

Q&A WITH OUR CEO

LIM YEW HOE
Chief Executive Officer



Q&A WITH OUR CHIEF EXECUTIVE OFFICER



How was F&NHB's financial performance in FY2025, considering the turbulent macroeconomic environment?

In the first half of the year, it became evident that geopolitical tensions were unfolding directly within our key markets. These developments, coupled with a softer macroeconomic environment influenced by global trade disruptions, lower tourist arrivals and broader economic uncertainty, required the Group to take a disciplined approach in setting clear business priorities.

In this context, FY2025 became a year of capturing value from our established core businesses in beverages and canned milk. This strategic emphasis delivered resilient results. The Group registered stable performance, recording RM5.2 billion in full year revenue and sustained profit momentum amid global and regional volatility.

Despite incurring start-up costs for F&N AgriValley, investing in the building of our Food pillar, and navigating significant headwinds in Cambodia, Group operating profit and profit before tax rose by 5.1% and 4.8% year-on-year respectively, supported by lower input costs, disciplined cost management and improved operational efficiencies across markets. Excluding Cambodia's weaker performance in the last two quarters, the Group was on track for solid revenue growth this year.



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Overall, FY2025 performance demonstrates the strength of our strategy of maximising value across the business. Strong contributions from existing business units helped cushion start-up investments in the integrated dairy farm, reflecting the Group's resilience and adaptability in a challenging environment while advancing key drivers of future growth.



How did the development of F&N AgriValley advance in FY2025?

I am pleased to share that the three components that make up F&N AgriValley – dairy farming, cropping and processing facility – made significant progress this year, marking a pivotal step toward our goal of becoming a fully integrated dairy farming operator.

In dairy farming, we adopted climate-controlled barns for high-yield Holstein purebred cows, similar to those in the US and other temperate countries. In our first year, milk production exceeded the targeted 28 litres per day, validating the viability of our model. Our investment in high-yield Holstein cattle and advanced rotary parlours, capable of milking up to 80 cows at a time with minimal labour, enables a highly scalable operation requiring fewer barns, cows and manpower. This successful proof of concept affirms the long-term efficiency of our farming approach.

In cropping, investments in land preparation, modern agricultural machinery and centre-pivot irrigation systems enabled the successful planting and harvesting of corn silage at Pasir Besar with a small, technology-enabled team. These outcomes confirm that large-scale, low-labour cropping is achievable in Malaysia. Looking ahead to 2026, we will expand operations to Londah

and expect further improvements in yields for corn silage, sorghum and legumes. These advancements will support lower-cost feed production, a critical success factor for F&N AgriValley.

Our processing facility is also on track for commercial production in early 2026, in time to process the fresh milk produced by our second batch of heifers. Equipped with world-class infusion and packaging technology, the facility will ensure the delivery of high-quality fresh milk to domestic and export markets.

F&N AgriValley also represents a key milestone in the growth of Malaysia's dairy and agri-food sectors, as reflected in the strong support from both federal and state authorities. On this note, we were honoured to host YAB Dato' Seri Utama Haji Aminuddin bin Harun, Menteri Besar of Negeri Sembilan, and YB Datuk Seri Haji Mohamad bin Sabu, Minister of Agriculture and Food Security.

As our foundation year, 2025 successfully validated our operating model, and with the core infrastructure in place, we are well positioned for rapid scaling in response to market demand.

Looking ahead, our focus is on unlocking the full potential of our agricultural and dairy value chain by expanding milk production capacity and herd size while strengthening sustainable feed cultivation, and driving further efficiency so we can deliver nutritious, affordable fresh milk for Malaysians and the region.

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How have F&NHB's other major capital investments progressed during the year?

We continued to invest in capacity expansion and operational efficiency through key capital projects in FY2025 that are in line with our long-term growth strategy,

A key milestone this year was the commissioning of our F&N Beverages plant in Butterworth in August 2025. This facility serves markets in northern Peninsular Malaysia, thereby reducing the reliance on supply from Shah Alam and lowering logistics-related emissions while improving supply chain efficiency. Highly automated and able to produce multiple categories, it strengthens our cost competitiveness and supports a leaner, more agile operations network.



Meanwhile, construction of the F&N Foods (Cambodia) Co., Ltd facility remains on schedule for completion in 2026. Once operational, the facility will produce sweetened condensed and evaporated milk, enabling localised and cost-efficient production for Indochina. This will strengthen our regional footprint and competitiveness to capture growth opportunities and deliver greater value to consumers in these markets.



How has F&NHB responded to the evolving preferences of consumers in FY2025?

Health and wellness continue to shape the choices of today's consumers, with growing demand for zero-sugar options, plant-based nutrition and functional beverages that balance nourishment with enjoyment. Guided by these insights, we continued to innovate and strengthen our portfolio, delivering products that meet modern lifestyle needs while staying true to our heritage of quality and taste.

During the year, we introduced several products that reflect these shifts, including F&N Sparkling Zero, 100PLUS ZERO Power Peach, F&N Magnolia 100% Fresh Milk UHT, RANGER RIMAU reduced-sugar energy drink, OYOSHI Chakulza Sparkling Green Tea, and Sunkist Pulp Orange Fruit Drink made with premium fruit and real pulp. Together, these products expand our appeal to younger, health-conscious consumers while upholding the bold, refreshing flavours that generations of Malaysians know and love.

Beyond new launches, we also enhanced the nutritional profile of our existing portfolio. Today, healthier-choice products make up 70% of our beverage and dairies portfolio, making it easier for consumers to make more informed choices every day.

Building on the strong traction of F&N NutriWell Soy UHT Milk in Thailand launched early in the year, we expanded our plant-based portfolio in Malaysia with a new F&N NutriWell range featuring Oat Milk, Almond Milk, Purple Rice Soy Milk, and Oats & Quinoa Soy Milk, fortified with vitamin D and calcium, and free from cholesterol. These beverages have been warmly received by consumers seeking nutritious and great tasting dairy-alternative beverages.

We are also reinventing how our food brands connect with consumers. The NONA *Tuang, Kacau-Kacau Siap!* campaign introduced convenient cooking solutions to a new generation of consumers, highlighting how easily NONA products fit into everyday home cooking. Meanwhile, LOT100's Fruity Rebrand 2.0 revitalised Malaysia's beloved gummy with vibrant new packaging and an energised brand personality.

As Malaysia's No. 1 Isotonic drink, 100PLUS continued to champion active, healthy living while strengthening its relevance through innovation. The zero-sugar and zero-calorie 100PLUS ZERO Power Peach was launched following the success of 100PLUS ZERO. 100PLUS also expanded into functional segments with 100PLUS ACTIVE, a non-carbonated isotonic drink, and 100PLUS PRO High Protein, a performance hydration range formulated to support muscle recovery. Beyond products and sports development, 100PLUS deepened its connection with everyday Malaysians through year-round engagement and raising awareness on healthy hydration.



In Thailand, we continued to build strong relationship with the food service community, engaging more than 30,000 hawker operators through the 'TEAPOT Enhances Your Dearly Creations' campaign, designed to help hawkers boost sales by creating great recipes and elevating their beverage offerings with TEAPOT condensed milk.

Leveraging our fresh milk platform, we see further opportunities to grow our health and wellness portfolio, particularly in the canned milk segment. Through these initiatives, we reaffirm our commitment to delivering products that reflect evolving lifestyles and preferences, staying true to our promise of Pure Enjoyment, Pure Goodness for all.

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Please outline key developments in F&B Indochina during the year.

FY2025 presented a challenging operating environment for Thailand due to softer consumer sentiment, reduced tourism, and export disruptions to Cambodia and Myanmar amid regional tensions. Despite these headwinds, F&N Dairies Thailand (FNDDT) maintained its category leadership, with Carnation maintaining its No. 1 position in both sweetened and unsweetened condensed milk, TEAPOT leading the unsweetened 1L UHT segment, and BEAR BRAND sustaining its dominant share in the sterilised milk category.

We reinforced brand presence and customer loyalty through targeted trade and marketing initiatives. TEAPOT's "Use More, Get More" programme rewarded food and beverage operators with product redemptions, driving repeat usage and deepening engagement within the out-of-home channel. Likewise, Carnation rolled out integrated campaigns and targeted sampling that boosted brand visibility, drive in-home product trials, and further entrenched Carnation's market leadership.

Looking ahead, our upcoming facility in Cambodia will not only enhance our scalability and resilience but also support our export-led growth strategy. F&N already has a strong market presence in Cambodia, where it leads the market in condensed milk and enjoys established distribution strength across the country. Leveraging this robust foundation, we are well-positioned to expand into new categories from 2026 onwards.



What is your outlook and key priorities for F&NHB for FY2026?

Geopolitical uncertainties and macroeconomic headwinds are expected to persist. However, the Group's strong financial position, healthy cash flow from core operations, and disciplined cost management and asset optimisation place us in a solid position to navigate these challenges with agility and resilience.

With this foundation in place, our priority for FY2026 is to accelerate market share growth a strong focus on wellness-oriented offerings. With F&N Magnolia 100% Fresh Milk UHT now complementing our portfolio and the launch of F&N NutriWell in Malaysia, we are well positioned to capture greater opportunities in this segment, supported by continued innovation.

At the same time, our Food pillar will continue to evolve through innovation that reflects modern lifestyles and preferences. Growth will be driven by more convenient packaging formats and pack sizes, alongside portfolio optimisation to enhance operational efficiency.

Looking ahead, we also recognise the importance of diversifying beyond our mature markets. In this context, F&N AgriValley represents a transformative opportunity to strengthen the Group's integrated dairy capabilities and contribute to Malaysia's food security goals.

As a whole, F&NHB remains committed to creating sustainable value through strategic investments that broaden our consumer reach and reduce environmental impact. While strategic investments may temporarily affect margins, they are integral to the Group's long-term growth trajectory.



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And how will you achieve this?

To succeed in these new frontiers, we must strengthen from within. Growth must be supported by stronger internal capabilities and more agile ways of working. Guided by our strategic pillars of Digital for Growth and Reach Competitively, we are reshaping how the organisation operates to compete more effectively and respond faster to market opportunities.

Under Digital for Growth, we are embedding AI and data analytics across our operations. Predictive tools now enhance sales forecasting, inventory planning, and supply chain responsiveness, while AI-powered workflows are elevating productivity and decision-making across functions.

These initiatives have already delivered measurable efficiencies, and we will continue to expand AI adoption, including predictive maintenance in manufacturing and automated operations in F&N AgriValley.



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At the same time, we are also flattening our supply, value, and command chains to enhance speed, transparency, and efficiency across the organisation, enabling us to Reach Competitively through faster decision-making, reduced complexity, and more effective resource allocation.

Above all, we will continue to invest in our people, fostering a culture of agility, continuous learning, and operational excellence. Staying relevant means staying close to consumers, collaborating with stakeholders, and contributing meaningfully to the communities we serve. Our ambition is not only to grow within the industry, but to help shape its future responsibly and sustainably.



Any concluding remarks?

In 2026, we look forward to celebrating F&NHB's 60th anniversary in East Malaysia, marking six decades since we first began operations in 1966. As we commemorate this milestone, we reaffirm our deep-rooted commitment to East Malaysia and its communities — growing together then, now, and always.

F&N AgriValley has made great progress this year, and this would not have been possible without the collaboration of the Negeri Sembilan state government, the Chilean Embassy in Malaysia, the Department of Veterinary Services Malaysia, and the Department of Malaysian Quarantine and Inspection Services (MAQIS).

Finally, I would like to extend my heartfelt appreciation to all our stakeholders — including our employees, suppliers, business partners, customers, consumers, as well as the Board and management — for their continued trust, commitment and collaboration. Our employees, in particular, continue to be the backbone of our resilience and progress, demonstrating unwavering dedication through both opportunities and challenges. As we look ahead, F&NHB remains focused on building future value through innovation, diversification and transformation, delivering more sustainable value for all.

Lim Yew Hoe
Chief Executive Officer