanced employee trust and engagement.

Our Response

- Implement safety policies, training and hazard controls.
- Conduct inspections, audits and incident investigations.
- Strengthen contractor safety management and reporting.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F M I H S

Stakeholders

S2 S3 S6

UN SDGs

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

M8 EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT

Description

Building a capable and engaged workforce through learning and development, performance management and career progression.

Importance to MSM

People's capability supports operational excellence and long-term competitiveness.

Risks

- Skills gaps affecting operational performance and execution.
- Higher turnover costs and reduced productivity.
- Lower engagement is impacting culture and service quality.

Opportunities

- Stronger performance through upskilling and leadership development.
- Improved retention and succession readiness.
- Higher employee satisfaction and innovation.

Our Response

- Provide training and development opportunities aligned with business needs.
- Strengthen performance, recognition and engagement initiatives.
- Support leadership and succession planning.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

I H S

Stakeholders

S2 S4

UN SDGs

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH

WHAT MATTERS TO YOU (AND US)

M9 COMMUNITY ENGAGEMENT AND DEVELOPMENT

Description

Engaging communities around MSM's operating locations to understand concerns, contribute positively and strengthen long-term relationships.

Importance to MSM

Community trust supports MSM's social licence to operate and helps manage social and operational risks.

Risks

- Community dissatisfaction is affecting reputation and business continuity.
- Misalignment between community expectations and MSM initiatives.
- Social issues are escalating due to inadequate engagement.

Opportunities

- Stronger stakeholder trust and goodwill.
- Positive social impact through meaningful programmes.
- Improved understanding of local issues and risk prevention.

Our Response

- Maintain engagement channels with local communities and stakeholders.
- Implement targeted community initiatives aligned with needs.
- Monitor feedback and strengthen responsiveness.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F I H S

Stakeholders

S3 S4 S5

UN SDGs

M10 GOVERNANCE, ETHICS AND INTEGRITY

Description

Maintaining strong governance, ethical conduct and compliance practices to protect stakeholder trust and support sustainable business performance.

Importance to MSM

Robust governance and ethical behaviour protect the organisation from misconduct, ensure accountability and strengthen decision making.

Risks

- Financial losses, penalties and legal liabilities due to misconduct.
- Reputational damage and erosion of stakeholder trust.
- Operational disruption from governance failures.

Opportunities

- Stronger trust and credibility with stakeholders.
- Improved decision making and risk management.
- Greater organisational efficiency and integrity culture.

Our Response

- Apply a zero-tolerance approach to corruption and unethical conduct.
- Provide awareness and training to promote ethical practices.
- Maintain policies, reporting channels and compliance oversight.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F I H S

Stakeholders

S2 S3 S4 S5 S6

UN SDGs

WHAT MATTERS TO YOU (AND US)

M11 TRACEABILITY, RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT

Description

Strengthening supply chain resilience by promoting responsible sourcing, traceability and supplier engagement aligned with MSM's standards and stakeholder expectations.

Importance to MSM

Supply chain practices can create social, environmental and reputational risks, while traceability and responsible sourcing support trust and compliance.

Risks

- Supply disruption and quality issues due to weak supplier controls.
- Reputational risk from unethical sourcing practices.
- Compliance exposure where traceability expectations increase.

Opportunities

- Enhanced supplier reliability and operational continuity.
- Stronger customer confidence and market access.
- Better risk visibility through improved traceability and engagement.

Our Response

- Communicate supplier expectations and responsible sourcing principles.
- Strengthen supplier screening and performance monitoring progressively.
- Improve traceability and risk-based supplier engagement over time.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F M I H N S

Stakeholders

S1 S3 S4 S5 S6

UN SDGs

8, 12, 17

M12 OPERATIONAL PERFORMANCE

Description

Enhancing operational efficiency, reliability and resilience through effective asset management, process improvement and continuous performance monitoring.

Importance to MSM

Strong operational performance supports consistent delivery, cost efficiency and business continuity.

Risks

- Production disruptions and inefficiencies affecting service levels and profitability.
- Unplanned downtime impacting customers and reputation.
- Increased costs from asset reliability issues.

Opportunities

- Improved efficiency and reduced costs through optimisation.
- Stronger reliability and customer confidence.
- Better resilience against disruption.

Our Response

- Monitor operational performance and implement continuous improvement.
- Strengthen preventive maintenance and operational controls.
- Enhance performance management and root cause analysis practices.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F M I H

Stakeholders

S1 S2 S4 S6

UN SDGs

8, 9, 12

WHAT MATTERS TO YOU (AND US)

M13 DATA SECURITY AND PROTECTION

Description

Protecting data confidentiality, integrity and availability by managing cyber and information security risks across systems, processes and people.

Importance to MSM

Data security supports business continuity, stakeholder trust and compliance with relevant requirements.

Risks

- Cyber incidents causing service disruption and financial losses.
- Data leakage impacting stakeholder trust and legal exposure.
- Operational risks arising from compromised systems.

Opportunities

- Improved resilience through stronger controls and preparedness.
- Greater stakeholder confidence in governance and risk management.
- Better decision making through reliable data systems.

Our Response

- Maintain information security policies and access controls.
- Strengthen awareness and incident response readiness.
- Enhance system security measures and monitoring progressively.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F I H S

Stakeholders

S1 S2 S3 S4 S6

UN SDGs

M14 BUSINESS DEVELOPMENT AND PRODUCT QUALITY

Description

Driving sustainable growth by strengthening product quality, customer satisfaction and business development initiatives, while maintaining responsible market practices.

Importance to MSM

Product quality and customer trust are essential to competitiveness, brand reputation and long-term growth.

Risks

- Product quality failures impacting customer trust and regulatory compliance.
- Loss of market share due to inconsistent product performance.
- Reputational impact affecting business relationships.

Opportunities

- Improved market positioning through consistent quality and innovation.
- Stronger customer relationships and repeat demand.
- Growth through new offerings, partnerships or market expansion.

Our Response

- Maintain quality management practices and controls.
- Monitor customer feedback and continuously improve product performance.
- Strengthen market engagement and business development initiatives responsibly.

Linkages to Six Capitals, Stakeholders and UN SDGs

Six Capitals

F M I H S

Stakeholders

S1 S3 S4 S6

UN SDGs

OUR VALUE CREATING BUSINESS MODEL

INPUTS

Financial Capital

- Total assets: **RM2.4 billion**
- Deposits, cash and bank balances: **RM194 million**

Manufactured Capital

- **Two** sugar refineries
- **One** refined sugar warehouse and packing facility
- **2.05 million MT** total annual refining capacity

Intellectual Capital

- **Over 60 years** of sugar industry experience, Gula Prai has built a strong brand name in Malaysia
- IT infrastructure
- Product certifications and compliance
- Collective experience and expertise of the Board and Management team

Human Capital

- **1,166** dedicated workforce
- Top & Senior Management: **24**
- Flexible and hybrid work arrangements
- Employee training and development programmes

Social & Relationship Capital

- Proactive engagement with regulators, investors, the media, customers and local communities
- Employee volunteering hours in various corporate responsibility programmes

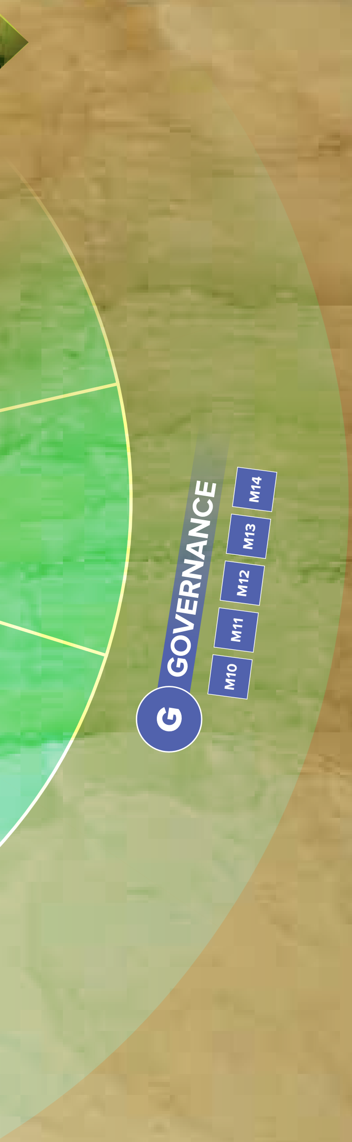
Natural Capital

- Water consumption: **1,863,517 m^3**
- Diesel consumption: **993,236 litres**
- Natural gas consumption: **3,823,276 mmBTU**
- Electricity consumption: **397 terajoules (TJ)**
- ISO 14001 (Environmental Management System) compliant at MSM Prai and SBW

OUR BUSINESS

Related UN SDGs

OUR VALUE CREATING BUSINESS MODEL



	OUTPUTS	HIGHLIGHTS
F	• Generated revenue of **RM3.1 billion** • Overall gearing ratio of **40%** • Loss Before Tax of **RM375 million** • Loss After Tax of **RM397 million**	• Net Asset per share: **RM1.56** • Shareholders' Equity: **RM1.1 billion** • Loss per share: **56.5 sen** • Return on Shareholders' Equity: **(36.14%)** • Return on Total Assets: **(16.3%)**
M	• **1,006,743 MT** production output in 2025 • Sales volume in Malaysia of **835,253 MT** • Sales volume in Asia of **213,914 MT** • Sales volume in Oceania of **11,924 MT**	• Our Manufacturing processes are certified with the following: - ISO 9001 (Quality Management System) - ISO 22000 (Food Safety Management System) - FSSC 22000 (Global Food Safety Initiative-benchmarked Food Safety Certification Scheme) - HACCP, Halal and Kosher Certifications - ISO 45001 (Occupational Health and Safety Management System)
I	• Goodwill and brand value of **RM608 million** • **RM4.44 million** IT CAPEX assets	• Gula Prai is a recognised halal brand as certified by JAKIM • Consistent delivery of the safest and highest quality standards, in compliance with all relevant laws and regulations • Gula Prai has a market-leading position as Malaysia's best-selling sugar brand, and one of the **Top 10 FMCG brands** nationwide since 2020
H	• **2.1:1** male to female ratio at managerial level and above • **37,373** training hours • Women make up **38%** of executive roles and above	• We invested over **RM1.2 million** for employee training and development in 2025 • Ability to attract and retain a talented and diverse workforce • Group Lost Time Injury Frequency Rate (LTIFR) of 2.14 in 2025 • MSM Prai, MSM Johor and SBW are ISO 45001 (Occupational Health & Safety Management System) compliant
S	• Total Sponsorships and Donations: **RM175,372.74** • Total Zakat Wakalah Contributions: **RM400,812.30** • Continued positive and mutually beneficial relationship with stakeholders	• **RM295.1 million** invested in local procurement • Continued with MSM Prodigy programme, welcoming one new prodigy while 11 prodigies completed the programme in August and September
N	• Scope 1 (S1) emissions: **220,623.13 tCO_2e** • Scope 2 (S2) emissions: **38,173.82 tCO_2e** • **0.93%** reduction in S1 & S2 emissions by intensity	• Continuous effort in waste management with **97.6% recycling rate**, minimising waste disposal to landfills

STRATEGIC DIRECTION: RESTORING STABILITY, REINFORCING DISCIPLINE

In 2025, the Group refined our strategic direction in response to a more challenging commercial landscape and a maturing domestic market. With signs of structural saturation in Malaysia's sugar industry and limited expansion headroom, priorities shifted from scale expansion to strengthening financial stability and operational efficiency. The immediate focus was to eliminate structural inefficiencies and restore predictability in earnings and cash flow generation.

The Group's strategic priorities are anchored on restoring sustainable profitability, strengthening our domestic market position and reshaping the Group into a structurally competitive refining business. In a mature Malaysian market where demand growth is limited and competitive imports continue to exert pressure, our focus has been on value creation rather than volume expansion. The Group is recalibrating our operating model to ensure that every MT produced contributes positively to margin and cash flow.

Our first priority is restoring earnings stability by strengthening margins. We are intensifying efforts to defend and strengthen our domestic market share while improving average selling prices relative to raw sugar input costs. Hedging positions are being managed to reduce earnings volatility and protect downside risk. At the same time, refinery utilisation is being optimised to ensure sustainable contribution margins. The objective is to deliver consistent profit after tax, supported by predictable operating cash flow.

Structural cost competitiveness remains fundamental to MSM's long-term resilience. The refined sugar market is inherently exposed to global commodity price cycles, and profitability cannot rely solely on favourable spreads. The Group is therefore focused on reducing refining cost per MT, tightening procurement for raw sugar and freight, and aligning production output closely with domestic demand to avoid margin dilution. Lowering the structural breakeven level is essential to ensuring that MSM remains profitable across cycles, not only during periods of market strength.

Asset productivity and prudent capital allocation are equally critical. Investment decisions are prioritised towards initiatives that enhance gross margins, improve operational efficiency and strengthen value-added product streams. At the same time, funding decisions are governed by strict balance sheet discipline to preserve liquidity, maintain prudent leverage levels and safeguard financial flexibility.

Ultimately, the success of this strategic reset will be measured by the Group's ability to reinstate sustainable dividend payments and deliver real economic returns to shareholders.

For 2025, the mandate is clear: protect margins, reinforce financial fundamentals, optimise asset utilisation and focused execution. In doing so, we position ourselves to capture measured growth when structural market conditions become more supportive.

OUR STRATEGIC PRIORITIES

PROGRESS OF KEY STRATEGIC INITIATIVES IN 2025

1 EXPORT OPTIMISATION

Export Optimisation

Managed export sales during the year, prioritising margin preservation and domestic market supply.

Progress YTD Dec 2025 50%

Note: Export volume was hampered by the low global white premium.

2 STRATEGIC CAPITAL EXPANSION

Proposed Stratregic Partnership

The Proposed Strategic Partnership continued to be discussed up to December 2025.

Progress YTD Dec 2025 75%

Note: The initiative has been placed on hold since December 2025 pending further review.

3 SUSTAINABLE MANUFACTURING PERFORMANCE

Group Utilisation Factor (UF) and Yield

Group UF and Yield reflected disciplined production planning alilgned with domestic demand and inventory optimisation.

Group Refining Cost

The Group recorded an improvement in refining costs during the year, reflecting ongoing operational efficiency efforts.

Production Volume

The Group produced over 1.0 million MT of refined sugar during the year, serving domestic demand while maintaining export market presence.

Progress YTD Dec 2025 78%

4 IMPROVING DOMESTIC SALE PERFORMANCE

Average Selling Price

Average selling prices moderated in 2025, reflecting softer global sugar benchmark prices.

Sales Volume

The Group recorded domestic sales exceeding 800,000 MT in 2025, ensuring reliable supply to meet domestic demand and uphold national food security.

Progress YTD Dec 2025 95%

OUR STRATEGIC PRIORITIES

OPERATING CHALLENGES AND MANAGEMENT RESPONSE

In 2025, MSM operated against a complex commercial backdrop characterised by market pressure, cost volatility and tighter liquidity conditions. Management focused on stabilising operations while implementing corrective measures across procurement, pricing and working capital.

MARKET CONDITIONS

Challenge

The domestic market continued to experience inflows of refined sugar imports, intensifying price competition across key customer categories. At the same time, export markets remained challenging, with regional oversupply compressing premiums and limiting margin expansion opportunities.

Management Response

The Group continued our engagement with relevant authorities to support fair market practices within the domestic industry. Commercially, export participation was managed selectively where market premiums were insufficient, while greater focus was placed on protecting domestic margins and prioritising value over volume.

RAW SUGAR COST EXPOSURE

Challenge

Volatility in global raw sugar prices created timing differences between previously secured supply positions and prevailing market benchmarks. In addition, adjustments to shipment schedules extended certain cost exposures into the subsequent period.

Management Response

The Group strengthened our raw sugar hedging framework and procurement oversight to improve alignment between future supply positions and market benchmarks. Greater control was applied to cost monitoring and procurement planning to enhance pricing visibility and mitigate exposure to market volatility.

FINANCIAL DISCIPLINE AND LIQUIDITY MANAGEMENT

Challenge

Market conditions during the year moderated operating cash flow generation, while scheduled term loan repayments led to higher financing outflows.

Management Response

Management implemented targeted inventory optimisation initiatives to release working capital and established standby working capital facilities to strengthen liquidity buffers. Capital allocation discipline was also reinforced to prioritise operational continuity and maintain balance sheet resilience.

OUR STRATEGIC PRIORITIES

OUTLOOK 2026 TO 2028: RECALIBRATION AND MARGIN PROTECTION

Domestic Market Outlook

The Malaysian sugar market remains structurally mature, with population growth moderating and per capita consumption broadly stable. As a result, domestic demand growth is expected to remain modest, with industry expansion projected to stay below 1% over the medium term. At the same time, refining capacity within the market continues to exceed underlying demand growth.

In this environment, competitive advantage will be determined primarily by cost efficiency, pricing control and product mix optimisation rather than volume expansion alone. Accordingly, the Group's strategy is focused on strengthening operational competitiveness and protecting margins within the domestic market, while utilising selective export channels to support balanced capacity utilisation.

Export Market Outlook

The global refined sugar export market remains highly concentrated among producers from a few major exporting countries with significant scale and cost advantages. Brazil accounts for the majority of global export volumes, while large integrated operators in Europe and Southeast Asia benefit from extensive refining capacity, integrated supply chains and established trading networks. This structural scale advantage allows these producers to compete aggressively in international markets.

In recent years, export premiums have also remained volatile amid regional oversupply, at times falling below levels required to sustain refining margins. Against this backdrop, we have adopted a more selective approach to export participation, prioritising margin preservation while reinforcing our focus on meeting domestic demand and maintaining a strong position in the Malaysian market.

2026: RECALIBRATION

MSM's Budget 2026 reflects a reset across commercial, procurement and capital priorities to stabilise margins, strengthen liquidity and align operations with market conditions.

Margin Protection and Commercial Discipline

Revenue strategy in 2026 prioritises margin protection and cash flow stability over volume-driven expansion.

Liquidity and Balance Sheet Management

Financial priorities in 2026 focus on preserving liquidity, maintaining working capital flexibility and strengthening balance sheet resilience.

Raw Sugar Procurement and Inventory Optimisation

Procurement and inventory strategies are being refined to better align raw sugar costs and stock levels with market demand and production planning.

KEY STRATEGIES 2026 TO 2028

Over the medium term, MSM's strategy focuses on strengthening commercial discipline, optimising operational efficiency and reinforcing financial resilience to support sustainable profitability.

Strengthen Commercial Discipline

- Reinforce domestic market leadership while improving average selling prices and product mix
- Moderate export participation to prioritise margin quality over volume expansion
- Expand value-added product offerings to strengthen contribution margins

Intensify Operational Efficiency

- Balance production deployment between Prai and Johor to improve cost competitiveness
- Optimise factory and logistics assets to enhance operational efficiency
- Undertake feasibility assessment for an integrated site masterplan to strengthen supply network efficiency

Reinforce Financial and Structural Strength

- Maintain prudent capital allocation and sufficient funding to support operational continuity
- Strengthen financial flexibility through prudent working capital and balance sheet management
- Streamline subsidiary structures to enhance accountability and cost management

OUR STRATEGIC PRIORITIES

STRATEGIC PRIORITIES 2026 TO 2028

In addition to our Budget 2026, the Group's overall medium-term direction is guided by the Business Plan 2026 to 2028 (BP28), which recalibrates priorities toward stability, cost management and sustainable returns. In a structurally mature domestic market and a volatile global commodity environment, MSM's focus shifts from expansion to strengthening earnings predictability, enhancing operational efficiency and restoring balance sheet resilience. The four strategic thrusts define the areas of concentration over the next three years and provide the framework for aligning initiatives, capital allocation and performance targets.

STABILITY

Objectives

- Strengthen earnings visibility and operating cash flow predictability through a stronger domestic market position
- Improve refinery utilisation and operational efficiency to lower unit production costs
- Deliver sustainable profitability with profit after tax (PAT) margins exceeding 2%, supported by pricing and volume management

Material matters	Related capitals	Potential risks
M4 M10 M11 M12 M14	F M I H N	R2 R3 R4

Goals by 2028

- Consistent **year-on-year profitability**
- Average **UF >50%**
- Sustainable **PAT Margin >2%**

RESILIENCE

Objectives

- Maintain a lean and competitive cost structure to navigate volatility in global sugar prices and input costs
- Prioritise procurement efficiency and operational efficiency to protect contribution margins
- Maintain commercial flexibility to respond to market shifts while preserving margin integrity

Material matters	Related capitals	Potential risks
M1 M7 M10 M11 M12	F M I H S N	R1 R3 R4 R5 R6

Goals by 2028

- Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) **>RM200 mil**
- **Gross Profit Margin >8%**

REINVESTMENT IN PRODUCTIVITY

Objectives

- Allocate operating cash flows towards higher margin value-added products and growth categories
- Invest in technology and operational upgrades to enhance throughput, efficiency and unit cost economics

Material matters	Related capitals	Potential risks
M4 M8 M12 M13 M14	M I F H	R1 R2 R4

Goals by 2028

- Cash Balance **>RM150 mil**

CONSISTENT DIVIDENDS AND REAL RETURNS

Objectives

- Resume consistent dividend payments supported by resilient operating cash flows
- Improve Return on Assets (ROA) and Return on Equity (ROE) through capital allocation rigour and asset rationalisation
- Anchor all decisions to long term shareholder value creation, not short term optics

Material matters	Related capitals	Potential risks
M10 M11 M12 M14	F I S	R1 R2 R3

Goals by 2028

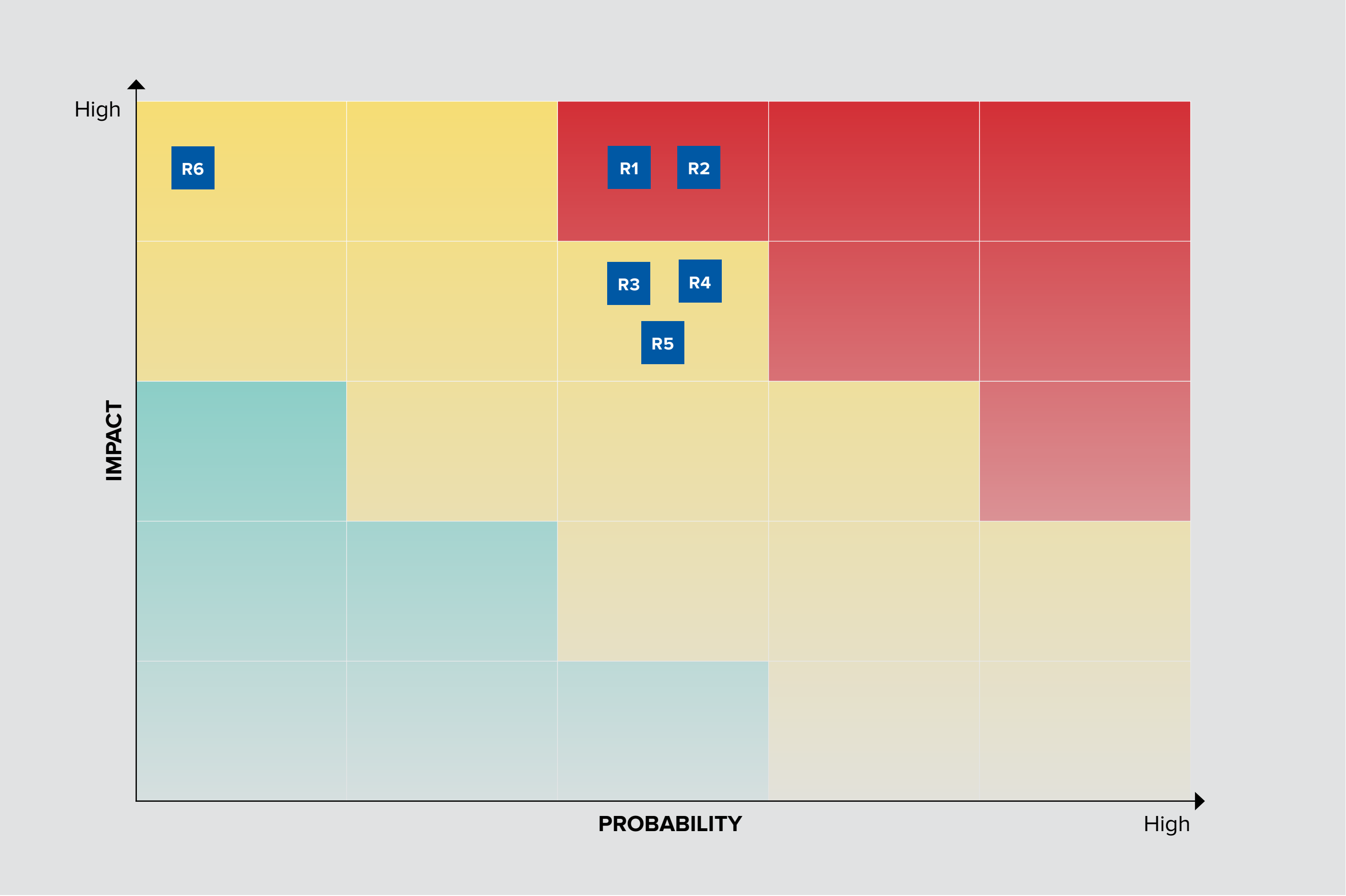
- Improved **ROA >3% and ROE >5%**

KEY RISKS AND MITIGATIONS

MSM operates in a dynamic and regulated environment shaped by market volatility, cost pressures and evolving external developments. To navigate these conditions, the Group maintains a disciplined and forward-looking Enterprise Risk Management (ERM) framework to support strategic execution, operational resilience and sustainable value creation.

The principal risks presented in this section reflect the Group's most material enterprise-level exposures identified through ongoing risk assessments and regular reviews by Management and the Board. While not exhaustive, these risks represent the key areas that may affect the Group's financial performance, operational stability and long-term sustainability.

During the financial year, the Group's risk profile remained elevated in selected areas, particularly Financial, Strategic and Market risks, in line with the operating dynamics of a capital-intensive and regulated industry. Operational, Geopolitical and Catastrophe risks remained broadly stable and continue to be actively monitored through established governance processes.



RISK CATEGORY

R1	Strategic
R2	Financial
R3	Market
R4	Operational
R5	Geopolitical
R6	Catastrophe

KEY RISKS AND MITIGATIONS

R1 STRATEGIC RISK

HIGH RISK

What It Means

Strategic risk arises from uncertainties relating to the Group's long-term operating footprint and our ability to optimise refinery utilisation to sustain cost competitiveness in a regulated industry environment.

Impact on Value Creation & Capitals

Underutilisation or footprint instability may increase fixed cost absorption, weaken margins and affect long-term asset value and capital allocation. This may in turn impact the Group's ability to sustain financial performance and optimise our manufactured capital base.

Mitigation Strategies

The Group continuously evaluates strategic options, aligns production capacity with demand conditions and maintains proactive stakeholder engagement to safeguard operational continuity. These efforts are supported by ongoing monitoring of utilisation performance and long-term footprint planning.

Opportunities

Strategic optimisation can enhance asset productivity and strengthen long-term cost competitiveness.

Risk Movement	Link to Material Matters	Link to Stakeholders	Link to Capitals
Stable	M10 M11 M12 M14	S1 S2 S3 S4 S6	F M I H S

R2 FINANCIAL RISK

HIGH RISK

What It Means

Financial risk primarily relates to liquidity management, creditor obligations, covenant compliance and reliance on shareholder financial support amid margin pressures.

Impact on Value Creation & Capitals

Liquidity constraints may increase financing requirements, restrict working capital flexibility and limit the Group's ability to fund operations and strategic investments. Prolonged pressure may also affect supplier confidence and financing relationships.

Mitigation Strategies

The Group adopts prudent financial planning, proactive cash flow management and continuous engagement with financiers, suppliers and shareholders to preserve liquidity and maintain financial resilience. Management also prioritises close monitoring of covenant positions and timely intervention measures to support ongoing compliance.

Opportunities

Strengthened financial discipline can improve capital efficiency and reinforce balance sheet resilience.

Risk Movement	Link to Material Matters	Link to Stakeholders	Link to Capitals
Increase	M10 M11 M12 M14	S1 S2 S3 S4 S6	F S

KEY RISKS AND MITIGATIONS

MODERATE RISK

R3 MARKET RISK

What It Means

Market risk arises from volatility in key input costs and pricing dynamics within a regulated and cost-sensitive operating environment, which may affect the Group's profitability.

Impact on Value Creation & Capitals

Adverse cost movements may compress margins, increase production costs and reduce earnings capacity where pricing flexibility is constrained. Sustained volatility may also affect planning certainty and commercial responsiveness.

Mitigation Strategies

The Group strengthens cost control, adopts adaptive pricing strategies and closely monitors market indicators to enable timely commercial responses. Management also tracks input cost trends and foreign exchange exposures to support informed procurement and pricing decisions.

Opportunities

Effective market management can strengthen commercial agility and support margin recovery.

Risk Movement	Link to Material Matters	Link to Stakeholders	Link to Capitals
Stable	M10 M11 M12 M14	S1 S2 S3 S4 S6	F M I

MODERATE RISK

R4 OPERATIONAL RISK

What It Means

Operational risk relates to production efficiency, asset reliability, regulatory compliance, utilities availability, cybersecurity resilience and supply chain management across the Group's manufacturing operations.

Impact on Value Creation & Capitals

Operational disruptions, including utility service interruptions or equipment failures, may result in production downtime, revenue loss, increased operating costs and potential regulatory exposure. These risks may also affect workforce productivity, asset performance and customer fulfilment reliability.

Mitigation Strategies

The Group reinforces preventive maintenance programmes, strengthens regulatory compliance, enhances cybersecurity controls and improves procurement planning while collaborating with utility providers to support operational continuity. Ongoing monitoring and escalation processes are also maintained to address emerging operational issues in a timely manner.

Opportunities

Operational resilience initiatives can improve reliability, support cost optimisation and enhance business continuity readiness.

Risk Movement	Link to Material Matters	Link to Stakeholders	Link to Capitals
Stable	M10 M11 M12 M13 M14	S1 S2 S3 S6	F H M I S

KEY RISKS AND MITIGATIONS

MODERATE RISK

R5 GEOPOLITICAL RISK

What It Means

Geopolitical risk arises from evolving regulatory frameworks, policy shifts and political developments that may influence procurement channels, market access and distribution activities.

Impact on Value Creation & Capitals

Policy shifts, regulatory changes or trade restrictions may increase operating costs, disrupt supply stability and affect market competitiveness. Regulatory uncertainty may also influence planning assumptions and commercial strategy.

Mitigation Strategies

The Group continuously monitors regulatory and policy developments and maintains proactive engagement with relevant stakeholders to support informed strategic responses. The Group also coordinates closely with internal functions and relevant authorities to assess implications and respond in a timely manner.

Opportunities

Proactive regulatory engagement can enhance preparedness and strengthen strategic positioning.

Risk Movement	Link to Material Matters	Link to Stakeholders	Link to Capitals
Stable	M7 M10 M11 M12 M14	S1 S2 S3 S4 S5 S6	F I S M

MODERATE RISK

R6 CATASTROPHE RISK

What It Means

Catastrophe risk relates to low-frequency but high-impact events, including environmental extremes and large-scale disruptions, that could materially affect infrastructure, workforce availability and operational continuity.

Impact on Value Creation & Capitals

Severe events may result in prolonged operational downtime, recovery costs, workforce disruption and potential asset damage. They may also affect customer service continuity, supply chain reliability and stakeholder confidence.

Mitigation Strategies

The Group continuously strengthens our business continuity and crisis management capabilities to enhance preparedness, response effectiveness and recovery readiness. Emergency response protocols and risk monitoring practices are also maintained to support resilience across operations.

Opportunities

Investments in resilience can enhance organisational agility and reinforce stakeholder confidence.

Risk Movement	Link to Material Matters	Link to Stakeholders	Link to Capitals
Stable	M7 M10 M11 M12	S1 S2 S4 S5 S6	F I S M

INVESTOR RELATIONS

MSM's dedicated Investor Relations (IR) team operates within a structured activities calendar comprising quarterly financial results announcements, analyst briefings, annual general meetings (AGMs), roadshows, site visits and one-on-one engagements. The team ensures timely responses to shareholder and stakeholder queries while maintaining MSM's dedicated IR portal through regular updates of relevant announcements, financial reports, presentations and corporate disclosures.

Since 2020, the Group has conducted our AGMs via a fully virtual format in response to the COVID-19 pandemic, while leveraging digital technology to facilitate continued shareholder participation in a safe and efficient manner. In line with the announcement issued by the Securities Commission Malaysia and Bursa Malaysia that mandated all public listed companies to conduct hybrid or physical general meetings effective 1 March 2025, MSM's 14th AGM was held in a physical format on 19 June 2025.

Conducting the AGM of MSM in a fully physical format complies with Paragraph 8.29A of Bursa Malaysia Listing Requirements and provides shareholders with the opportunity for direct engagement and meaningful interaction with the Board and Management in a conducive setting. This approach also enables more efficient cost management for the Group, while maintaining high standards of governance and transparency.

In accordance with Paragraph 9.22 of the Bursa Malaysia Listing Requirements, the Group announces its quarterly financial results via Bursa Malaysia. These announcements are complemented by analyst briefings, which provide analysts, fund managers and the broader investment community with deeper insights into the Group's financial and non-financial performance, thereby facilitating informed investment decisions and balanced market assessments. All quarterly financial results and accompanying analyst briefing presentations are available to the public on MSM's corporate website.

To ensure consistency, credibility and effective communication, all IR engagements are led and authorised by MSM's spokespersons, including the Group CEO, Group COO, CFO and Head of Corporate Strategy & Investor Relations.

Engagements

FEBRUARY

- **10** IR team Knowledge Sharing with Universiti Poly-Tech Malaysia Students
- **24** MSM Analyst Briefing for Quarter Ended (QE) 31 December 2024
- **27** MSM Townhall 1H 2025

MARCH

- **25** Engagement with Public Investment Bank and clients

APRIL

- **21** Site Visit to MSM Johor by MIDF Research and clients

MAY

- **22** MSM Analyst Briefing for QE 31 March 2025

JUNE

- **4** Pre-AGM Engagement with Permodalan Nasional Berhad (PNB)
- **19** MSM Malaysia Holdings Berhad’s 14th Annual General Meeting

JULY

- **24** ASEAN Corporate Governance Conference & Awards 2025

AUGUST

- **15** Engagement with Astute Fund Management Berhad (Astute)
- **25** MSM Analyst Briefing for QE 30 June 2025

SEPTEMBER

- **17** Site Visit to MSM Prai by FELDA Chairman

NOVEMBER

- **4** MSM Townhall 2H 2025
- **5** Engagement with PNB on Nature and Biodiversity
- **9** Engagement with Astute
- **28** MSM Analyst Briefing for QE 30 September 2025

DECEMBER

- **4** Engagement with MBSB Research
- **10** Engagement with BIMB Securities Sdn Bhd

INVESTOR RELATIONS

Main Areas of Discussion and Concern

1. Financial Performance
2. Operational Performance at MSM Prai and MSM Johor
3. Raw Sugar Market Outlook
4. Average Selling Price
5. Domestic and Export Sales Performance
6. Regulatory and Government Affairs

Media Relations

During the year, MSM issued seven media releases and secured 91 media clippings, reflecting consistent engagement with the media and strong visibility of the Group's key updates and messages across news channels.

Media Releases
7

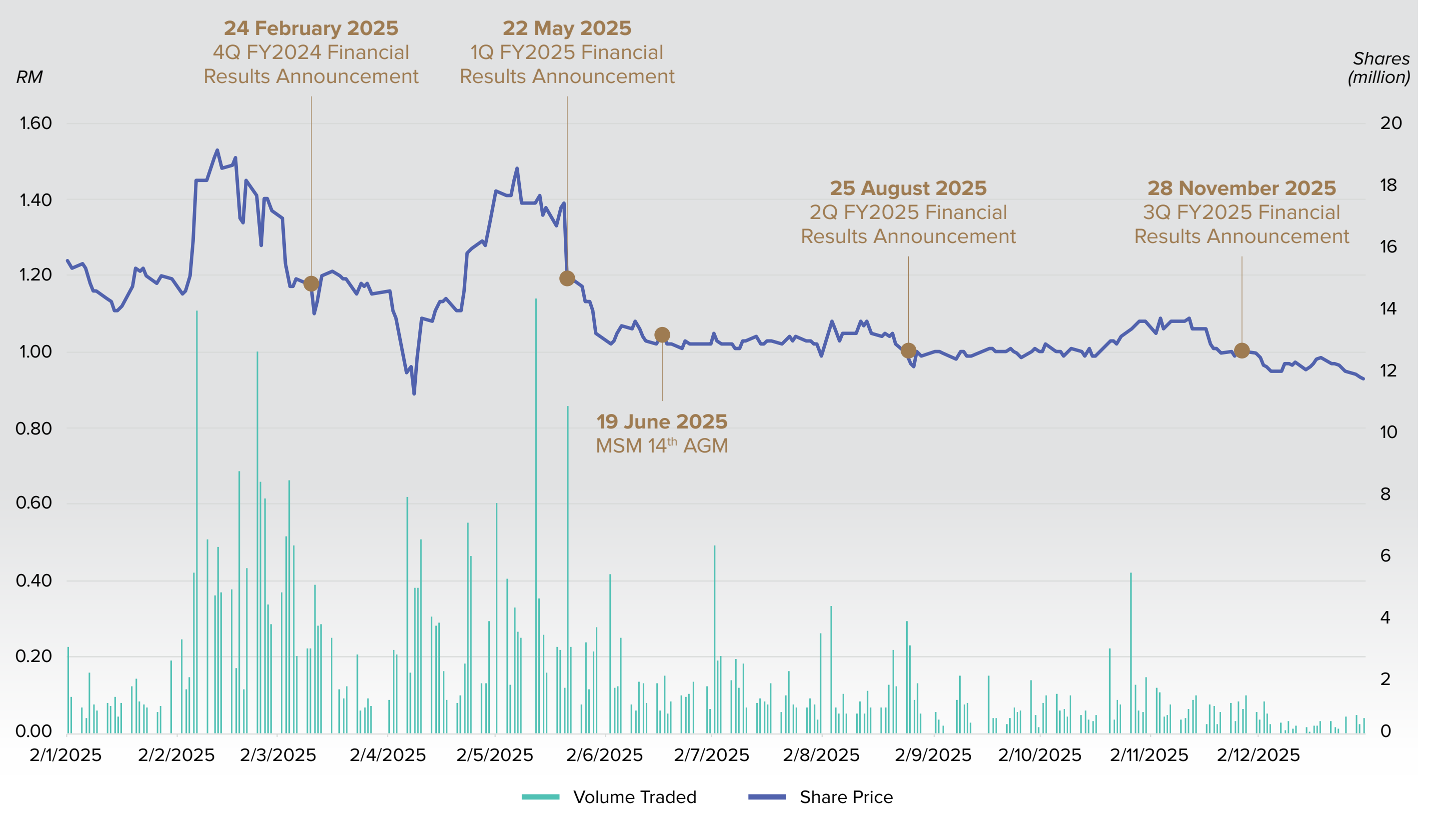
Media Clippings
91

Research Coverage

Research House	Call	Target Price
BIMB Securities	SELL	RM0.60
MBSB Research *(formerly known as MIDF Research)*	NEUTRAL	RM0.80

Note: As at 27 February 2026 (post FY2025 results announcement)

Share Price Performance & Volume Traded



INVESTOR RELATIONS

Shareholder Information

MSM and its Group of companies (the Group) maintains a single class of shares, with FGV as the largest shareholder, holding a 51.00% interest. This comprises a direct shareholding of 10.97% and an indirect shareholding of 40.03% through FGV Sugar Sdn Bhd, a wholly-owned subsidiary of FGV. Other substantial shareholders include KPF, which holds 15.27%, and Amanahraya Trustees Berhad, with a stake of 7.11%. The remaining 26.62% is held by a diverse mix of local corporations, Malaysian retail investors and foreign shareholders.

To see further shareholder information, refer to Analysis of Shareholdings on pages 300 to 302 of this Report.

Insider Trading of MSM Shares

The Group enforces strict compliance with applicable insider trading laws and regulations through provisions outlined in the Corporate Disclosure Policy and Code of Business Conduct and Ethics (CoBCE). These provisions govern the conduct of employees, directors and related parties when dealing in MSM shares, especially during Closed Periods, as outlined below.

Trading During Closed Periods

During a Closed Period, any Director and Principal Officers of the Company or the Company's major subsidiary (Affected Person) intending to deal in MSM shares must:

Prior Notification: Submit written notice to the Company before the proposed dealing, stating: Their current holdings of MSM shares; and their intention to buy or sell MSM shares during the Closed Period.

Company Announcement: Upon receiving such notice, MSM will immediately announce the intention to Bursa Malaysia Securities.

Transaction Timing: The proposed dealing may only proceed after one (1) full market day has elapsed from the date of the announcement.

Post-Transaction Notification: The Affected Person must notify the Company Secretary in writing within one (1) full market day after the transaction. MSM will promptly announce details of the dealing to Bursa Malaysia Securities.

Trading Outside Closed Periods

When dealing in MSM shares outside Closed Periods, the Affected Person must provide written notice of the transaction to the Company Secretary within three (3) market days of the transaction.

Other Communication Channels

MSM also uses the following channels to reach our stakeholders.

Corporate website:	www.msmsugar.com
Investor Relations email:	investor.relations@msmsugar.com
Press Releases:	https://www.msmsugar.com/media/press-releases
Investor Relations webpage:	https://www.msmsugar.com/investor-relations/investor-relations

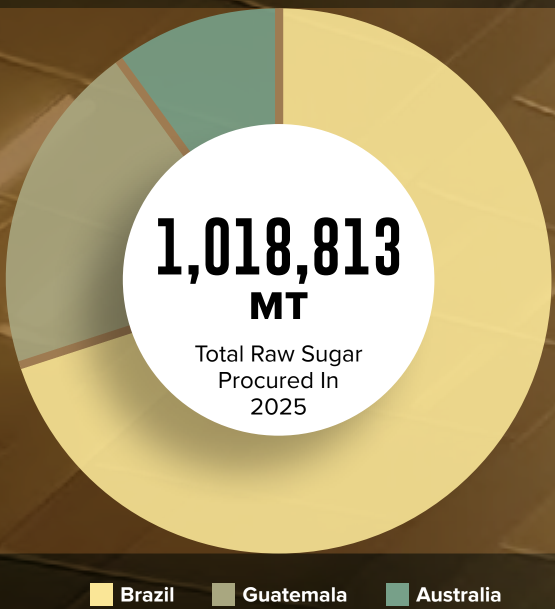
Tel.: +603 2162 7900

Other Communication Channels

- MSM Malaysia Holdings Berhad
- MSMGULAPRAI TV
- MSM Gula Prai
- @msmgulaprai
- @gulaprai

OUR GROUP BUSINESS REVIEW

RAW SUGAR SOURCING AND PROCUREMENT



In 2025, we procured a total of 1,018,813 MT of raw sugar. Brazil remained our largest supplier, contributing a combined 887,653 MT. Other key sources included Guatemala at 111,160 MT and Australia at 20,000 MT.

BUSINESS OVERVIEW

In 2025, the global raw sugar market shifted to a pronounced surplus, driven by record production in Brazil's Centre-South region and strong recoveries in Asia, including India and Thailand. This oversupply pushed NY11 prices down to 14.04 US cents per pound, further supported by a stronger Malaysian Ringgit (MYR) against the US Dollar, which traded within the range of RM4.03 to RM4.52. Adding to supply-side pressure, India announced it would open its sugar export quota earlier in the year due to a domestic production surplus. Amid this market pressure, MSM took the opportunity to average down production costs, as raw sugar, which represents approximately 80% of the cost of goods sold (COGS) became significantly more affordable.

OUR GROUP BUSINESS REVIEW

STRATEGIC PROCUREMENT AND RISK MITIGATION

Our strategic priority throughout the period remained centred on securing raw sugar at the most competitive price, even as the inherent volatility of global market dynamics continued to evolve. We adopted a robust, multi-layered approach to risk management and utilised a back-to-back hedging mechanism designed to align all sales directly with prevailing raw sugar prices. This was crucial in effectively neutralising price risks across the portfolio and maintaining a stable, predictable cost structure. Furthermore, our Trading Committee continued to provide strategic oversight, constantly monitoring global sugar trends, hedging positions and currency exposure to ensure all operational and pricing decisions were responsive to market realities.

In addition, we continued to leverage the predictability and efficiency afforded by our long-term supply agreement with Wilmar Sugar Pte Ltd, which was essential for reliable logistics for our raw sugar imports and stabilising our freight expenses. The effectiveness of our procurement framework also benefited from external market shifts, with the strengthening of the MYR against the US Dollar is enhancing our ability to procure raw sugar at reduced costs compared to the prior year.

At the overall Group level, we support the recently introduced Demand-Driven Supply approach, which has fundamentally improved MSM's operations. We work closely to ensure procurement is aligned with this new approach that tightly links refining output to sales forecasts. This has enabled MSM to optimise stock levels, accelerate the cash conversion cycle and enhance financial liquidity and risk management.

OUTLOOK

The market environment going into 2026 remains favourable, dominated by the expectation of a sustained global sugar surplus fuelled by robust production from Brazil and the strong recovery of Asian exporters. This prolonged buyer's market is anticipated to keep the NY11 benchmark price under downward pressure, with prices expected to hover around the 13.00 to 15.00 US cents per pound range throughout the first half of 2026.

Despite the positive market environment going forward, the Group must navigate through the continuing challenge of operating under the regulated domestic retail price regime and the threat of MYR volatility potentially eroding foreign exchange gains. Furthermore, the cyclical nature of commodities requires heightened vigilance against a rapid market reversal triggered by adverse climate events in major producing regions.

Accordingly, 2026 strategic priorities are centred on translating low input costs into profitability, strengthening the domestic market footprint and achieving maximum operational excellence through enhanced efficiency and capacity utilisation across all refinery assets.

OPERATIONAL AND REFINING

OPERATIONAL PERFORMANCE

OPERATIONAL & REFINING

Production Volume (MT)

2023	992,247
2024	1,104,290
2025	**1,006,743**

Raw Melted Sugar (MT)

2023	1,039,931
2024	1,138,941
2025	**1,047,655**

Group Capacity Utilisation (%)

2023	48
2024	54
2025	**49**

SUPPLY CHAIN

Selling & Distribution Cost (RM/MT)

2023	111
2024	115
2025	**109**

Inventory Record Accuracy (%)

2023	99.88
2024	99.99
2025	**99.99**

Order Fulfilment (On Time in Full) (%)

2023	94
2024	95
2025	**95**

Days of Inventory (Days)

2023	9
2024	17
2025	**14**

OUR GROUP BUSINESS REVIEW

BUSINESS OVERVIEW

2025 focused on sustaining operational stability while advancing efficiency and strengthening inventory discipline across the Group's refining network. Production output was strategically balanced between MSM Prai and MSM Johor to optimise overall performance and align with demand conditions.

Both refineries recorded improved average steam consumption compared to 2024, reflecting continued progress in energy efficiency initiatives. Yield performance remained stable at high levels, supported by structured maintenance practices, enhanced reporting systems and targeted process improvements.

MSM Prai maintained strong melting stability, consistently delivering yields in the range of 96% to 97%, despite operational disruptions during the year, including the gas pipeline explosion in Putra Heights in April and water supply interruptions in Penang.

At MSM Johor, melting volumes peaked at 1,622 MT/day on 4 February 2025, the highest daily melt since commissioning. Average melting volumes reached approximately 1,300 MT/day during peak months with average yield of 94% for the year. However, overall performance of both refineries remained affected by lower UF performance during the year.

In parallel, the Group undertook a fundamental shift in our end-to-end supply chain model, transitioning to a Demand-Driven Supply approach. This shift resulted in improved working capital efficiency, lower inventory levels and enhanced delivery cost discipline.

OUR GROUP BUSINESS REVIEW

OPERATIONAL AND REFINING

OPERATIONAL HIGHLIGHTS

MSM Prai

- Maintained yield performance at **96%–97%**.
- **Raw sugar weigher foundation and building** completed in April 2025.
- Computerised Maintenance Management System (CMMS) implemented with ongoing enhancements based on user feedback.
- Rejuvenation plan reprioritised in line with **cost control measures**, with selected projects deferred.

MSM Johor

- Yield maintained at **94%**.
- **Overall Equipment Efficiency (OEE) programme** for Packing in progress, targeted for completion in 2026.
- Initiatives implemented to **improve steam and water consumption**.
- **Clean and Inspect Programme** under Total Productive Maintenance (TPM) methodology commenced in July 2025 to strengthen operational ownership and equipment reliability.

Supply Chain Transformation

- Transitioned to a **Demand-Driven Supply approach**.
- Reduced year-end inventory levels by **25%** compared to 2024.
- Closed two external warehouses and **increased internal warehouse storage capacity**.
- Selling and distribution cost reduced to RM109/MT, a **5% improvement** from 2024.
- Inventory days **reduced to 14 days** from 17 days in 2024.
- **Transport Management System** (TMS) went live in the second quarter of 2025.
- **Warehouse Management System** (WMS) became operational in the third quarter of 2025.

DIGITALISATION AND SMART LOGISTICS

The SMART Logistics deployment progressed during the year:
- TMS successfully went live in the second quarter of 2025 through MSM Logistics.
- WMS became operational at the central warehouse in the third quarter of 2025.

The TMS is currently undergoing post-investment review to further optimise delivery performance and logistics cost efficiency. Increased system utilisation contributed to improved gross profit margins for MSM Logistics compared to both Budget and FY2024.

The WMS benefits realisation process remains ongoing, given its shorter implementation period, with further optimisation initiatives underway to strengthen inventory control and order fulfilment performance.

MSM Logistics also strengthened its governance credentials during the year, receiving the MSOSH Gold Class 2 Award in the Logistics category for 2025. ISO 39001 Road Traffic Safety Management certification remains in progress, targeted for completion in the first half of 2026.

PLANNED SHUTDOWNS AND MAINTENANCE

Both MSM Prai and MSM Johor executed structured maintenance programmes to preserve plant reliability and meet regulatory requirements.

MSM Prai
- 18–20 January 2025: Planned maintenance shutdown.
- 30 March–2 April 2025: Scheduled annual maintenance.
- 21–25 September 2025: Planned annual maintenance.

MSM Johor
- 6–16 January 2025: Planned shutdown for regulatory renewal of pressure vessel Certificate of Fitness.
- 6–17 July 2025: Planned maintenance shutdown.

Maintenance planning was aligned with operational priorities to minimise disruptions while sustaining equipment performance and process stability.

OCCUPATIONAL SAFETY AND HEALTH

The Group continues to prioritise safety under our commitment to “No Harm to People, Property and Environment”, reinforcing structured safety management practices across all sites.

OUR GROUP BUSINESS REVIEW

OUTLOOK

In 2026, Operational & Refining priorities will centre on efficiency enhancement, operational discipline and capital optimisation.

The key projects that will be implemented or completed in 2026 are as follows:

- Expected commissioning of Boiler #3 at MSM Johor in 2026 to support production capacity and redundancy.
- Completion of CMMS optimisation at MSM Prai to strengthen maintenance governance.
- Upgrading the packing line machinery at MSM Prai to improve efficiency and throughput.
- Enhancing bulk sugar transfer turnaround times between MSM Prai and SBW through rail and operational improvements.
- Initiation of the additional siding project at SBW to increase transfer capacity.
- The five-year asset acquisition programme for fleet renewal was temporarily deferred in 2025 and is expected to resume in 2026, subject to overall capital allocation priorities.
- Product expansion projects such as:
  - Fine Syrup Commercial run.
  - Brown and Caster Sugar feasibility studies in MSM Johor.

Operations will also implement Operational Excellence key initiatives as follows:

- Expansion of TPM programme to MSM Johor, MSM Prai and SBW for both Autonomous Maintenance and Planned Maintenance Pillars to focus on Standard Works of Cleaning and Inspection, Preventative Maintenance activities and engagement, and knowledge enhancement with the shop floor on delivering with this methodology.
- Value Stream Mapping (VSM), which will be focused on the Production area and operation processes.
- New framework of LSS programme to value add the current Green Belters and Black Belters by giving more support to the shop floor in the Teaching, Coaching and Mentoring Programme.
- Expansion of OEE system reporting to SBW and MSM Prai to ensure data accuracy, reliability and effectiveness to measure the Availability, Performance and Quality result to be more operationally efficient.

For Supply Chain, 2026 priorities include:

- Further inventory optimisation to enhance working capital efficiency.
- Targeted up to 10% reduction in supply chain operating costs compared to 2025.
- Greater utilisation of TMS and WMS to enable data-driven cost-to-serve management.
- Continued driving Supply Chain initiatives to support additional revenue generation, volume expansion and product offering.

Collectively, these measures aim to strengthen operational resilience, improve cost management and enhance service responsiveness in a more competitive market environment.

COMMERCIAL AND DOWNSTREAM

RM3.07 Billion
Sales Revenue In 2025

1.03 Million MT
Total Sales Volume In 2025

In 2025, the Group Commercial Division (the Division) delivered mixed performance across its customer categories amid a more competitive operating environment. Pricing pressures persisted across key markets, driven by increased regional supply and heightened competition, which constrained volume growth in certain customer categories.

Wholesale volumes recorded a year-on-year decline of 5%, reflecting softer demand conditions. This was partially offset by stronger performance in the industrial customer category, where volumes grew 5% year on year, driven by higher offtake from key customers. Export sales declined 11% year on year, primarily due to low global white premium and volatility in NY, which affected the average selling price, leading to moderated volumes.

Overall performance reflected a continued emphasis on value-driven commercial strategies, balancing volume optimisation with margin discipline across domestic and export channels.

BUSINESS OVERVIEW

The operating environment in 2025 benefited from a more favourable cost backdrop, but increased regional supply intensified competition in the domestic market. This tightened pricing flexibility and placed greater emphasis on resilient commercial management across customer categories.

Domestic demand remained relatively stable, though purchasing behaviour showed greater price sensitivity. As a result, the Division prioritised optimisation of customer and product mix, applying margin-focused, value-driven strategies while maintaining balanced exposure across customer categories to manage volatility.

OUR GROUP BUSINESS REVIEW

BRAND AND PRODUCT PERFORMANCE

MSM's flagship brand, Gula Prai, continued to anchor the Division's domestic portfolio in 2025, maintaining its position as a trusted household brand amid a more competitive market environment. Brand performance was underpinned by consistent availability and targeted commercial execution, aligned with evolving consumer purchasing behaviour.

Beyond the flagship offering, the Division strengthened engagement with value-conscious consumers through focused promotional and experiential marketing initiatives. Participation in key domestic events which attracted more than two million visitors over the course of the year, including the Hari Peneroka FELDA programme, enhanced brand visibility and consumer reach.

OUTLOOK

Looking ahead, domestic sugar consumption is expected to stay relatively stable, shaped by seasonal and festive patterns alongside ongoing cost-conscious consumer behaviour. The Division will focus on maintaining consistent domestic supply through prudent production planning, inventory management and structured pricing approach, complemented by proactive customer engagement and operational flexibility across peak and non-peak periods.

Commercial priorities will include diversifying product offerings and strengthening customer engagement to deepen loyalty and expand the domestic customer base. Export efforts will continue to focus on value-added products such as Liquid Sugar, Fine Syrup and Premix, with emphasis on product mix and margin contribution, particularly for the China market.