60 Years, Growing Stronger

MSM MALAYSIA HOLDINGS BERHAD

ANNUAL INTEGRATED REPORT 2024

60 Years, Growing Stronger:

MSM's Milestones

For six decades, MSM Malaysia Holdings Berhad (MSM) has been at the heart of Malaysia's sugar industry, embodying a journey of resilience, innovation and progress. It began in **1959** with the establishment of MSM Prai Berhad (MSM Prai) in Prai, Penang, which commenced its refining operations in **1964**. The subsequent decades saw continuous growth, with milestones such as the founding of MSM Perlis Sdn Bhd in **1971**, which began milling and refining operations by **1973**.

By **1976**, MSM embraced automation, modernising production processes and setting the stage for efficiency and excellence. The establishment of MSM Logistics Sdn Bhd in **1990** solidified its logistical capabilities, connecting MSM Prai to key warehouses in Sungai Buloh **(1992)** and Johor Bahru **(2002)** via railway networks, ensuring seamless sugar distribution across Malaysia.

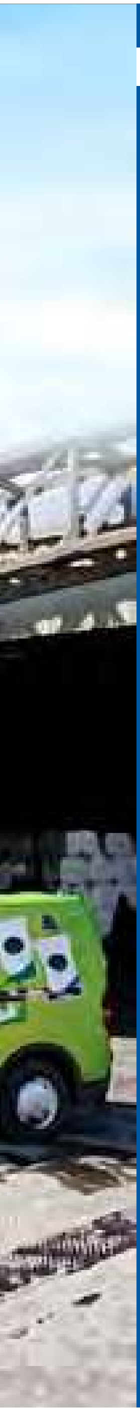
In the 2000s, MSM expanded its capacity significantly—MSM Prai's refining capability grew to **960,000 tonnes** in **2010**, positioning the Company as a formidable player in the global sugar market. The formation of MSM Malaysia Holdings Berhad and its successful listing on Bursa Malaysia in **2011** marked a new chapter of growth and corporate excellence. MSM continued to innovate with the establishment of MSM Johor and MSM Trading International DMCC (Dubai) in **2015**, expanding its global reach.

MSM's focus on sustainability and value creation has been pivotal in recent years. In **2023**, the launch of **Gula Prai Super Premium Sugar** showcased its product innovation, while its inclusion as a constituent of the **FTSE4Good Bursa Malaysia and FTSE4Good Bursa Malaysia Shariah Indices** with a rating of **3.3** stars (as at December 2024) reflects its commitment to ESG principles. As MSM celebrates its **60th anniversary**, its recognition at NACRA 2024 with Platinum and Silver awards symbolises its continued excellence in governance, reporting and stakeholder value.

From its humble beginnings to becoming a global leader in the sugar industry, MSM's journey of "60 Years, Growing Stronger" is a testament to its ability to adapt, innovate and thrive. With a foundation built on operational excellence, sustainability and a commitment to sweetening lives, MSM continues to pave the way for a stronger, more sustainable future for Malaysia and beyond.

By **2019**, MSM had demonstrated its global competitiveness with the commercial launch of MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor). Since 2023, MSM has been ranked as the **seventh-largest sugar refiner in the world** based on its annual refining capacity of 2.05 million tonnes. Further strengthening its market presence, the Company redefined its offerings in **2020** with the introduction of Premium Prai Sugar and a refreshed version of the iconic **Gula Prai** packaging.

60 Years, Growing Stronger



COVER RATIONALE

To commemorate MSM Malaysia Holdings Berhad's 60th Anniversary, the theme "60 Years, Growing Stronger" celebrates the Company's six-decade journey of resilience, innovation and leadership in the sugar industry. It reflects the Company's enduring legacy and its contributions to Malaysia's growth while honouring the milestones that have defined its progress.

"60 Years" signifies MSM's heritage, achievements, and the trust it has built with stakeholders since its inception in 1964. "Growing Stronger" highlights MSM's forward momentum, showcasing its commitment to adapt, innovate and thrive in a changing market. It encapsulates the Company's dedication to sustainable practices, operational excellence and delivering value, ensuring continued impact on communities and industries while building a stronger and sweeter future.

The cover's transition from monochrome to colour symbolises MSM's evolution, with both refineries and the surrounding greenery reflecting its operational excellence and environmental stewardship. The inclusion of MSM's product range highlights its enduring role in enhancing lives and market leadership. With vibrant greens and blues conveying progress and optimism, the design strikes a balance between honouring MSM's heritage and emphasising its forward-looking vision for sustainable growth and industry leadership.

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BASIS OF THIS REPORT

MSM MALAYSIA HOLDINGS BERHAD

MSM Malaysia Holdings Berhad (MSM, the Group or the Company) is pleased to present our Annual Integrated Report (AIR) for the financial year (FY) ending 31 December 2024. The purpose of this AIR is to provide our stakeholders with key and detailed information about our business strategy, performance and future prospects, framed in the context of Environmental, Social and Governance (ESG) considerations. Driven by our vision of becoming a world class and cost-efficient organisation driven by sustainability with a diversified portfolio in food-related business, we aim to create stakeholder value over the short, medium and long term through objective and transparent disclosures.

OUR REPORTING SUITE

The 2024 Reporting Suite comprises this Annual Integrated Report and the Sustainability Report (SR). Both reports and other investor resources are available online on our corporate website at https://www.msmsugar.com/investor-relations/reports

Scan here to access our corporate website

SCOPE AND BOUNDARIES

This Annual Integrated Report (AIR) details MSM's financial and non-financial performances from 1 January 2024 to 31 December 2024, including all aspects of our international and Malaysian businesses, especially in the Central and Southern regions. Alongside our performance, this report also considers challenges to the business along with opportunities and risks that may affect our value creation process.

MATERIALITY

The principle of materiality is applied in assessing the inclusion of information in our AIR. 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 internally and audited externally on an annual basis.

COMBINED ASSURANCE

We implement a combined assurance model to manage various aspects of our business operations. The contents of the entire AIR have been vetted and approved by the Management and Board of Directors. The financial statements included in this AIR have been audited by PricewaterhouseCoopers PLT, Malaysia.

BOARD RESPONSIBILITY STATEMENT

MSM acknowledges its responsibility to ensure the integrity of this AIR. We believe that 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as the <IR> Framework and has been authorised for release on 30 April 2025.

FEEDBACK

We greatly value your feedback as we continuously strive to improve our reporting. For feedback and enquiries regarding our reporting suite and the information contained within, please reach out to our Investor Relations team via email at investor.relations@msmsugar.com or via telephone at +603 2162 7900.

FORWARD-LOOKING STATEMENTS

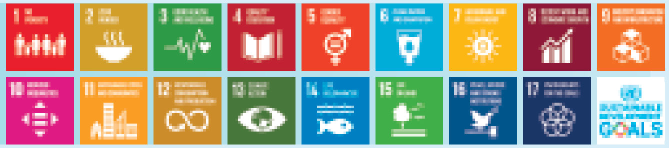
Throughout this AIR, we use forward-looking statements that pertain to the plans, goals, strategies and future performance of our organisation. These statements are not guarantees of future performance, as they involve risks and assumptions in the context of potential scenarios. While we continue to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

BASIS OF THIS REPORT

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



For more information on MSM's Sustainable Development Goals (SDGs), please refer to our SR 2024 available on our corporate website.

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

MATERIALITY 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

ADOPTING INTEGRATED REPORTING

MSM Malaysia Holding Berhad's adoption of integrated reporting is formulated on the Principle-based Framework of Integrated Reporting, comprising the Six Capitals, Seven Guiding Principles and Eight Content Elements as prescribed by the Value Reporting Foundation1 (VRF) and the International Financial Reporting Standards (IFRS). Hence, the contents of this AIR have been developed in accordance with:

6 CAPITALS

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

7 GUIDING PRINCIPLES

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

8 CONTENT ELEMENTS

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

OVERVIEW OF MSM

Total Manpower:
1,154
employees

Serving
>300
direct account customers

Produced
>1 million MT
of refined sugar products in 2024

Ranked **3rd**
most chosen fast-moving consumer goods (FMCG) brand in Malaysia for four consecutive years since 2020*

Premium Quality Sugar

Polarisation of **99.6%**

ICUMSA **40**

LARGEST STANDALONE SUGAR REFINERY IN MALAYSIA

OVERVIEW OF MSM

One of the largest sugar refiners in the global sugar industry

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

RM830 million

(as at 31 December 2024)

MSM Malaysia Holdings Berhad (MSM), Malaysia's leading refined sugar producer, has been listed on the Main Market of Bursa Malaysia Securities Berhad since 28 June 2011 with a market capitalisation of RM830 million as at 31 December 2024. The Group operates through two subsidiaries: MSM Prai Berhad (established in 1959) and MSM Sugar Refinery (Johor) Sdn Bhd (established in 2018).

In 2024, MSM proudly marks 60 years of operations, a milestone that underscores its enduring legacy and continued contributions to Malaysia's growth and development in the sugar industry.

The Group has an annual refining capacity of 2.05 million metric tonnes (MT), supported by its two refineries, MSM Prai Berhad (MSM Prai) and MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor). To enhance operational efficiency, MSM is actively optimising MSM Johor's capacity to further improve its operational excellence, reducing production costs. Additionally, MSM has begun a Rejuvenation Plan for MSM Prai, ensuring its operational reliability and extending the plant's lifespan by another 30 years.

MSM produces, markets and sells refined sugar under its flagship brand, Gula Prai, which has upheld the promise of "Sweetening Lives Since 1964." Serving both domestic and international markets, MSM caters to diverse customers, including household consumers, small and medium industries (SMIs), major industries, as well as traders, wholesalers and distributors across the region.

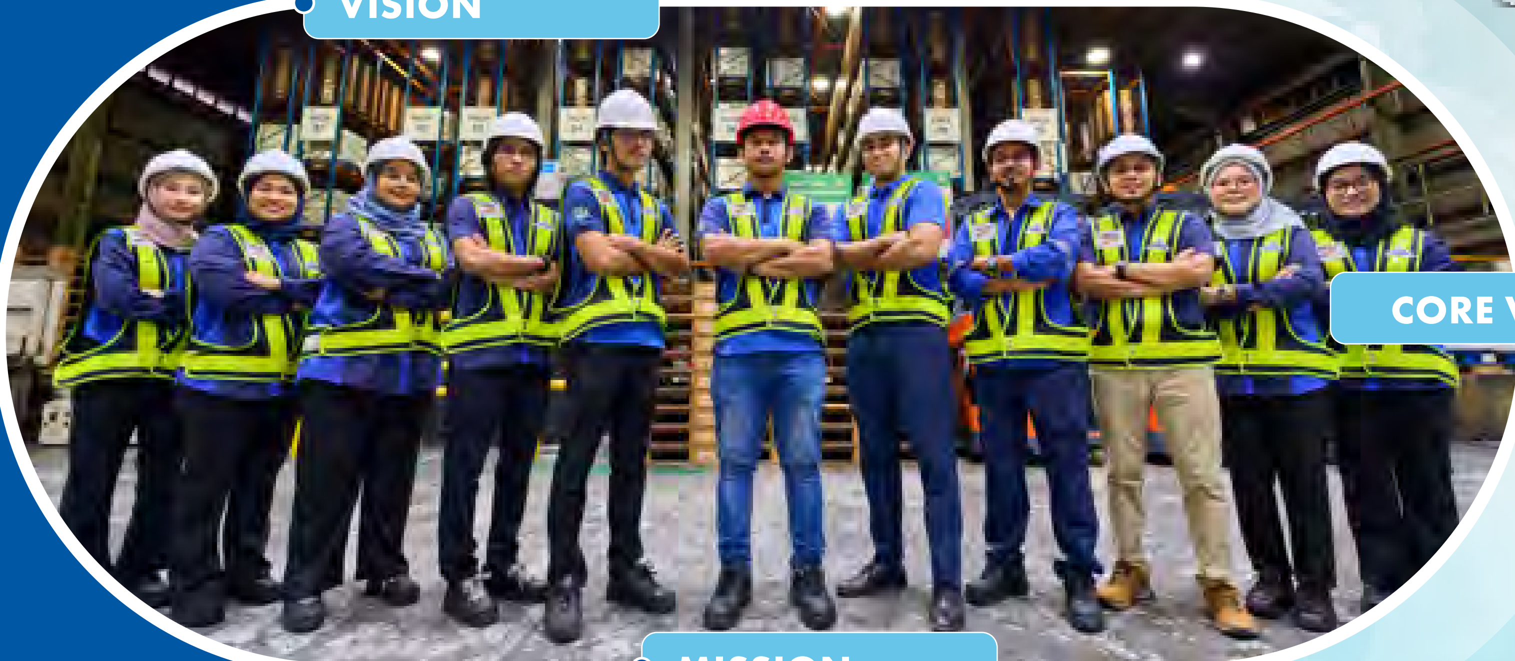
Note:

** Based on Kantar Asia Brand Footprint 2021 - 2024*

OVERVIEW OF MSM

VISION

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



CORE VALUES

- **SENSE** OF BELONGING
- **WINNING** ATTITUDE
- **INTEGRITY**
- **INNOVATION**
- **TEAMWORK**

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.

OVERVIEW OF MSM

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
- Sugar premix
- Liquid sugar
- Fine syrup
- Sucralose and stevia mix
- Molasses

OUR VALUE CHAIN

PRODUCING HIGH QUALITY PRODUCTS

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

OUR VALUE CHAIN

Through two established refineries located in Prai, Penang and Tanjung Langsat, Johor, MSM is known for its premium quality sugar with a high sucrose content which is the predominant choice of food and beverage industry consumers, both domestically and regionally.

In addition to its flagship refined sugar products, MSM leverages on its 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 the additional sustainable applications of mudcake, a sugar refining waste product, beyond its established use as fertiliser, promoting circular economy practices.

MSM AT A GLANCE

OUR BRAND PRODUCTS

GULA PRAI IS RANKED AS THE

3RD MOST CHOSEN FMCG BRAND IN MALAYSIA FOR FOUR CONSECUTIVE YEARS SINCE 2020*

* Based on Kantar Asia Brand Footprint 2021- 2024.

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

Coarse Grain Sugar

Here's a sugar product that you can't 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: Coarse Grain Sugar, P1, EP1
- Suggested Storage Conditions: Keep sugar in a cool and dry place at ambient temperature
- Packaging Size: 500g, 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: Fine Granulated Sugar, PXX, P1S, EPXX, EP1S
- Suggested Storage Conditions: Keep sugar in a cool and dry place at ambient temperature
- Packaging Size: 1kg, 25kg, 50kg, 500kg, 1,000kg & Bulk

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's also perfect to be lightly sprinkled over baked goods.

- Sugar Grades: Caster Sugar
- Suggested Storage Conditions: Keep sugar in a cool and dry place at ambient temperature
- Packaging Size: 500g, 25kg, 50kg, 900kg & 1,000kg

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

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 & 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

Go 1/2

Go 1/2 is mixed with sucralose to add the sweetness you love while reducing overall sugar consumption by half. So you enjoy more sweetness with less sugar. Packaged in convenient sachets for you to control the sugar in your drinks and desserts, even when you are on the go!

Fine grain sugar

Keep in a clean and dry place at ambient temperature and away from direct sunlight

2.5g x 50 sachets

Go Natura

Go Natura complements smaller sugar portions with the natural sweetness of stevia in handy sachets that you can take with you wherever you go. One sachet is all you need to satisfy your sweet tooth!

Fine grain sugar

Keep in a clean and dry place at ambient temperature and away from direct sunlight

2.5g x 50 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

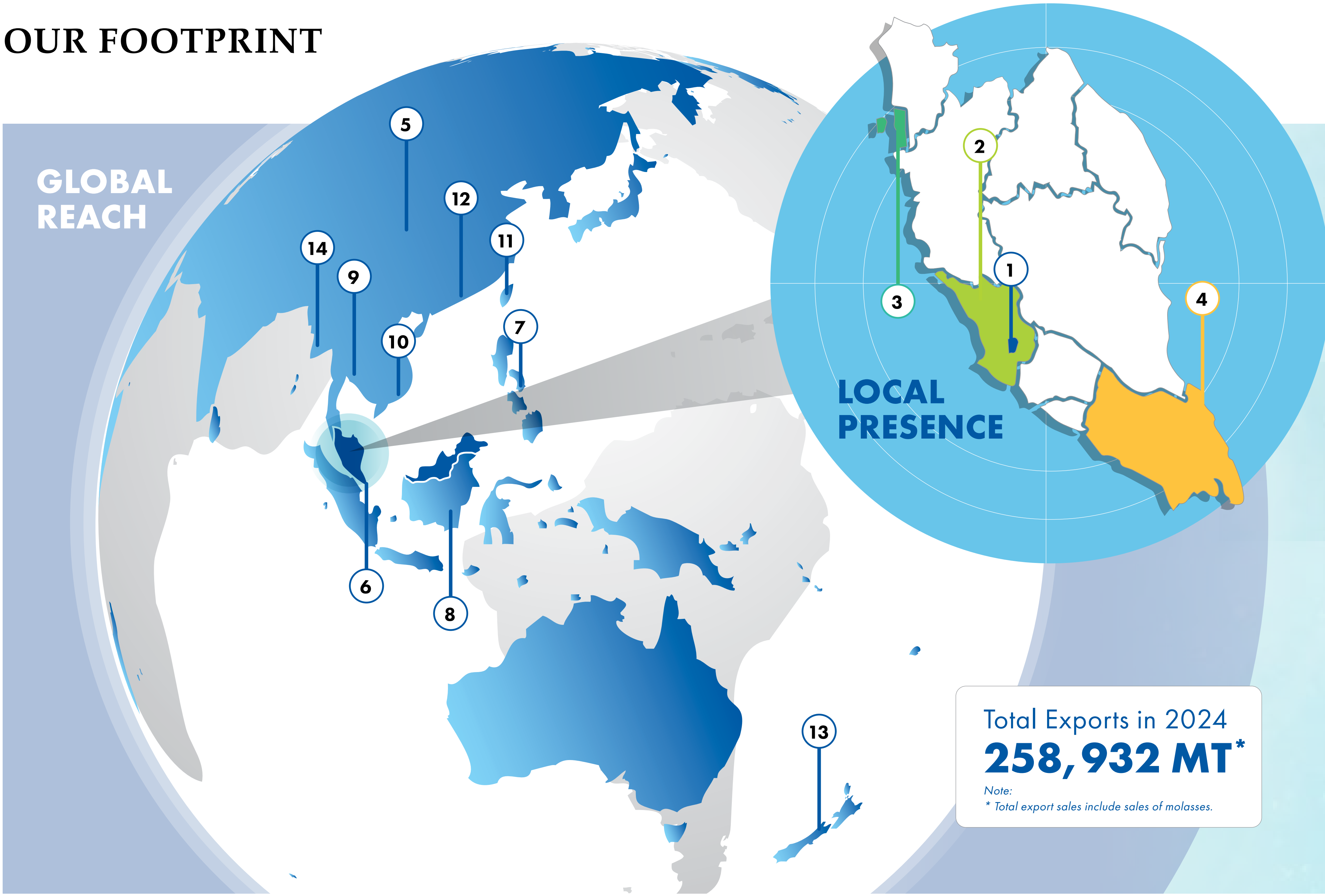
The thick and dark brown liquid molasses is a by-product derived from the sugar refining process. MSM sells molasses to distilleries and producers of ethanol, animal feed and yeast.

Molasses (liquid)

Keep in a cool and dry place

Ex-factory in customer's tanker

OUR FOOTPRINT



Total Exports in 2024

258,932 MT*

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

OUR FOOTPRINT

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)
Refining Capacity: 1.05 million MT

4 **MSM Johor**
MSM Sugar Refinery (Johor) Sdn Bhd
201501014132 (1139464-W)
Refining Capacity: 1.00 million MT

5 **China** **56,447 MT** (21.80%)

6 **Singapore** **44,739 MT** (17.28%)

7 **Philippines** **40,001 MT** (15.45%)

8 **Indonesia** **23,900 MT** (9.23%)

9 **Thailand** **14,775 MT** (5.71%)

10 **Vietnam** **14,745 MT** (5.69%)

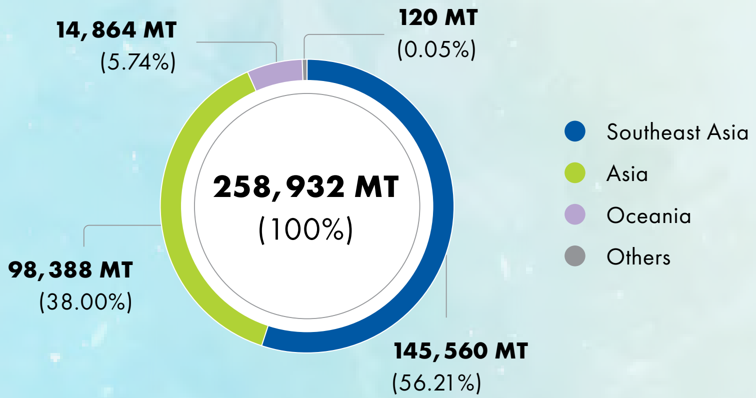
11 **Taiwan** **14,552 MT** (5.62%)

12 **Hong Kong** **13,310 MT** (5.14%)

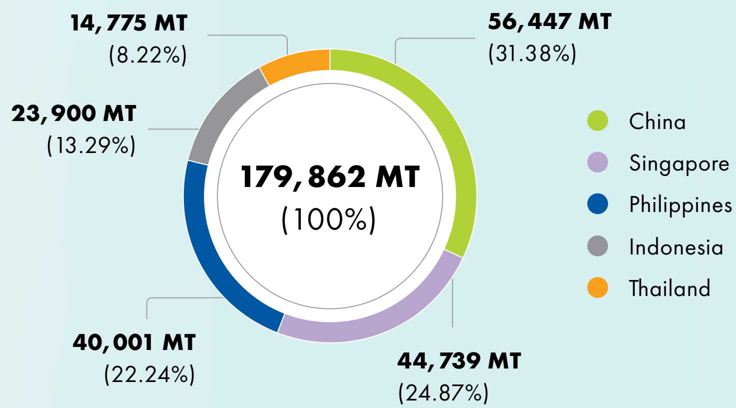
13 **New Zealand** **7,788 MT** (3.01%)

14 **Myanmar** **7,400 MT** (2.86%)

Regional Breakdown

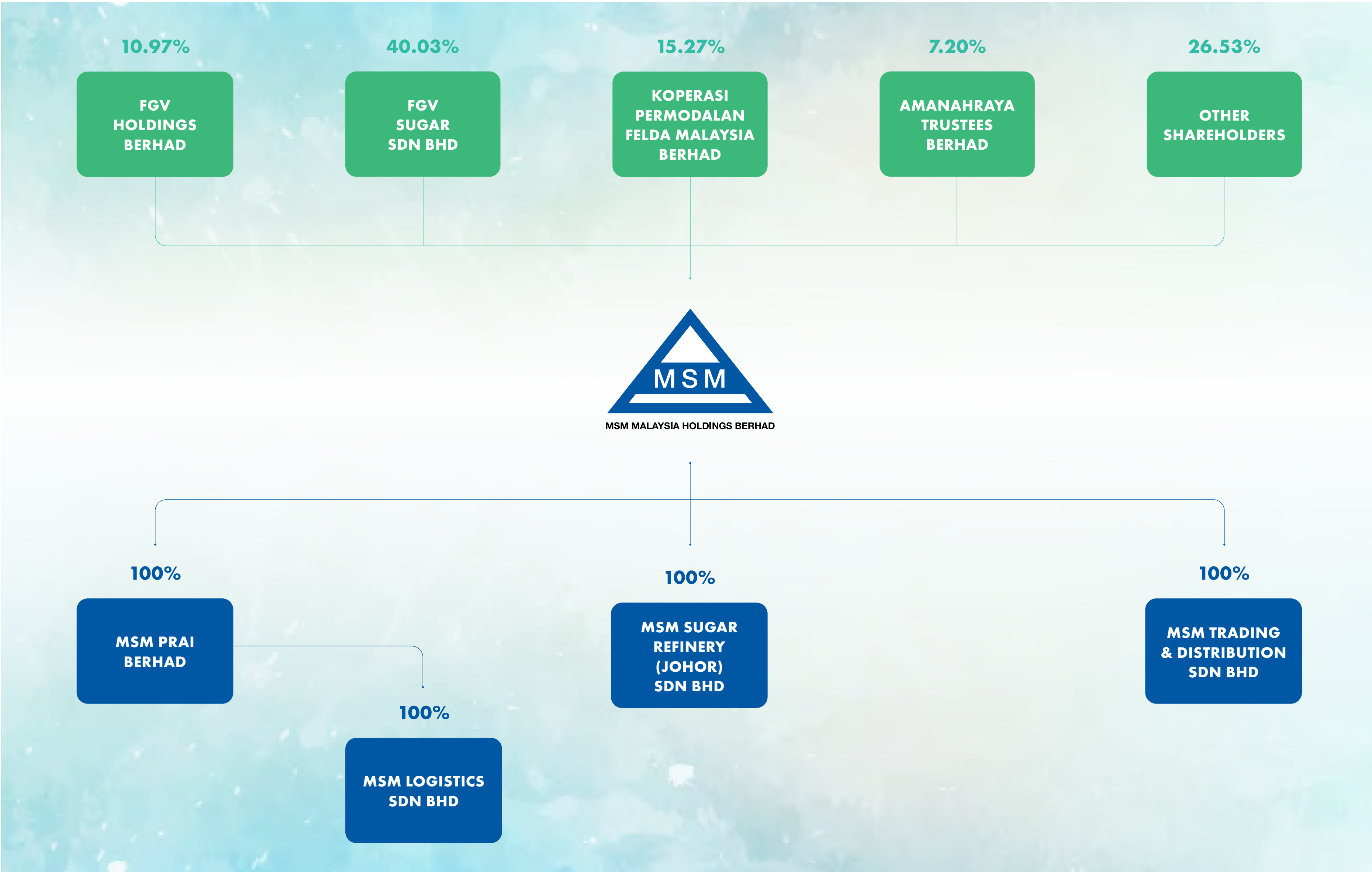


Top 5 Export Destinations



OUR GROUP STRUCTURE

AS AT 28 MARCH 2025



OUR CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Sri Muthanna Abdullah
Independent Non-Executive Director

Choy Khai Choon
Independent Non-Executive Director

Datuk Dr. Abd Hapiz Abdullah
Independent Non-Executive Director

Fakhrunniam Othman
Non-Independent Non-Executive Director

Low Chooi Hoon
Independent Non-Executive Director
(appointed with effect from 1 July 2024)

Dato' Dr. Suzana Idayu Wati Osman
Non-Independent Non-Executive Director
(appointed with effect from 16 August 2024)

Nurul Muhaniza Hanafi
Non-Independent Non-Executive Director
(appointed with effect from 1 December 2024)

Dato' Mohd Banuri Aris
Non-Independent Non-Executive Director
(appointed with effect from 1 December 2024)

Raja Faridah Raja Ahmad
Non-Independent Non-Executive Director
(resigned on 21 November 2024)

Dato' Mohd Nazrul Izam Mansor
Non-Independent Non-Executive Director
(resigned on 1 September 2024)

Nik Fazila Nik Mohamed Shihabuddin
Non-Independent Non-Executive Director
(retired on 6 June 2024)

Dato' Rosini Abd Samad
Independent Non-Executive Director
(cessation of office on 7 January 2024)

GROUP CHIEF EXECUTIVE OFFICER

Syed Feizal Syed Mohammad

CHIEF FINANCIAL OFFICER

Ab Aziz Ismail
(appointed with effect from 1 April 2025)

Dr. Mazatul 'Aini Shahar Abdul Malek Shahar
(resigned with effect from 12 August 2024)

COMPANY SECRETARY

Azni Ariffin (LS0010610)
SSM Practising Certificate
No.: 202008003324

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

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

STOCK EXCHANGE LISTING

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

INVESTOR RELATIONS AND ENQUIRIES

Investor Relations Officer:
Fariza Haizumi Ahmad
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

MSM Malaysia Holdings Berhad

MSM Gula Prai

MSMGULAPRAI TV

@msmgulaprai

@gulaprai

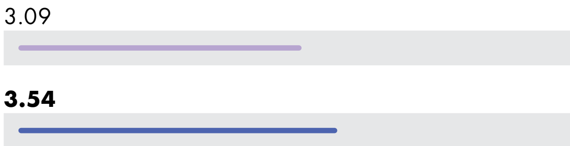
For MSM event highlights throughout 2024, please refer to pages 19 to 25 of this AIR.

YEAR IN REVIEW

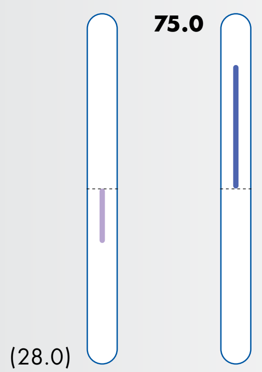
PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Revenue
RM3.54 billion



Profit/(Loss) Before Tax
RM75.0 million



Profit/(Loss) After Tax
RM31.3 million

2023 **2024**

For further information on the Company's financial performance, refer to pages 36 to 43 of this AIR.

BUSINESS HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

SUSTAINABILITY HIGHLIGHTS

E ENVIRONMENTAL

S SOCIAL

G GOVERNANCE

Environmental

100%
circularity of mudcake waste recovery into fertiliser or cement

Upgraded the Industrial Effluent Treatment System (IETS) at MSM Johor

7.00%
reduction in Scopes 1 and 2 greenhouse gas (GHG) emissions intensity

Non-hazardous waste recycled and recovered
25,413 MT

Achieved waste recycling rate of
95%
to support circular economy and waste diversion

Planted
4,200
mangrove and mangrove-associated trees since 2021

Social

33%
of board members are female

Lost-Time Incident Frequency Rate (LTIFR) reduced to
0.29

Invested over
RM1 million
in employee training and development

38%
female representation in executive roles and above

Zero
workplace fatalities

Recorded
29,439.5
hours of employee training

Governance

Achieved
100%
Board of Directors training on anti-corruption and corporate governance

Zero
confirmed incidents of corruption and action in 2024, achieved through stringent policies and procedures against bribery and corruption

99.47%
of our vendors are locally based

RM639.8 million
spent in procurement of goods and services from local suppliers

For further information on the Company's ESG efforts and initiatives, refer to pages 80 to 105 of this AIR or our SR 2024.

YEAR IN REVIEW

AWARDS & ACCOLADES

MSM MALAYSIA HOLDINGS BERHAD

National Corporate Governance & Sustainability Awards (NACGSA) 2024
Overall Excellence Award (Rank 19)

National Annual Corporate Report Awards (NACRA) 2024
Platinum Special Award for Best Annual Report in Bahasa Malaysia

Australasian Reporting Awards (ARA) 2024
Silver Award in the ARA General Award

NACRA 2024
Silver Excellence Award for Companies with Less Than RM2 billion in Market Capitalisation

24th Malaysia-International HR Awards 2024
Winner in the Best Employer Award (CSR) Private Sector

24th Malaysia-International HR Awards 2024
Silver Award in the Employer of Choice Award (Private Sector)

MSM PRAI BERHAD

42nd Malaysian Society for Occupational Safety and Health (MSOSH) Award 2024
Gold Class 1 Award (Manufacturing & Chemical Sector)

MSOSH Practitioner Awards
Ace Performance Award

MiSHA National Excellence Awards on OSH Principle of Prevention (OSHPoP) 2024

MiSHA Golden Award on OSHPoP 2024

MiSHA Excellence Award on OSH Risk Management in Food and Beverages Manufacturing Sector 2024

(SUNGAI BULOH WAREHOUSE)

42nd MSOSH Award 2024
Gold Class 1 Award (Manufacturing & Chemical Sector)

MSOSH Practitioner Awards
Ace Performance Award

MSM SUGAR REFINERY (JOHOR) SDN BHD

42nd MSOSH Award 2024
Gold Class 1 Award (Manufacturing & Chemical Sector)

MSOSH Practitioner Awards
Ace Performance Award

SIGNIFICANT EVENTS OF 2024

January 2024

1. Universiti Utara Malaysia (UUM) - School of Technology Management & Logistics (STML) Go Green Symposium 2024
2. MSM Prai Food Safety and Quality Week
3. Media & Analysts Visit to MSM Johor
4. MSOSH Practitioner Awards
5. MAIWP Run 2024





February 2024

1. FELDA FGV Fundraising Golf Tournament
2. Friendly Engagement Programme with Damai Orphanage, Kuang
3. WAQAF Run 2024
4. Crocodile Sanctuary Cleaning and Refurbishment
5. Penang Zakat Handover Ceremony





SIGNIFICANT EVENTS OF 2024

March 2024

1. Pulau Besar Beach Clean Up by MSM Johor and Local Residents
2. Launch of Platform Structure and New Effluent Treatment System at MSM Prai
3. MSM Prai Contribution to Masjid Jamek Prai
4. MSM at the Dubai Sugar Conference
5. MSM at international F&B trade fair, Gulfood 2024
6. Breaking Fast with Children of Buku Jalanan Chow Kit and Yayasan Chow Kit
7. MSM Contribution to Yayasan Maghrifah Charity Event 2024

April 2024

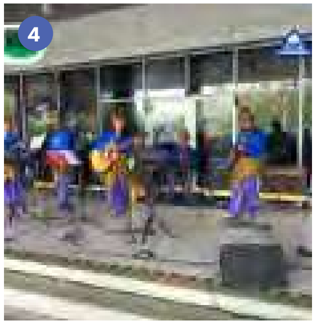
1. COFCO Sugar China Visit to MSM Johor
2. Industrial Site Visit to MSM Johor by IEM-UTM Skudai
3. One Million Trees Planting Programme in a Day
4. MSM Prai Riuh Rendah Open House 2024

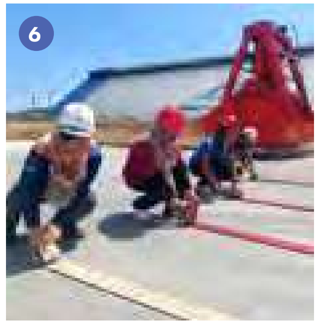
SIGNIFICANT EVENTS OF 2024

May 2024

1. National Labour Day 2024
2. World Safety and Health at Work Day Event at MSM Prai
3. MSM Semanis Syawal Open House 2024
4. MSM Johor Raya Open House 2024
5. SBW Klasik Raya Open House 2024
6. Emergency Response Team Training with Pasir Gudang Fire Department
7. MSM Forklift Cadet 2.0 Programme
8. MSM Johor Beach Clean Up and Visit to Turtle Hatchery
9. MSM Johor Donated to Dewi Sri Maha Karu Mariamman Temple



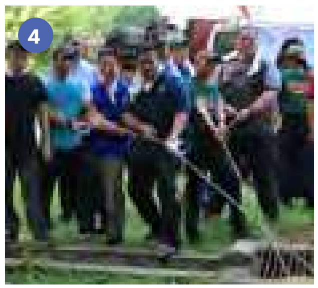






June 2024

1. MSM 13th Annual General Meeting
2. MSM Prai's Coral Rehabilitation and Cultivation Sustainability Programme at Pulau Perhentian
3. Corporate Social Responsibility (CSR) Green Package Initiative at the National Zoo
4. Korban Perdana at Anjung FELDA
5. Aidiladha Celebration at MSM
6. FGV Innovation & LSS Convention 2024
7. MSM Prai served as a Panel Jury Member for the Sekolah Lestari - Anugerah Alam Sekitar programme




SIGNIFICANT EVENTS OF 2024

July 2024

1. HSE Week at the Sungai Buloh Warehouse (SBW)
2. UUM - STML Green Carnival 2024
3. Hari Peneroka FELDA 2024
4. Protecting Shells, Preserve Seas 2.0
5. Monday Plogging at Tasik Titiwangsa
6. HSES & Q Carnival Week at MSM Johor
7. Health and Safety Week at MSM Prai







August 2024

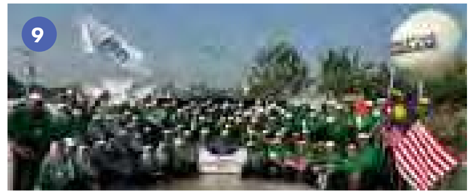
1. MSM Town Hall 2024
2. Rainforest Conservation Day Out at Elmina Rainforest Centre
3. 2024 CSR Programme by MSM Prai Berhad Trade Union
4. MSM Networking on the Greens
5. MSM Board Members and Top Management Visit to MSM Johor
6. Mangrove Planting Programme at Tanjung Langsat Port
7. MSM Prai Participated in Sustainable Schools - Environmental Awards Programme
8. Food Distribution for the Homeless at Medan Tuanku Homeless Service Centre
9. MSM Group 67th National Day Celebration











SIGNIFICANT EVENTS OF 2024

September 2024

1. CGRM Engagement with Malaysian Anti-Corruption Commission (MACC) Pulau Pinang
2. MSM's visit to the Paediatrics Ward at University Malaya Medical Centre
3. Malaysia International Halal Showcase (MIHAS) 2024
4. FELDA Regulatory Division, Prime Minister's Department Visit to MSM Johor
5. MSM Prai Berhad Trade Union Collective Agreement Renewal Signing Ceremony
6. National Corporate Governance & Sustainability Awards (NACGSA) 2024
7. MSM Prai participated in the Penang River Festival 2.0





YEAR IN REVIEW

SIGNIFICANT EVENTS OF 2024

October 2024

1. MSM representatives at the World Ozone Day 2024
2. Group People & Culture Wow Heboh Mini Carnival at Menara FELDA
3. Malaysia Professional Accountancy Centre (MyPAC) Delegation Courtesy Visit
4. Zakat Contribution by MSM Prai
5. MSM representatives at the National Environment Day Celebration
6. MSM celebrating Deepavali 2024
7. FGV Group's 2025 - 2027 Strategic Business Plan Roundtable Discussion

SIGNIFICANT EVENTS OF 2024

November 2024

1. Environment Week Malaysia 2024 at MSM Prai
2. MSM took home multiple awards at the MSOSH Awards 2024
3. Launch of Kilangku Syurgaku at SBW
4. MSM won two awards at the National Annual Corporate Report Awards 2024
5. The Royal Malaysian Police (PDRM) delivered a Road Safety Talk at SBW

December 2024

1. FELDA Group Misi Bantuan Banjir
2. MSM took home multiple awards at the 24th Malaysia-International HR Awards 2024

A PERSPECTIVE FROM OUR LEADERSHIP

CHAIRMAN'S STATEMENT

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

DEAR STAKEHOLDERS,

As we mark the momentous milestone of MSM Malaysia Holdings Berhad's 60th anniversary, it is with great pride that I reflect on a remarkable year defined by progress and perseverance. As we celebrate six decades of serving Malaysia and beyond, we are reminded that our longevity is built on more than just our production capabilities, it is anchored in our firm commitment to excellence, sustainability and creating long-term value for our stakeholders. I am proud to say that 2024 stands as a testament to our steadfast efforts, as we returned to profitability for the first time in three years and set our course for a more promising future.

CHAIRMAN'S STATEMENT

OPERATING ENVIRONMENT

The global economic landscape in 2024 presented formidable challenges for businesses across all sectors. Elevated inflation and persistently high interest rates constrained access to affordable capital, limiting growth opportunities and dampening investment momentum. Rising energy prices further compounded these pressures, driving up operational costs in production, logistics and transportation.

For the sugar industry, global market volatility intensified due to extreme weather events disrupting production in key regions. Severe droughts and wildfires in Brazil, one of the world's largest sugar producers, significantly reduced sugarcane yields, tightening global supply and driving prices higher. India's focus on ethanol production also limited sugar exports, adding further strain to global markets.

Geopolitical conflicts continued to reverberate through the global economy, impacting energy prices and contributing to inflationary pressures. Additionally, U.S. port strikes caused logistical disruptions, increasing freight costs and complicating global supply chains.

Despite these headwinds, MSM navigated the complexities of 2024 with resilience and foresight. Our proactive hedging strategies and operational excellence enabled us to mitigate market fluctuations and stabilise our operations, reinforcing our position as a reliable industry leader amidst global uncertainty.

"Our proactive hedging strategies and operational excellence enabled us to mitigate market fluctuations and stabilise our operations, reinforcing our position as a reliable industry leader amidst global uncertainty."

Recorded Profit Before Tax (PBT) of
RM75 million
in 2024 compared to Loss Before Tax (LBT) of RM28 million in 2023.

KEY ACHIEVEMENTS

2024 was a landmark year for MSM, as we charted a strong return to profitability and significant progress across our operations. We delivered a remarkable performance in the fourth quarter, recording a profit before tax (PBT) of RM96 million. As a result, this translated to a full year PBT of RM75 million, a significant turnaround from the loss before tax of RM28 million recorded in 2023. Consequently, this has given us the confidence to target a return as a dividend-paying company in the future.

We were able to achieve these stellar set of results as we upheld operational excellence, pursued market expansion and demonstrated leadership to strengthen our foundations and position us for future growth. In the year under review, we enhanced our production capabilities, improved operational efficiency in both our Prai and Johor refineries and expanded our market presence. We reinforced our market leadership by tapping into emerging markets with high demand potential and enhancing our partnerships across key markets such as China, Vietnam and Indonesia.

We also actively engaged with the Government and industry stakeholders to address critical challenges faced by the local sugar industry, particularly concerning the influx of imported sugar and market disruptions. Our advocacy efforts contributed to policy adjustments that stabilised the domestic market, including the restoration of a 70,000 MT annual import quota to protect local manufacturers.

CHAIRMAN'S STATEMENT

GOVERNANCE

At MSM, governance is the cornerstone of our commitment to ethical conduct, transparency and accountability. In 2024, we strengthened our governance framework through robust policies and proactive measures aimed at upholding the highest standards of integrity across all operations.

The Board, supported by the Audit, Governance and Risk Committee (AGRC), has been instrumental in steering our sustainability direction, ensuring alignment with our strategic objectives and regulatory obligations. We fortified our anti-corruption efforts through initiatives grounded in the T.R.U.S.T. framework, conducting comprehensive risk assessments, enhancing our anti-bribery policies and embedding systematic monitoring mechanisms.

Throughout the year, we championed a culture of integrity through various initiatives, including the MSM Integrity Symposium, Integrity Talks across MSM subsidiaries and the Corporate Governance & Risk Management (CGRM) Roadshow, which reinforced awareness of ethical practices and strengthened internal controls. We also deployed surveys to more than 1,000 employees under the Integrity Assessment Tool (IAT) to help us evaluate and measure our progress in embedding ethics and integrity into workplace culture. We achieved a high score of over 80%, reflecting a high level of integrity, transparency and accountability within the organisation.

This commitment to governance excellence was recognised through prestigious accolades, including the National Corporate Governance & Sustainability Awards (NACGSA) 2024 Overall Excellence Award for the Top 20 companies, in which we ranked 19th. The NACGSA award sets a benchmark for best practices among Malaysian public listed companies as it integrates three key assessments, namely the ASEAN Corporate Governance Scorecard, the Malaysian Code on Corporate Governance and the Sustainability Scorecard.

SUSTAINABILITY

At MSM, sustainability is at the heart of our operations, guiding how we impact the environment, society and economy. In the year under review, we continued to collaborate with Wilmar International Limited (Wilmar), to align our sourcing practices with No Deforestation, No People Exploitation (NDPE) principles. This commitment reflects our dedication to promoting ethical sourcing and ensuring transparency in maintaining a responsible sugar supply chain. Wilmar's NDPE Policy has been recognised by the Sustainable Agriculture Initiative Platform (SAI Platform) earning them a Gold Equivalent rating in the Farm Sustainability Assessment (FSA) 3.0.

Our commitment to sustainability is also evident in our improved ESG performance, achieving a commendable FTSE4Good ESG rating of 3.3 stars from 3.1 as of December 2024. Going forward, we are preparing for the adoption of the International Sustainability Standards Board (ISSB) framework, focusing on quantifying sustainability-related risks and opportunities, as required by Malaysia's National Sustainability Reporting Framework. Furthermore, in the context of sustainability governance, we will be transitioning oversight of sustainability from the AGRC to the newly established dedicated Board Sustainability Committee (BSC) from January 2025 onwards. The BSC is tasked to assist the Board to oversee, review and monitor MSM's progress in executing its sustainability strategies and ESG performance.

In line with Malaysia's climate ambitions, we are advancing efforts to reduce our environmental footprint by enhancing energy efficiency, exploring renewable energy solutions and aligning with global frameworks such as the Science-Based Targets Initiative (SBTi) and the Task Force on Climate-Related Financial Disclosures (TCFD).

"Our commitment extends to fostering a circular economy, where we focus on reducing waste and enhancing recycling to minimise our environmental impact. Initiatives like mangrove tree planting further highlight our dedication to environmental conservation and protecting biodiversity."

Established the **Board Sustainability Committee (BSC)** in January 2025.

CHAIRMAN'S STATEMENT

OUTLOOK

Following a pivotal turnaround in 2024, supported by the provision of the Joint Sugar Industry incentive by the Government to cover the global rise in input cost, MSM is entering a new phase of strategic evolution. Guided by our Business Plan 2025 – 2027 (BP27), we are set to embark on a three-year journey focused on stabilisation, growth and diversification.

In 2025, our primary focus will be on stabilising operations and strengthening our market presence, particularly in key regional markets. We will also prioritise improving operational efficiencies and solidifying our position in the domestic market.

Moving into 2026, our strategy shifts towards expanding the Sugar Universe—broadening our market reach, deepening our product offerings and fostering innovation within our core business. We aim to explore high-potential markets across Asia-Pacific and develop new partnerships that align with our growth objectives.

By 2027, we envision a transformation that extends beyond the sugar industry. Our goal is to diversify into complementary sectors such as essential food commodities and related industries, leveraging synergies with our key shareholders, FGV Holdings Berhad (FGV) Group and Federal Land Development Authority (FELDA). This expansion will enhance our contribution to Malaysia's economic landscape, drive job creation and fortify national food security.

BOARD MOVEMENTS

In 2024, MSM experienced several changes within our Board of Directors, marking a year of transition and renewal. We extend our heartfelt gratitude to those who concluded their service with us during the year. We acknowledge the contributions of Dato' Rosini Abd Samad, who concluded her tenure in January, followed by Nik Fazila Nik Shihabuddin in June, Dato' Mohd Nazrul Izam Mansor in September and Raja Faridah Raja Ahmad in November. Each of these esteemed individuals has played a pivotal role in shaping MSM's journey and we are deeply appreciative of their leadership, commitment and dedication during their time with us.

As we bid farewell to these distinguished directors, we also welcome new members who bring fresh perspectives and valuable expertise to our leadership team. Low Chooi Hoon has joined us as an Independent Non-Executive Director, stepping into the role previously held by Dato' Rosini. Representing FGV, we welcome Dato' Dr Suzana Idayu Wati Osman and Nurul Muhaniza Hanafi as Non-Independent Non-Executive Directors, bringing with them deep industry insight and strategic acumen. Additionally, Dato' Mohd Banuri Aris has been appointed as a Non-Independent Non-Executive Director, representing Koperasi Permodalan FELDA Malaysia Berhad (KPF), succeeding Raja Faridah.

Their collective expertise and leadership will be invaluable as we continue to chart a course for growth, innovation and operational excellence.

ACKNOWLEDGEMENTS

As we reflect on a year of meaningful achievements and transformation, I extend my heartfelt gratitude to all those who have contributed to MSM's success in 2024.

First and foremost, we are deeply appreciative of the support from the Ministry of Domestic Trade and Cost of Living (KPDN) and other relevant sugar industry authorities. To our customers, suppliers and business partners, thank you for your unwavering trust and partnership. Your support has been instrumental in driving our growth and ensuring that MSM remains the local sugar industry leader.

Our gratitude also goes to our shareholders, particularly the FELDA Group, including FGV and KPF, as well as Permodalan Nasional Berhad (PNB). Your continued confidence has empowered us to pursue our goals with resilience and purpose.

I also extend my appreciation to our Group Chief Executive Officer (Group CEO), Syed Feizal Syed Mohammad and MSM's management team for their outstanding leadership and dedication. To the entire Keluarga MSM, your hard work, passion and perseverance have been fundamental to our success. Your contributions ensure that MSM continues to thrive as a trusted leader in the sugar industry.

Our heartfelt appreciation also goes to Ab Aziz Ismail for joining us as our new Chief Financial Officer (CFO). His leadership and financial acumen will be invaluable in navigating the next phase of MSM's growth. We also wish to thank Nur Izwan Mohd Nawawi, our previous Officer-In-Charge, CFO, for his dedicated service and we are grateful for the strong financial foundation he laid during his tenure.

As we celebrate our 60th anniversary, we move forward with gratitude and determination, inspired by the contributions of all who support and believe in MSM's journey. Together, we look ahead with confidence to the next chapter of growth, innovation and success.

A PERSPECTIVE FROM OUR LEADERSHIP

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

DEAR STAKEHOLDERS,

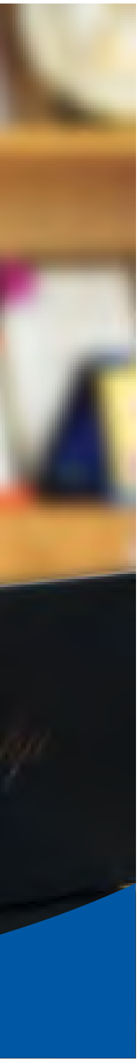
2024 marked a pivotal year for MSM, as we celebrated our 60th anniversary while achieving a significant financial turnaround that reflected years of disciplined execution and strategic transformation.

Amid market volatility, we remained resilient by enhancing operational efficiencies, refining cost structures and expanding our export footprint. With the dedication of our talented team and the support of our valued stakeholders, MSM is well-positioned to build on this momentum and chart a path toward enduring success.

"2024 was a defining year for MSM as we successfully delivered a significant turnaround, returning to profitability and achieving notable financial and operational improvements."

SYED FEIZAL SYED MOHAMMAD
Group Chief Executive Officer

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER



MSM delivered a strong financial turnaround in 2024, returning to profitability after facing challenges in previous years. What were the key drivers behind this success?

1

2024 was a defining year for MSM as we successfully delivered a significant turnaround, returning to profitability and achieving notable financial and operational improvements. For the full year, we recorded a profit before tax (PBT) of RM75 million, a remarkable reversal from the loss before tax (LBT) of RM28 million in 2023. This was underpinned by disciplined execution of our transformation strategy, focusing on cost optimisation, efficiency enhancements and market expansion.

One of the most significant contributors to our improved performance was stronger production efficiency. In 2024, the Group recorded a capacity utilisation factor (UF) of 54%, up from 48% in 2023 while our yield improved to 96% from 95%. These gains were supported by operational discipline at both MSM Prai and MSM Johor, where we streamlined processes, enhanced preventive maintenance and improved energy efficiency.

Despite market challenges, including volatile raw sugar prices and rising freight costs, we effectively managed risks through proactive hedging strategies and improved cost structures. Our revenue grew 15% year-on-year to RM3.54 billion, supported by an 8% increase in sales volume and a 6% higher average selling price (ASP).

Commercially, our export segment saw significant growth, with increased demand from key markets, including Asia-Pacific and new regions in North America and Europe. This diversification strategy not only bolstered revenue but also positioned MSM as a more competitive global player in the sugar industry.

Ultimately, MSM's turnaround was driven by strong operational execution, strategic cost management and a commitment to sustainable growth. With these fundamentals in place, we are now well-positioned to build on this momentum in 2025 and beyond.

We also brought in external expertise by engaging consultants from Wilmar, leveraging their deep industry knowledge to refine our operational strategies and drive efficiency across our production facilities. Their insights have been instrumental in streamlining processes, optimising production cycles and encouraging a culture of continuous improvement within our organisation.

"Ultimately, MSM's turnaround was driven by strong operational execution, strategic cost management and a commitment to sustainable growth."

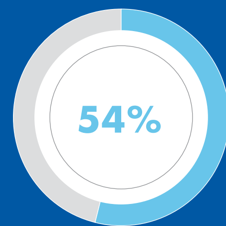
PBT

RM75 million

Revenue

RM3.54 billion

Group Capacity Utilisation Factor



A PERSPECTIVE FROM OUR LEADERSHIP

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

Reflecting on MSM's transformation journey, what were the pivotal factors that shaped the Company's progress to where it stands today in 2024?

2

MSM's transformation has been a journey defined by resilience, strategic clarity and unwavering commitment to operational excellence. Looking back over the past few years, the turning point began with the recognition that meaningful change required not only operational shifts but a comprehensive transformation across every aspect of the business.

In 2022, we faced significant challenges, including persistent inflationary pressures, rising input costs and underperformance at MSM Johor, which weighed heavily on our operations. It was during this period that we laid the groundwork for our turnaround by focusing on three core pillars: improving operational efficiency, optimising costs and reigniting our people's motivation and morale. These early steps included ramping up production, securing strategic contracts like the Coca-Cola supply agreement and refining our export strategy to expand into new markets such as Indonesia and China.

By 2023, our focus sharpened on stabilising operations and addressing specific challenges at MSM Johor. We made significant strides in enhancing operational reliability by rectifying equipment issues, improving production capabilities and increasing UF. Our broader transformation initiatives also took root as we expanded our ESG commitments and fostered a culture of accountability and innovation across the organisation. While digital tools supported operational improvements, our primary focus remained on enhancing core manufacturing performance and operational discipline.

Now, in 2024, we see the results of those efforts materialising. The financial turnaround this year reflects not just improved market conditions but the impact of years of hard work, disciplined execution and strategic foresight. Our team has embraced a performance-driven culture and operational excellence is now deeply embedded in how we do business. From overcoming production challenges at MSM Johor to strengthening our export presence and advancing ESG initiatives, each milestone has brought us closer to realising MSM's full potential.

This progress has only been possible because of the collective efforts of our dedicated workforce, the support from our shareholders and the resilience of our leadership team. Together, these factors have shaped MSM's journey to becoming a stronger, more agile organisation, prepared to navigate future challenges and seize new growth opportunities.

"Together, these factors have shaped MSM's journey to becoming a stronger, more agile organisation, prepared to navigate future challenges and seize new growth opportunities."

Average UF of **30%** at MSM Johor in 2024 compared to 22% in 2023

2023	22%
2024	**30%**

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

The turnaround at the Johor refinery has been particularly noteworthy. What steps did management take to motivate the team and drive this transformation?

3

The turnaround at MSM Johor stands as one of the most significant achievements in our transformation journey and it is, without a doubt, a testament to the resilience and dedication of our people. When we began this effort, MSM Johor was weighed down by operational inefficiencies and underutilisation, which had long been barriers to unlocking its full potential. However, we understood early on that the solution was not just technical. It was about reigniting motivation and creating a culture of accountability and ownership among our people.

The first critical step was rebuilding morale and instilling a sense of belief within the team. We recognised that operational challenges were deeply intertwined with how our people felt about their work and their potential to effect change. Management made it a priority to be present on the ground, engaging directly with employees to understand their concerns, gather insights and foster a collaborative environment. This helped us break down barriers between leadership and operational teams, creating a more inclusive and transparent workplace culture.

We also focused on empowering our people through targeted upskilling initiatives. Employees were encouraged to take ownership of their roles and were provided with opportunities for training and professional development. As a result, many team members began to emerge as subject matter experts, taking initiative to optimise operations and implement innovative solutions. This shift in mindset was critical to building a team that was not only capable but also motivated to drive continuous improvement.

Another vital element was strategic leadership appointments which involved placing the right individuals in key positions who could drive the transformation agenda forward with clarity and purpose. We ensured that those leading MSM Johor were equipped with both technical expertise and the leadership skills necessary to inspire their teams.

Operationally, we introduced disciplined management practices focused on preventive maintenance, efficiency optimisation and reliability improvements. These efforts culminated in significant milestones, including achieving record-breaking utilisation factors and operational stability. By the end of 2024, MSM Johor had reached an unprecedented level of operational efficiency, reflecting the hard work and dedication of everyone involved.

This transformation was not just about fixing equipment or streamlining processes. It was about fostering a culture of ownership, pride and belief in our collective ability to succeed. Today, MSM Johor stands as a symbol of what can be achieved when strategy, leadership and people come together with a shared vision for progress.

"Leadership and people come together with a shared vision for progress."

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

How is MSM strengthening its environmental, social and governance (ESG) commitments and what progress has been made in 2024?

4

In 2024, MSM continued to embed ESG principles deeply within our operations, reinforcing our commitment to sustainable and responsible business practices. This focus is not just a compliance exercise but a core pillar of our long-term growth strategy. I am encouraged by how our employees have embraced this journey. There is growing awareness and engagement across MSM toward sustainability goals, which is vital for driving long-term change. This cultural shift has been reflected in the way teams contribute to operational efficiency and support broader ESG initiatives.

On the environmental front, we have made notable progress in energy efficiency, achieving significant improvements across our operations. Our Prai refinery recorded a remarkable energy intensity below 1.0 tonnes of steam per tonne of raw sugar melted (Ts/Tr), while Johor improved its energy efficiency substantially, reducing consumption to 1.22 Ts/Tr by the end of 2024. These gains have translated into lower emissions and a reduced carbon footprint, supporting our broader decarbonisation goals. We are also advancing toward a zero landfill objective, achieving a 95% waste recovery rate. The next target is full recovery, with initiatives like exploring potential uses for waste products of the sugar refining process such as mudcake, including research into applications for animal feed and aquatic life.

From a social perspective, we focused on fostering a motivated and skilled workforce. Our talent development initiatives, such as the Prodigy programme, have played a crucial role in nurturing young talent, providing graduates with valuable industry experience and helping address graduate unemployment. We have also emphasised diversity, recognising the value brought by varied demographics, including increasing female representation in leadership roles and encouraging the inclusion of fresh perspectives from younger employees.

On the governance front, we have strengthened our integrity framework through initiatives like the MSM Integrity Symposium, promoting a culture of accountability across all levels of the organisation. Additionally, we have made significant strides in sustainability reporting, proactively preparing for upcoming regulatory requirements under Bursa Malaysia's National Sustainability Reporting Framework.

Our Prai refinery recorded a remarkable energy intensity below

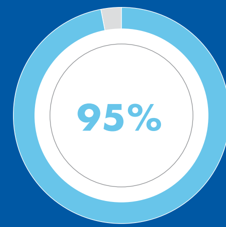
1.0 Ts/Tr

Johor improved its energy efficiency substantially, reducing consumption to

1.22 Ts/Tr

by the end of 2024

We are also advancing toward a zero landfill objective, achieving a



waste recovery rate

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER

What is your outlook for MSM as it moves forward and what are the key priorities for 2025 and beyond?

5

Looking ahead, we approach 2025 with cautious optimism, buoyed by the progress made over the past year and the firm foundation laid by our transformation journey. Our focus will be on unlocking greater operational potential while advancing strategic growth initiatives that position MSM for long-term sustainability.

Operationally, we will continue to sweat our assets. For MSM Prai, the goal is to maintain high performance with a utilisation factor (UF) above 80%, yield targets around 97% and energy efficiency below 1.0 Ts/Tr. With MSM Johor having stabilised operations, we will focus on ramping up to 45% UF, with a targeted yield of 94% and continued improvements in energy consumption. The completion of Boiler 3 in Johor by late 2025 will further enhance production capacity and operational efficiency.

Commercially, we aim to expand our market presence, particularly in China and the ASEAN region, including Vietnam, Indonesia, Singapore and the Philippines. Our goal is to increase total export volumes to 360,000 MT in 2025, with an emphasis on value-added products like liquid sugar and premixes from MSM Johor. This diversification will strengthen our export footprint and help mitigate domestic market volatility.

Innovation will remain central to our strategy, not only through technological advancements but also by rethinking financial models and operational processes. We are exploring new trading opportunities, inspired by industry leaders such as Wilmar, as well as plantation initiatives as a long-term sustainability strategy.

Another critical priority will be preparing for carbon tax implications and enhancing our risk management frameworks, particularly in the face of unpredictable factors like climate-related disruptions and geopolitical tensions. Our proactive hedging strategies and continuous improvements in operational efficiency will be vital in navigating these external challenges.

Internally, we aim to foster a culture of ambition and innovation. Our next phase of growth will require unlocking new levels of potential within the organisation, supported by strategic partnerships and an open mindset toward bold ventures that can drive significant business value.

Ultimately, our outlook for 2025 and beyond is shaped by our commitment to sustainable growth, operational excellence and market leadership. We are poised to build on the momentum of 2024, with a clear focus on strengthening MSM's position both domestically and globally.

"We are poised to build on the momentum of 2024, with a clear focus on strengthening MSM's position both domestically and globally."

Our goal is to increase total export volumes to

360,000 MT

in 2025

GROUP FINANCIAL REVIEW

OVERVIEW

2024 in Summary

2024 marked a turnaround for MSM, with the Group continuing its positive momentum to produce a year-on-year improvement, made all the more significant with a return to profitability.

Our transformation journey remains on track, setting the foundation for sustainable growth and long-term profitability. This progress was underpinned by stronger operational performance at MSM Johor and the continued optimisation of steady operations at MSM Prai.

While the year brought positive momentum, it was not without challenges. High inflation weighed on domestic consumer spending, while persistently elevated interest rates, rising energy prices and volatile NY11 commodity prices added pressure. In the latter part of the year, the sharp and sudden strengthening of the Ringgit against the US Dollar (USD) further impacted assets with USD carrying values. Like many other businesses, MSM also faced increased input costs amid ongoing geopolitical uncertainties.

Despite these hurdles, the Group delivered a strong performance in FY2024, a testament to our resilience and ability to adapt to evolving business conditions.

STATEMENT OF COMPREHENSIVE INCOME

REVENUE

In FY2024, the Group recorded higher revenue of RM3.54 billion, 15% higher compared to RM3.09 billion in FY2023. Contributing to this was an 8% growth in sales volume and a 6% increase in the average selling price (ASP). Geographically, approximately 80% of the Group's revenue came from our Domestic operations. As part of the local Joint Sugar Industry, we continued to receive incentives from the Government which started in November 2023. This incentive, which accounts for 8% of our total revenue, is vital to address the systemic anomaly in the retail price of packed sugar sold in Malaysia, which ranks as the lowest in the region. We are pleased that the Government acknowledges our key role in ensuring the sustainability of sugar supply in Malaysia, especially considering that we continued to maintain consistent and sufficient supply despite the regulated ceiling price being significantly lower than input costs.

While the incentive has helped neutralise the ceiling price challenge in the Wholesale segment, we have also improved revenue from other segments. The Group's adjusted revenue over and above the incentive grew 7% year-on-year. The Domestic segment, which comprises Wholesale and Industry segments, grew its underlying sales by 6% on the back of a 6% growth in volume.

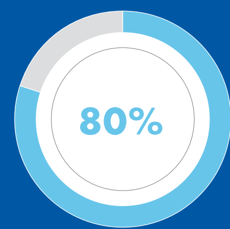
The Wholesale segment alone, excluding incentives, grew 3%, resulting from a 4% rise in sales volume, testifying to the Group's strong brand presence in Malaysian households. The Industry segment has also shown significant improvement with an 8% growth in revenue, reflecting an 8% growth in volume, despite selling prices remaining unchanged over the last financial year.

In addition, the Export segment's revenue, which accounts for the remaining 20% of the Group's total revenue, grew underlying sales by 11%. This was due to strong volume growth of 17%, indicating MSM's robust position and marketability in the regional market. However, the ASP for Export declined by 5% due to challenging price competition in the Export segment as well as fluctuations in the USD exchange rate.

The Group recorded higher revenue of

RM3.54 billion

Approximately



of the Group's revenue came from our Domestic operations

GROUP FINANCIAL REVIEW

Gross Profit margin percentage of

6%

double the Gross Profit margin in FY2023 of 3%

Profit from operations also grew exponentially to

RM112 million

from RM12 million in FY2023

Profit before tax (PBT) of

RM75 million

in FY2024

PROFITABILITY

The Group registered profit before tax (PBT) of RM75 million in FY2024 swinging back to black following a loss before tax of RM28 million in the previous year. Gross Profit rose to RM216 million, up from RM79 million in FY2023. This translates to an improved Gross Profit margin percentage of 6%, double the Gross Profit margin in FY2023 of 3%. Profit from operations also grew exponentially to RM112 million, from RM12 million in FY2023.

The remarkable improvement in performance can be attributed to several key factors. Firstly, our well-established risk mitigation strategy for raw sugar hedging has been crucial in mitigating the volatility of raw sugar costs. Additionally, efficiency improvements at both refineries have led to higher output and enhanced yield, resulting in better energy consumption, as well as reduced refining costs. Furthermore, the government incentive received has strengthened the Wholesale segment's performance, helping to offset losses from the regulated ceiling price and contributing to the overall sustainability of our business operations.

GROUP FINANCIAL REVIEW

FINANCE COSTS AND GEARING RATIO

The Group's borrowings have decreased significantly by 21% year-on-year, dropping to RM894 million from RM1.1 billion in FY2023. As a result of the lower borrowings, finance costs for the year were RM44 million, down from RM48 million in FY2023. This reduction in borrowings is directly attributed to intentional efforts to reduce debt, lower finance costs and improve the gearing ratio. The Group's gearing ratio, calculated as net debt over total capital, stands at 34% for the current year, an improvement from 37% in FY2023, driven by higher total capital resulting from improved profitability. This achievement is particularly noteworthy considering the challenges faced throughout the year, including elevated interest rates and rising input costs. To mitigate these challenges, the Group has leveraged internal funds, where possible, to finance raw sugar purchases and capital expenditure projects.

TAXATION

The Group recorded a higher tax expense of RM43 million in FY2024 compared to RM21 million in FY2023 as a result of improved profitability. The effective tax rate for FY2024 was 57%, higher than the statutory income tax rate of 24% driven by deferred tax assets not recognised in a subsidiary.

Significantly **decreased borrowings by 21%** year-on-year to RM894 million

Group's gearing ratio stands at **34%** for FY2024, an improvement from 37% in FY2023

STATEMENT OF CASH FLOWS

The Group's strong profitability has contributed to improved cash management for the year, despite a lower cash balance of RM174 million at the end of FY2024, compared to RM278 million at the close of FY2023. Operating activities have generated total net cash of RM226 million, a significant improvement from the cash outflow for operating activities of RM111 million in FY2023. This improvement was mainly driven by the surge in core operating profit and more effective working capital management. The lower cash balance at the year end is primarily due to the use of internal funds for raw sugar purchases, repayment of term loans and investments in capital expenditure projects.

Generated total net cash of **RM226 million** from operating activities

GROUP FINANCIAL REVIEW

FOCUS FOR 2025

The outlook for the global economy remains uncertain, with FY2025 expected to face tighter financial market conditions, potential currency volatility and ongoing geopolitical uncertainties. While the Group has seen financial improvements in FY2024, we acknowledge the significant challenges ahead in maintaining financial performance and delivering greater value to our shareholders. Moving forward, continued focus will be placed on strengthening risk mitigation against commodity price volatility, improving working capital and managing operational expenditures. Our efforts will remain dedicated to driving volume growth, increasing margins and optimising costs. Furthermore, all areas of the business are aligned towards operational efficiency, which is crucial for generating sustainable profits and strengthening the balance sheet.

As we navigate these challenges, we welcome Ab Aziz Ismail as our new Chief Financial Officer, effective 1 April 2025. We also extend our sincere appreciation to Nur Izwan Mohd Nawawi, who served diligently as Officer-In-Charge, CFO since 12 August 2024, for his leadership and contributions during a critical transition period.

FINANCIAL PERFORMANCE

5-YEAR FINANCIAL HIGHLIGHTS

	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Revenue	**3,544,733**	3,091,223	2,565,985	2,259,698	2,184,463
Cost of Sales	**(3,328,595)**	(3,011,960)	(2,611,704)	(2,098,744)	(2,016,920)
Gross Profit/(Loss)	**216,138**	79,263	(45,719)	160,954	167,543
Other Operating Income	**4,254**	23,441	10,044	9,897	1,566
Selling and Distribution Expenses	**(23,449)**	(25,676)	(39,639)	(28,293)	(26,101)
Administrative Expenses	**(81,442)**	(75,031)	(70,808)	(66,106)	(62,374)
Reversal of Impairment/(Impairment) of Financial Assets - Net	**745**	693	2,819	(1,635)	(6,565)
Reversal of Impairment of Non-Financial Assets	**-**	-	-	16,427	11,775
Other Operating Expenses	**(3,654)**	(1,854)	(249)	(7,682)	(14,232)
Other (Losses)/Gains - Net	**(384)**	10,979	(7,025)	41,998	(2,816)
Profit/(Loss) from Operations	**112,208**	11,815	(150,577)	125,560	68,796
Finance Income	**7,068**	7,932	4,022	2,587	3,835
Finance Costs	**(44,312)**	(47,760)	(31,984)	(47,045)	(36,784)
Profit/(Loss) before Zakat and Taxation	**74,964**	(28,013)	(178,539)	81,102	35,847
Zakat	**(1,000)**	(1,000)	(1,000)	(1,000)	(1,486)
Taxation	**(42,710)**	(20,871)	827	(43,487)	(30,498)
Profit/(Loss) for the Financial Year from Continuing Operations	**31,254**	(49,884)	(178,712)	36,615	3,863
Discontinued Operations					
Profit/(Loss) from Discontinued Operations, Net of Tax	**-**	-	-	88,738	(75,091)
Profit/(Loss) for the Financial Year	**31,254**	(49,884)	(178,712)	125,353	(71,228)

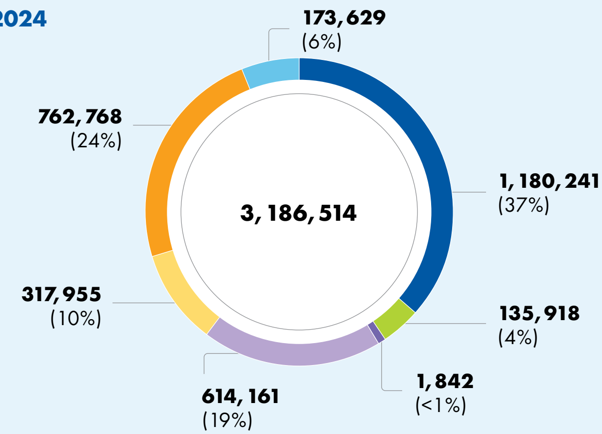
FINANCIAL RATIOS	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Return on Shareholder's Equity	**2.09%**	(3.40%)	(11.80%)	7.32%	(4.50%)
Return on Total Assets	**1.0%**	(1.7%)	(6.4%)	4.4%	(2.6%)
Debt Equity Ratio	**1.1**	1.0	0.9	0.7	0.8
Dividend Cover	**-**	-	-	5.9	-
Total Assets	**3,186,514**	2,890,753	2,811,793	2,870,839	2,770,280
Net Assets per Share	**2.13**	2.08	2.15	2.44	2.25
Earnings/(Loss) per Share (Sen)	**4.45**	(7.10)	(25.42)	17.83	(10.13)

FINANCIAL PERFORMANCE

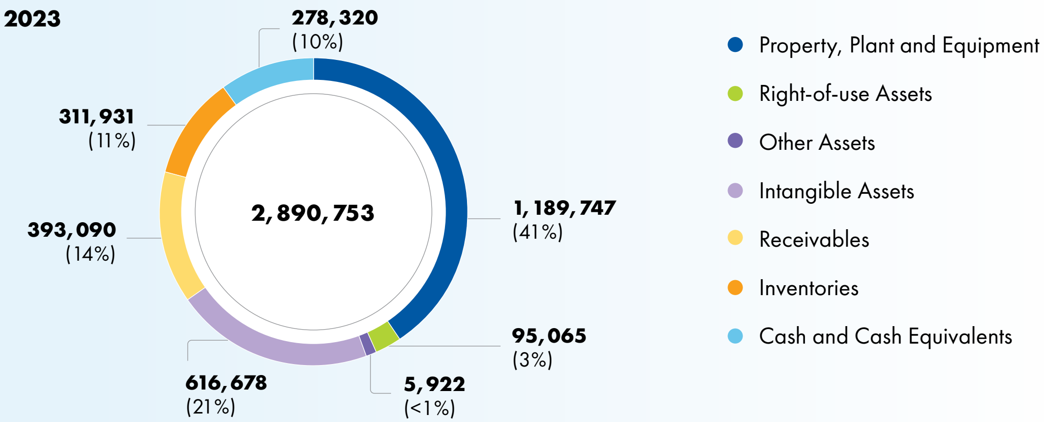
STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS (RM'000)

2024

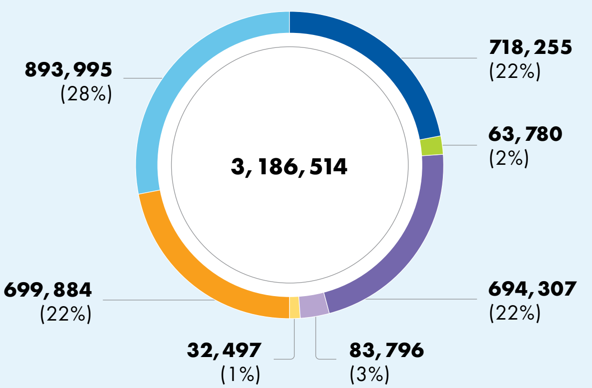


2023

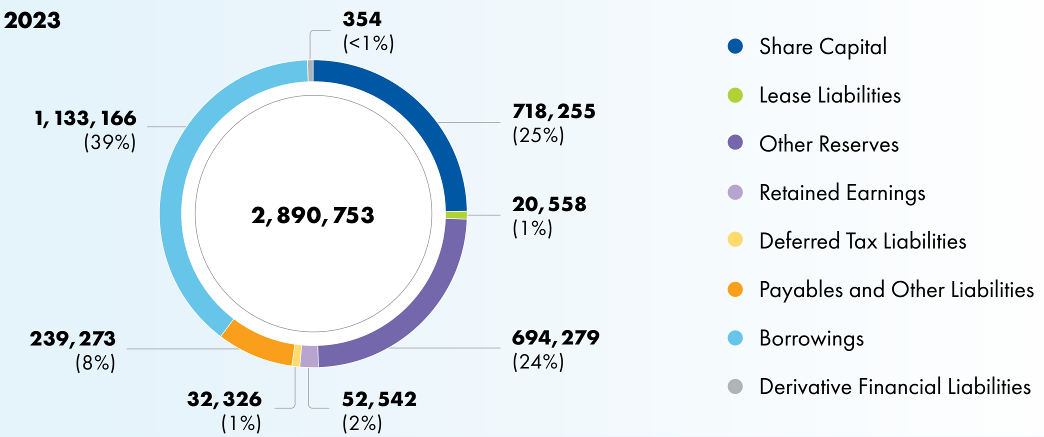


TOTAL EQUITY AND LIABILITIES (RM'000)

2024



2023



FINANCIAL PERFORMANCE

QUARTERLY FINANCIAL PERFORMANCE

	First Quarter RM'000	Second Quarter RM'000	Third Quarter RM'000	Fourth Quarter RM'000
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**
2023				
Revenue	588,393	746,231	806,722	949,877
(Loss)/Profit from Operations	(25,403)	(5,813)	(22,765)	65,796
(Loss)/Profit before Zakat and Taxation	(33,183)	(14,203)	(33,830)	53,203
(Loss)/Profit Attributable to Equity Holders of the Company	(35,875)	(20,817)	(36,063)	42,871
Basic (Loss)/Earnings per Share (Sen)	(5.10)	(2.96)	(5.13)	6.10

STATEMENT OF VALUE ADDED

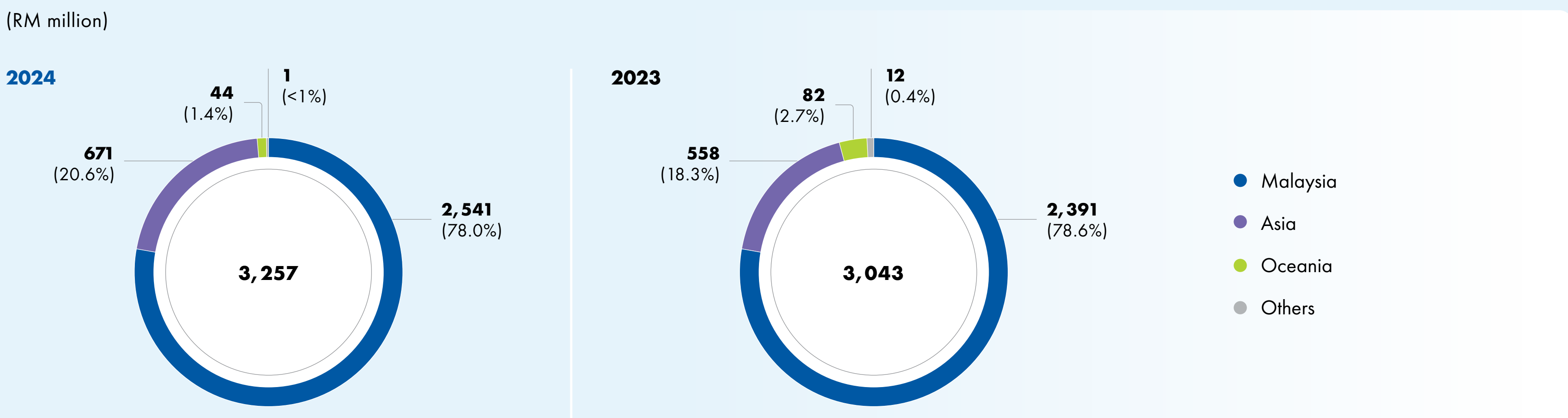
	2024 RM'000	2023 RM'000
Value Added		
Revenue	**3,544,733**	3,091,223
Purchase of Goods and Services	**(3,238,361)**	(2,928,275)
Value Added by the Group	**306,372**	162,948
Other Operating Income	**4,254**	23,441
Other (Losses)/Gains - Net	**(384)**	10,979
Reversal of Impairment of Financial Assets	**745**	693
Finance Income	**7,068**	7,932
Finance Cost	**(44,312)**	(47,760)
Value Added Available for Distribution	**273,743**	158,233

FINANCIAL PERFORMANCE

STATEMENT OF VALUE ADDED (CONTINUED)

	2024 RM'000	2023 RM'000
Distribution		
To Employees		
- Employment Cost	**115,521**	103,594
To Government/Approved Agencies		
- Taxation and Zakat	**43,710**	21,871
To Shareholders		
- Dividends	**-**	-
Retained for Reinvestment and Future Growth		
- Depreciation and Amortisation	**83,258**	82,652
- Retained Profits/(Losses)	**31,254**	(49,884)
Total Distributed	**273,743**	158,233

REVENUE BY REGION



Note:
Revenue includes sales of molasses.

MARKET LANDSCAPE

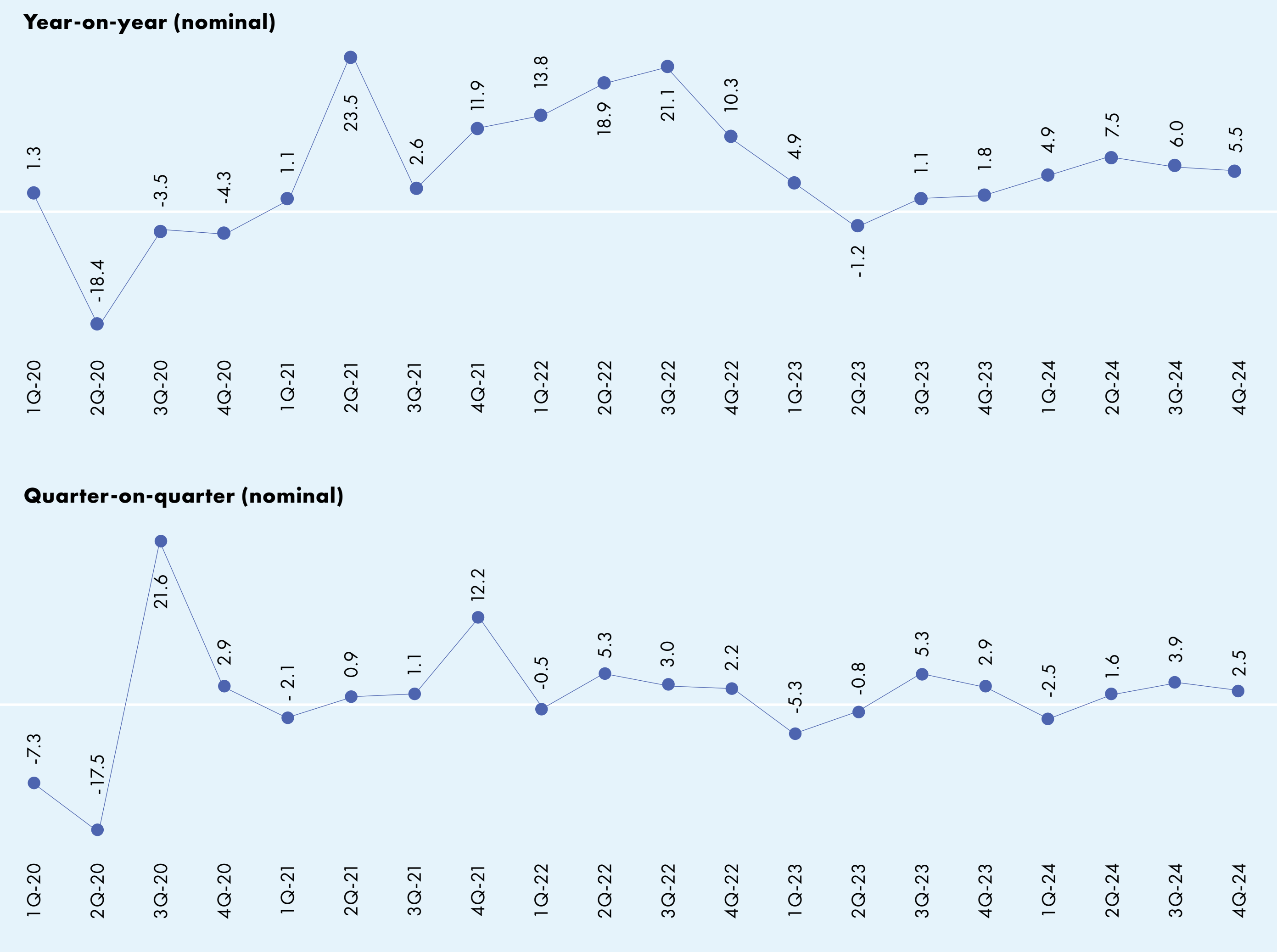
OVERVIEW

In 2024, various macroeconomic factors significantly influenced the global business environment, including the sugar industry in which MSM operates. Persistently high inflation kept interest rates elevated, driving up financing costs and limiting access to affordable capital. This situation hampered investment in growth and innovation, compounding the challenges faced by many industries. Additionally, rising energy prices increased operational costs across production, transportation and logistics, leading to tighter margins and heightened financial pressures.

The impact of extreme weather events, exacerbated by climate change, further disrupted global commodity markets, particularly in the sugar industry. Major producers like Brazil and India experienced challenges in sugarcane harvests, tightening supply and pushing prices upward. Volatile currency exchange rates, including a stronger U.S. dollar, added to the complexity of global trade, affecting pricing and competitiveness.

Despite these challenges, the raw sugar (NY11) market experienced a notable shift by the end of 2024. Prices dropped from 23.71 to 19.04 US cents per pound, driven by improved supply prospects from Brazil, which benefitted from record-breaking sugar production and favourable weather conditions. This improvement provided short-term relief to global markets, easing price pressures and stabilising conditions in the latter part of the year.

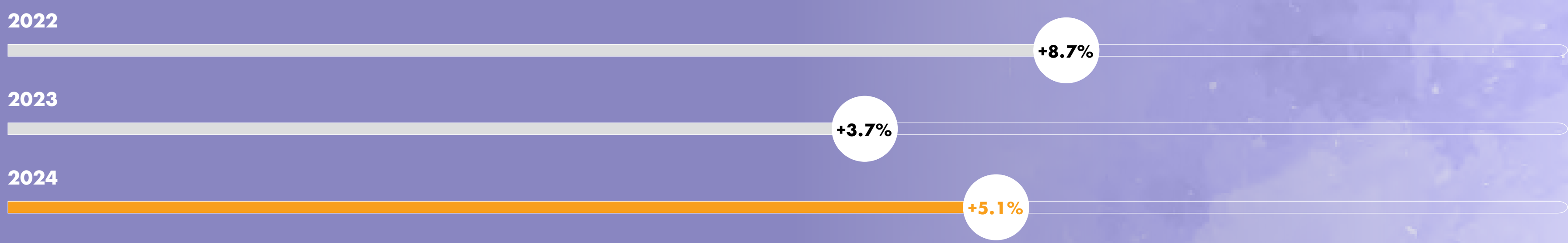
MALAYSIA'S QUARTERLY GROSS DOMESTIC PRODUCT (GDP) GROWTH



Source: Department of Statistics Malaysia

MARKET LANDSCAPE

MALAYSIA'S ANNUAL GDP GROWTH



In the year under review, global economic growth slowed due to mounting geopolitical tensions, with U.S. tariffs disrupting trade and increasing market uncertainty. High interest rates have curbed investment and spending, despite declining inflation in certain economies. Environmental disruptions, particularly the El Niño phenomenon, have impacted agriculture and driven up food prices, adding pressure to already volatile commodity markets. Additionally, structural challenges such as aging populations, weak productivity and low investment continue to hinder long-term growth prospects.

Against this backdrop, various risks affected economic stability, including stringent monetary policies by central banks to control inflation, economic fragmentation and escalating geopolitical conflicts, particularly in the Middle East. Major elections in several countries, including the U.S. presidential election in 2024, further contribute to economic uncertainty.

Despite these global challenges, Malaysia's economy remains resilient, supported by strong domestic demand and a resurgence in international demand. The country's annual GDP grew 5.1%, reflecting its continued economic momentum amid external pressures. As Malaysia navigates these uncertainties, its diversified economic base and proactive policy measures will play a crucial role in sustaining growth into 2025 and beyond.

MARKET LANDSCAPE

KEY CHALLENGES for the Sugar Industry in 2024

The sugar industry faced multifaceted challenges in 2024, shaped by geopolitical, climatic and economic factors such as:

1 Geopolitical Tensions

The ongoing Russia-Ukraine conflict continued to disrupt global supply chains and energy markets, amplifying logistical challenges and inflationary pressures. Meanwhile, the Israel-Palestine conflict added uncertainty to global energy markets, threatening to exacerbate food and commodity price volatility in the event of regional tensions escalating.

2 Logistical Disruptions

Strikes at key U.S. ports, particularly on the East and Gulf Coasts, significantly disrupted supply chains, affecting around 60% of U.S. container imports and exports. These bottlenecks increased freight costs and delayed shipments, adding to operational challenges for businesses reliant on these ports.

3 Climate Impact on Production

Severe droughts and fires in Brazil impacted sugarcane yields, reducing expected outputs by approximately 5 million MT. Similarly, adverse weather in India and Thailand further constrained global supply. These disruptions tightened markets and drove price volatility, with the International Sugar Organization revising its global sugar deficit forecast to 2.51 million MT by November 2024.

4 Government Policies

In Malaysia, the Government maintained controlled sugar prices at RM2.85 per kilogram for coarse grain sugar and RM2.95 per kilogram for fine granulated sugar. To sustain this policy amid rising costs, monthly incentives were provided by the Government to the local Joint Sugar Industry, to offset losses incurred by the industry.

MARKET LANDSCAPE

Performance of Major Sugar Producers in 2024

Brazil

Brazil's sugar production for the 2024/25 season is estimated at 44 million MT, a decline from earlier forecasts of 46 million MT due to severe drought and deteriorating sugarcane quality. Despite these challenges, Brazil remains a key global supplier, with its expanded cultivation and favourable weather conditions earlier in the year supporting market stability.

India

India's sugar production reached 33.7 million MT for 2024/25, reflecting a 2.2 million MT increase compared to the previous season. This improvement was driven by favourable monsoon rains that enhanced sugarcane recovery in key states. However, ongoing export restrictions and its government's focus on ethanol production continue to limit India's contribution to global exports.

Thailand

Thailand's sugar industry is rebounding, with production projected to rise by 18% to 10.35 million MT in 2024/25. Recovery in sugarcane yields and sucrose content has positioned Thailand to strengthen its export levels, though regional competition and trade policy changes present uncertainties.

United States

U.S. sugar production is estimated at 9.51 million MT in 2025, slightly higher than previous forecasts. Steady crop yields and favourable weather conditions have supported production levels, while logistical challenges from port strikes earlier in the year have moderated.

OUTLOOK 2025

The global sugar market is poised for a dynamic year ahead, shaped by shifting production trends, policy interventions and volatile weather conditions. Brazil is expected to remain a dominant player, though persistent drought could limit its output. India's continued emphasis on ethanol production may constrain export volumes despite domestic production gains. Thailand's recovery signals opportunities for regional trade, though China's import restrictions on liquid sugar and pre-mixed sugar powder could pressure Thai exports.

Global consumption is projected to rise, driven by increasing demand in developing economies. However, heightened price volatility is anticipated as tight supplies intersect with unpredictable weather patterns and strong crude oil prices, which incentivise ethanol production over sugar.

ENGAGING WITH OUR STAKEHOLDERS

Building and maintaining robust relationships with stakeholders has been pivotal to our turnaround success. Despite facing challenges, we leveraged alternative channels to sustain engagement and gather feedback when face-to-face interactions were limited. By attentively listening to our stakeholders, we gained invaluable insights that informed our risk management and decision-making processes.

The table below illustrates our diverse engagement platforms for stakeholders and links raised issues to the pertinent material matters of the year, with consumers and customers prioritised at the forefront.

STAKEHOLDER HIGHLIGHTS

CONSUMERS AND CUSTOMERS

Zero product recalls, reflecting stringent quality and production safety measures by MSM

REGULATORY AGENCIES AND STATUTORY BODIES

Yearly engagement with Department of Environment and Department of Occupational Safety and Health at MSM Prai (including SBW) and MSM Johor

EMPLOYEES

38% female representation in executive roles and above

VENDORS, SUPPLIERS AND INDUSTRY PARTNERS

Engaged more than **700** local suppliers in our effort to contribute to local economic growth

SHAREHOLDERS AND INVESTMENT COMMUNITY

Improved FTSE4Good ESG rating from 3.1 to **3.3 stars**

MEDIA, NON-GOVERNMENTAL ORGANISATIONS AND COMMUNITIES

Conducted **101** community events to generate positive impacts in the local communities where we operate

ENGAGING WITH OUR STAKEHOLDERS

Why They Are Important to Us	Key Areas of Concerns for Stakeholder Groups	Our Response	Engagement Platforms
CONSUMERS AND CUSTOMERS			
Driving demand, influencing market trends and ensuring business sustainability through continued sales and brand loyalty. **Relevant Material Matters** M10 M11 M13 M14 **Impact to Capitals** F M S	• Product quality • Consumer health and safety • Fair & competitive price • Excellent customer service • Attractive credit term	• Compliance with food standards • Household brand • Creation of a strong distribution network • Optimisation of inventory management system • Order fulfilment process	• 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
EMPLOYEES			
Driving innovation, productivity and growth while shaping MSM's culture, delivering value and ensuring long-term success. **Relevant Material Matters** M2 M3 M7 M10 M11 M13 M14 **Impact to Capitals** F M S	• Occupational safety, health & 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)	• 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	• MSM's internal portal and emails • Social and recreational activities • Regular employee meetings, engagement events and programmes • Onboarding programmes

ENGAGING WITH OUR STAKEHOLDERS

Why They Are Important to Us	Key Areas of Concerns for Stakeholder Groups	Our Response	Engagement Platforms
SHAREHOLDERS AND INVESTMENT COMMUNITY			
Providing capital, influencing valuation, ensuring accountability, driving long-term growth and enhancing MSM's reputation and financial stability. **Relevant Material Matters** M10 M11 M13 M14	• 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	• 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	• Annual integrated reports • Sustainability reports • Quarterly financial results announcements and briefings • Annual general meetings • Annual roadshows (non-deal road shows/investor conferences/ corporate days) • Online communications (email, corporate website, social media)
REGULATORY AGENCIES AND STATUTORY BODIES			
Enabling MSM to operate within a supportive environment and infrastructure in addition to providing other means of support to sustain our growth. **Relevant Material Matters** M2 M3 M7 M10 M11 M13 M14 **Impact to Capitals** F M I H S N	• 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 • Fulfillment of domestic market sugar supply • Effective internal control measures	• 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	• Regular updates, disclosures and reporting to regulators • Regulatory forums, briefings, meetings, conferences and consultation papers • Collaborations and partnerships with local councils

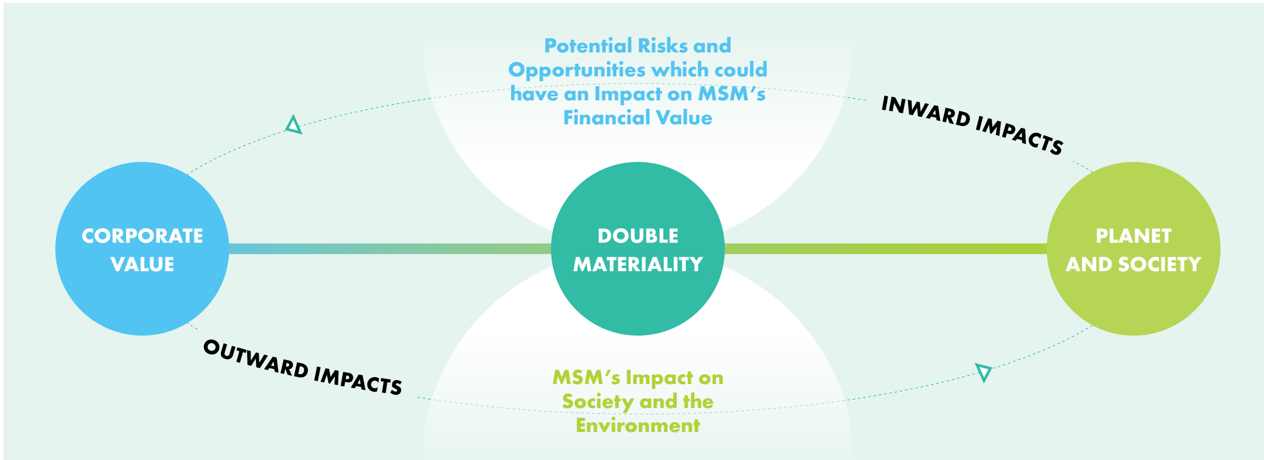
ENGAGING WITH OUR STAKEHOLDERS

Why They Are Important to Us	Key Areas of Concerns for Stakeholder Groups	Our Response	Engagement Platforms
VENDORS, SUPPLIERS AND INDUSTRY PARTNERS			
Providing quality materials for MSM to produce the products and services needed for MSM's sustainable growth. **Relevant Material Matters** M5 M7 M10 M11 M13 M14	• 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	• Establishment of honest and open contract/ 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	• Annual audits • Supplier meetings • Vendor site visits • Vendor evaluation form • E-Procurement system • E-Procurement & Tender management system • Formal and informal engagements
MEDIA, NON-GOVERNMENTAL ORGANISATIONS AND COMMUNITIES			
Helping to shape public perception, influence policy, drive social responsbility and foster trust, collaboration as well as sustainable business practices. **Relevant Material Matters** M10 M11 **Impact to Capitals** S N	• Socio-economic operational impact and initiatives • Support key community developments and activities • Sponsorships and donations • Responsive and viable contribution	• Community empowerment • Regular channeling of value information to media • Media engagement and outreach • Provision of volunteering opportunities through community activities • Provision of financial aid and charitable donations	• Community engagement activities • Online communications (emails, corporate website, social media)

WHAT MATTERS TO YOU (AND US)

Materiality assessments remain an integral process for us to determine and understand our sustainability priorities. Since transitioning from single materiality to double materiality in 2023, we have gained deeper insights into these priorities, enabling us to balance both outward impacts on society and the environment, as well as inward financial implications. This has enhanced how MSM identifies and responds to emerging sustainability challenges and opportunities.

In 2024, MSM reviewed its material matters by performing an impact materiality validation exercise through an online survey among internal and external stakeholders. The results have shown that all material matters remain relevant, demonstrating a strong alignment between MSM's sustainability strategy and stakeholder expectations. No revisions were required to the material matters, including their naming conventions. By consistently reviewing our material priorities, we ensure that our sustainability strategy remains dynamic, forward-thinking and responsive to evolving global and industry trends.



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)

The impact materiality validation exercise showed that Occupational Health and Safety is the most significant material issue, while Community Engagement and Development has the least impact on MSM. Despite this result, we will continue to engage with the local communities in which we operate and contribute to their development, creating long-term value.

2024's Impact Materiality

MATERIAL ISSUES	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

For more details of MSM's double materiality assessment and MSM's financial materiality, refer to What Matters to You (and Us) on pages 22 to 23 of MSM's SR 2023.

OUR VALUE CREATING BUSINESS MODEL

INPUTS

F Financial Capital

- Total assets: **RM3.2 billion**
- Deposits, cash and bank balances: **RM174 million**

M Manufactured Capital

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

I Intellectual Capital

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

H Human Capital

- **1,154** dedicated workforce
- Top & Senior Management: **29**
- Flexible work arrangement
- Employee training and development programmes

S Social & Relationship Capital

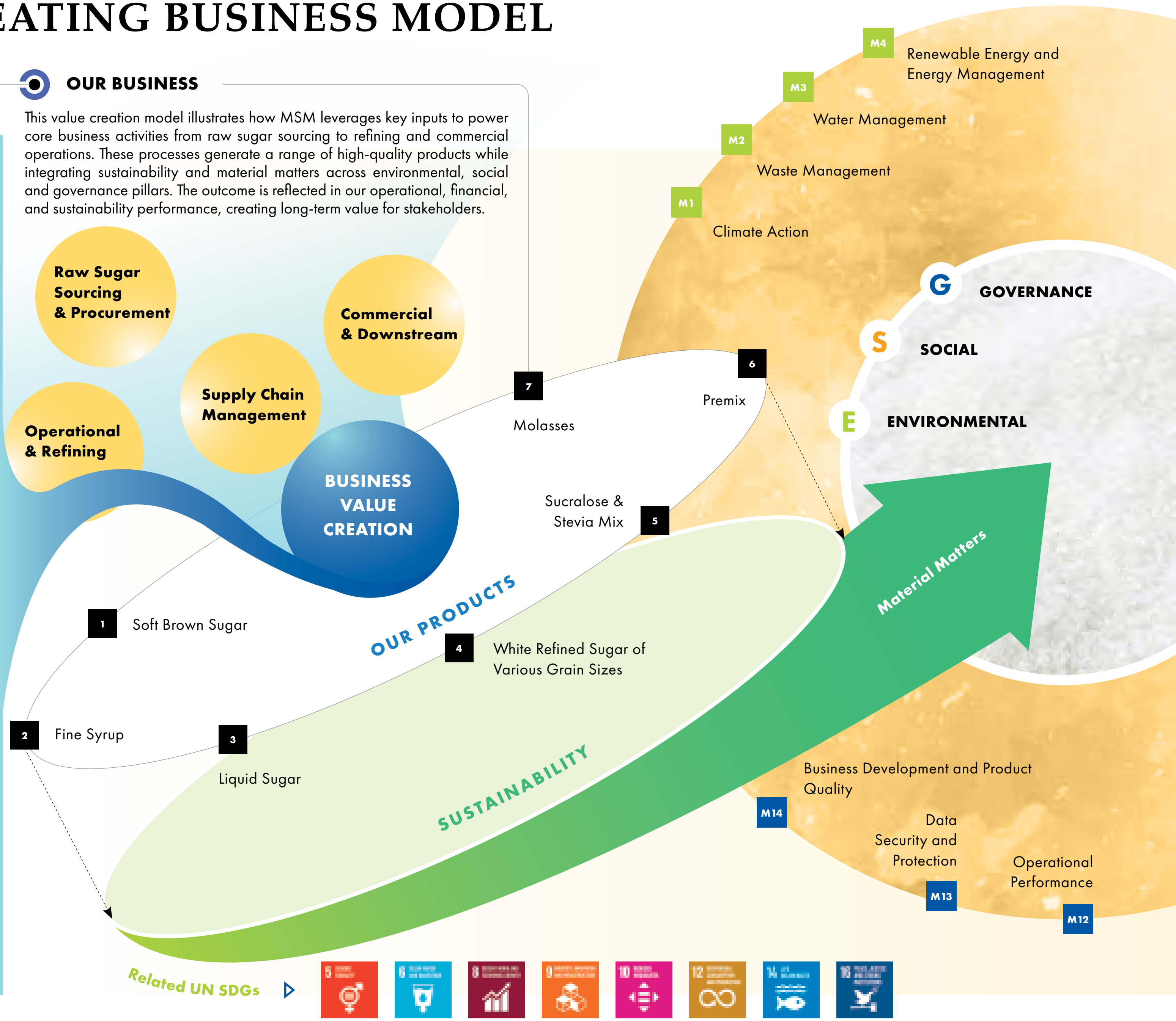
- Proactive engagement with regulators, investors, the media, customers and local communities
- Employee volunteering hours in various corporate responsibility programmes

N Natural Capital

- Water consumption: **2,080,565 m³**
- Diesel consumption: **1,013,964 litres**
- Natural gas consumption: **4,085,920 mmBTU**
- Electricity consumption: **412 terajoules (TJ)**
- ISO 14001 compliant (Environmental Management System) at MSM Prai and SBW

OUR BUSINESS

This value creation model illustrates how MSM leverages key inputs to power core business activities from raw sugar sourcing to refining and commercial operations. These processes generate a range of high-quality products while integrating sustainability and material matters across environmental, social and governance pillars. The outcome is reflected in our operational, financial, and sustainability performance, creating long-term value for stakeholders.



OUR VALUE CREATING BUSINESS MODEL

Upholding Human Rights and Labour Standards M5

Diversity, Equity and Inclusion M6

Occupational Health and Safety M7

Employee Engagement and Talent Management M8

Community Engagement and Development M9

Governance, Ethics and Integrity M10

Traceability, Responsible Sourcing and Supply Chain Management M11

OUTPUTS

HIGHLIGHTS

F

- Generated revenue of **RM3.5 billion**
- Overall gearing ratio of **34%**
- Profit Before Tax of **RM75.0 million**
- Profit After Tax of **RM31.3 million**

- **Net Asset per share: RM2.13**
- **Shareholders' Equity: RM1.5 billion**
- **Earnings per share: 4.45 sen**
- **Return on Shareholders' Equity: 2.09%**
- **Return on Total Assets: 1.0%**

M

- **1,104,290 MT** production output in 2024
- Sales volume in Malaysia of **834,291 MT**
- Sales volume in Asia of **243,948 MT**
- Sales volume in Oceania of **14,864 MT**
- Sales volume to other countries of **120 MT**

- **Our Manufacturing processes are certified with the following:**
  - **ISO 9001:2015 (Quality Management System)**
  - **ISO 22000:2018 (Food Safety Management System)**
  - **FSSC 22000 (Manufacturing)**
  - **HACCP Certification**
  - **Halal Certification**

I

- Goodwill and brand value of **RM611.4 million**
- **RM5.81 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, ranking as one of the Top 3 FMCG Brands nationwide for four consecutive years since 2020**

H

- **2:1** male to female ratio at managerial level and above
- **29,439.5** training hours
- Women make up **38%** of executive roles and above
- Achieved **4,498,658** man hours without Lost-Time Incidents

- **We invested over RM1 million for employee training and development in 2024**
- **Ability to attract and retain a talented and diverse workforce**
- **Group Lost-Time Incident Frequency Rate (LTIFR) of 0.29 in 2024, improved from 1.41 in 2023**

S

- Total Sponsorships and Donations: **RM375,279.06**
- Total Zakat Wakalah Contributions: **RM392,611.55**
- Continued positive and mutually beneficial relationship with stakeholders
- Conducted **28** engagements with the investment community in 2024

- **RM639.8 million invested in local procurement**
- **Continued with MSM Prodigy programme in 2024, welcoming 21 prodigies to support employment of youths**

N

- Scope 1 (S1) emissions: **246,560.77 tCO_2e**
- Scope 2 (S2) emissions: **39,978.74 tCO_2e**
- **7.00%** reduction in S1 & S2 emissions (intensity)

- **Continuous effort in waste management with 95% recycling rate, minimising waste disposal to landfills**
- **Increased Scope 3 data collection from supply chain**
- **Identified climate-related financial risks and opportunities aligned with TCFD**

OUR STRATEGIC PRIORITIES

OUR STRATEGIC APPROACH & FUTURE OUTLOOK

60 years, Growing Stronger

In 2024, MSM focused on achieving a financial turnaround through the successful implementation of our transformation strategy. Our efforts were centred on strengthening our domestic market share while driving expansion into neighbouring regions, including Asia-Pacific (APAC) and other emerging markets. Despite facing numerous challenges within the industry and global macroeconomic headwinds, we remained committed to progressing with our growth initiatives.

This year also marks the 60th anniversary of MSM Prai, a significant milestone that highlights its enduring strength and legacy. As a model factory recognised for its outstanding operational performance, MSM Prai will continue to be maintained and upgraded under the MSM Prai Rejuvenation Plan, ensuring its long-term sustainability.

On the financial front, the Group has shown remarkable resilience, even in the face of sustained margin compression. We would like to express our sincere gratitude to the Government for its ongoing support of the local sugar industry. Over the years, the industry has faced challenges from rising costs of raw sugar, freight, gas and the depreciation of the Ringgit. The Joint Sugar Industry Incentive has played a crucial role in normalising the impact of costs that exceeded the ceiling price for consumer-packaged sugar.

2024 Business Review

The Group is dedicated to driving operational excellence and fostering sustainable growth as we adapt to the evolving industry landscape. The implementation of initiatives in the MSM Business Plan has largely followed our expectations and we have made significant progress compared to the previous year. Notably, we have achieved better production efficiencies and enhanced the capabilities of MSM Johor.

However, certain critical operational objectives are still in progress. While most key operational metrics have shown considerable improvement from 2023, further time and effort is required to fully achieve our long-term goal of maximising asset potential.

The Group remains unwavering in our commitment to meeting the targets outlined under our Strategic Themes on page 59. These targets continue to serve as a clear guide for our strategic focus and operational initiatives as we work towards sustained growth and optimisation.

We periodically review and update our rolling Business Plan to ensure that it remains aligned with the changing business environment and reflects the Group's current position.

MSM STRATEGY MAP

Purpose

Customers
Commitment to zero product recalls, premium quality products, and affordability, reinforcing MSM's position as a trusted household brand.

Shareholders
FGV, KPF, PNB and other minority stakeholders. Strengthen operational and financial performance to ensure consistent and sustainable returns.

S1 S2 S3

Creditors
Responsible debt management and timely loan repayments to creditors.

Strategic Objectives

Metric 1
Achieve sustainable financial growth with resilient revenue streams

Enablers (Capability/Resource)

Sales volume growth and margins with competitive production costs

Market Focus & Growth Areas

Large volume structured offtake
- Expanding collaboration with key sugar players in net import countries e.g. China and Indonesia to enhance refined sugar production and value-added product (VAP) development
- Strengthening bulk sugar trade in key regional markets, including Singapore

Values

Safety & Quality | **Sustainability**

OUR STRATEGIC PRIORITIES

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

Suppliers
Active engagement with over 700 local suppliers, supporting the local economic and business growth.

Employees
Prioritising employee well-being, career advancement, and a safe working environment.

Media and Communities
Promoting and strengthening social impact through community-driven initiatives and CSR programmes.

S4

S5

S6

What will MSM be known for?

S7

Regulators
Bursa Malaysia, Securities Commission Malaysia, Department of Occupational Safety and Health (DOSH), Department of Environment (DOE), KPDN etc.
Upholding industry regulations, ESG best practices, corporate governance and robust internal controls.

Metric 2
Maintain high reliability and efficiency in refining and operational processes

Metric 3
Strengthen financial position through disciplined balance sheet management

Metric 4
Enhance energy efficiency and adopt sustainable green energy solutions

Improve UF, yield and energy consumption

Strategic capital management

Lower energy consumption and leverage renewable energy

High value sales
Expanding sales in key regional markets through strategic retail partnerships and optimised value-chain integration

Domestic market expansion
- Enhancing last-mile delivery capabilities and expanding Consumer Reach Points (CRP)
- Driving market penetration through new product development, advertising and promotional campaigns

Integrity

Innovation

Diversity

OUR APPROACH TO VALUE CREATION

OUR STRATEGIC PRIORITIES

OUR STRATEGIC APPROACH & FUTURE OUTLOOK

Strategic Themes	Relevant Material Matters	Related Capitals	Key Objectives
Sustainable Manufacturing Performance	M11 M12 M13	F M H	• Operational performance • Resource management • Compliance excellence • Water and waste management • Renewable energy and energy management
Revenue Expansion	M11 M14	F I	• Service and product quality • Market growth maximises offtakes • Optimise pricing capabilities
Capital Preservation	M10 M11 M12	F	• Financial planning and control • Effective cashflow management
Improve Sustainable Values	M1 M2 M3 M4 M5 M6 M7 M8 M9 M10 M11	S I N	• Environmental impact and climate action • Community engagement endeavours • Employee engagement and talent management • Occupational health and safety, upholding human rights and labour standards • Advocate for greater diversity among senior corporate positions • Upholding human rights and labour standards • Governance, ethics and integrity

Legend: Completed Ongoing Not started

OUR STRATEGIC PRIORITIES

Potential Risks	2024 Initiatives and Priorities	Goals by 2027
• Strategic • Operational • Catastrophe • Sustainability	✓ Strengthen reliability programme ✓ Compliance excellence has been achieved ✓ Improved the overall turnaround time (TAT) ⟳ MSM Prai rejuvenation plan to extend plant's lifespan ⟳ Industry technical subject matter expert engagement ⟳ Yield optimisation	• Average yield optimisation **>96%** • Average utilisation factor **>70%** • Average energy efficiency at **1.0 tonne steam per tonne raw sugar melted (Ts/Tr)**
• Strategic • Market • Geopolitical • Sustainability	✓ Traceability and responsible sourcing ⟳ Market expansion in neighbouring countries and Asia-Pacific ⟳ Explore new offtakes in emerging markets e.g. Africa and Middle East ⟳ Expand value added product sales into China	• Revenue growth of **50%** • Total sales volume **>1.4 million MT per annum** • **>10%** market share in the Asia-Pacific
• Financial	⟳ Cash Conservation, Cost Savings and Revenue Generation (C2R) initiatives ⟳ Price revision to absorb overall higher input cost ✓ Prudent raw sugar and freight hedging strategy mitigating volatility risk ⟳ Negotiate with suppliers for better pricing ✓ Obtain Joint Sugar Industry incentive from the Government ✓ Rationalising capital expenditures	• Gross Profit margin **~10%** • Net Gearing Ratio **<1.0x** • Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) **>RM300 million**
• Sustainability • Operational	✓ Engaging with local residents through outreach programmes such as beach cleaning and plogging ⟳ Nature-based initiatives such as planting mangrove and mangrove-associated trees ⟳ Explore renewable energy solutions ✓ Circular economy, waste-to-wealth via re-purposing production waste such as mudcake into building materials and fertilisers ✓ Improved FTSE4Good ESG Rating to 3.3 stars from 3.1	• **Zero** fatalities • Lost Time Incident Frequency Rate (LTIFR) **<2.0** • Reduce water consumption by **4%** from operations • FTSE4Good ESG rating **>4.0**

For further information on the potential risks, refer to pages 167 and 168 of this AIR.

OUR STRATEGIC PRIORITIES

Progress of **Key Strategic Initiatives (KSIs)** under review in **2024**

Improving Sales Performance (Value-added Products)

Achieved
- Started sales of liquid sugar with several trading houses

Ongoing
- Increase sales volume of value-added products with a special focus on exports to China
- Target to sell value-added products to the food industry

Sales & Distribution (S&D) Cost Savings

Achieved
- Maximised internal storage and fleet

Ongoing
- Internal fleet expansion
- Improve fulfilment centre performance
- Optimising fleet planning and turnaround time

Export via Strategic Partnerships

Achieved
- Recurring export sales of refined sugar create sustainable opportunities for long-term growth

Ongoing
- Grow export offtakes from neighbouring countries, Asia-Pacific and new markets in Africa
- The anti-dumping tariff is under appeal for the Vietnamese market
- Import permit approvals remain pending for the Indonesian market

Sustainable Manufacturing Performance

Achieved
- Successful rectification of major issues at MSM Johor
- Overall higher Group production volume, yield and UF

Ongoing
- Target to achieve MSM Johor UF above 50%

Growing a Sustainable Operation with Better Energy Planning and Green Energy (including Managing Waste Efficiently)

Achieved
- Increased overall production yield led to lower overall carbon footprint per tonne of sugar products produced
- Traceability and responsible sourcing

Ongoing
- Utilising renewable energy solutions to reduce carbon footprint

Strategic Capital Management

Achieved
- The local Joint Sugar Industry received an incentive from the Government
- Capital preservation to alleviate capital constraints

Ongoing
- Optimising strategic cash flow management and debt profile

Digital Transformation towards Industry 4.0

Achieved
- Implementation of several monitoring digital dashboard for live monitoring and quick access
- Computerised Maintenance Management System (CMMS) at MSM Johor

Ongoing
- Enhance data capture and analytics capabilities
- Smart Manufacturing at MSM Johor
- CMMS at MSM Prai

OUR STRATEGIC PRIORITIES

CHALLENGES FACED IN 2024

Navigating Cost Pressures and Trade Barriers
In 2024, MSM faced significant challenges, with approximately 80% of our production costs attributed to raw sugar, freight, natural gas and the overall impact of higher raw material costs. Additionally, trade barriers further complicated matters, impeding export growth and increasing costs due to tariffs. Sales to neighbouring countries, especially in the retail and SMI segments in Indonesia, require more time and closer collaboration with local partners to secure the necessary import permits. In Vietnam, we are actively appealing against the anti-dumping tariff imposed on Thai-origin raw sugar, while assuring the authorities that our sugar for the Vietnam market is properly segregated and does not originate from Thailand.

Market Disruptions from Import Arbitrage
Midway through 2024, a sharp decline in raw sugar prices coupled with the weakening of the US dollar created arbitrage opportunities, enabling importers to exploit price differentials. During this period, large import quotas were exercised with limited consideration of their impact on the domestic market. The absence of import tariffs in Malaysia compounded the situation, leading to an influx of imported sugar that pressured local pricing power, disrupted sales volumes and caused inventory build-up for domestic manufacturers.

Industry Advocacy for Market Stability
While the temporary market disruption eased as raw sugar prices recovered and the US dollar regained strength, MSM and the broader sugar industry took a proactive stance by engaging with the Government to address the issues of sugar dumping and opportunistic arbitrage practices. The industry highlighted the detrimental impact of a surge in imports on local manufacturers and advocated for the implementation of measures such as tariffs and stricter import controls to stabilise the market.

Strategic Measures to Counter Rising Costs
To address the ongoing challenge of rising costs, the Group has explored several strategic initiatives, including the hedging of freight expenses through Long-Term Contracts (LTC) to secure more favourable pricing. Furthermore, efforts will focus on maintaining higher utilisation factors and improving yield to reduce unit costs and boost operational efficiency. The Group continues to engage with the Government regarding the regulation of sugar import permits and has proposed a new pricing mechanism to ensure fair market pricing for both producers and consumers.

1. **Annur Syafiqah Abd Riff** - Head, Group Digital, Corporate Strategy & Investor Relations
2. **Ameer Akarbara Mohd Rafik** - Executive, Corporate Strategy & Investor Relations
3. **Abdul Hadi Karim** - Head, Corporate Strategy & Investor Relations
4. **Safia Zulaikha Zulhazmi** - Prodigy, Business Intelligence & Digitalisation
5. **Nur Atiqa Halil** - Prodigy, Business Intelligence & Digitalisation
6. **Nurul Ain Muhammad Ramdan** - Executive, Corporate Strategy & Investor Relations
7. **Fariza Haizumi Ahmad** - Senior Manager, Corporate Strategy & Investor Relations
8. **Muhammad Amir Firdaus Abdul Rahim** - Manager, Corporate Strategy & Investor Relations

OUR STRATEGIC PRIORITIES

LOOKING AHEAD:

STRATEGIC VISION FOR 2025 AND BEYOND

As we enter 2025, the Group remains steadfast in our commitment to sustaining financial performance and operational excellence across all assets. The primary focus will be on achieving higher overall sales through reinforced domestic and export strategies, including strategic collaborations. The anticipated growth in value-added product volumes from MSM Johor for the China market is expected to positively influence the overall average selling price (ASP), thereby improving margins. While on track for business growth, the Group will continue to explore viable options for strengthening our balance sheet, enabling us to optimally support our growth strategies.

In the long term, the Group envisions a comprehensive transformation, aiming to expand not only within the sugar industry but also into new sectors. This vision entails strengthening sugar refining operations, increasing market penetration within the APAC region and diversifying our business portfolio into key essential commodities that complement and create synergies with our core sugar business.

This strategy is designed to generate greater economic value for the Group while making a significant contribution to Malaysia's economy across multiple dimensions. These include enhancing value for our shareholders, creating employment opportunities and strengthening the nation's sustainability efforts.

Additionally, MSM remains a strategic asset for the country, playing a vital role in ensuring food security and serving as the reliable main supplier of sugar to the Food and Beverages industry. This is achieved through a strong focus on business continuity planning and the implementation of effective risk management practices.

MSM'S BUSINESS PLAN

Profit/(Loss) Before Tax for the Financial Year (RM mil)

- 2021
- 2022
- 2023
- 2024

2021: 169

Restructuring

- Completed the disposal of MSM Perlis Sdn Bhd
- Paid dividends of 3.0 sen per share amounting to RM21 million

2022: (179)

- Local Joint Sugar Industry absorbed the high cost of producing Coarse Grain Sugar (CGS) 1kg from January 2022 up to October 2023
- Losses were due to prolonged margin compression as a result of the Government-imposed controlled ceiling price

High input cost convergence due to steep rise in global raw sugar, freight and energy prices

- Continuous engagement with the Government to resolve the CGS pricing anomaly
- Launch of Gula Super
- Near Region strategy
- LTC Freight mitigation

OUR STRATEGIC PRIORITIES

Turnaround
- Government continued with the incentive to enable the Industry to cover the global rise in input cost i.e., raw sugar, freight, labour and energy cost
- Improved year-on-year operational performance i.e., UF and yield

Stabilisation
- Growing sales locally and globally to achieve economies of scale
- Explore strategic partnership for large volume offtake for the export market
- Sustain operational excellence
- Achieve financial resilience through better profitability and stronger balance sheet

Grow Sugar Universe
- MSM Johor performance maturity and economies of scale
- Step up Value-Added Products sales growth
- Integration into complementary segments with higher margins
- Initiate renewable energy project reducing refining cost
- Adopt new technologies toward Industrial Revolution 4.0 (IR 4.0)

Beyond Sugar
- Essential Food Commodity
- Diversify and expand into additional revenue streams beyond sugar into complementary businesses capabilities
- Complete revitalisation of MSM Prai through Rejuvenation programme and complete upgrades of IETS programme
- Broaden midstream and distribution processes through export growth

75

2023 2024 2025 2026 2027

(28)

Recovery
- Strategic support from Joint Task Force comprising Board and Management
- Cost savings and rationalising selling prices
- Government normalising sugar pricing via provision of RM1/kg incentive to the local Joint Sugar Industry

MSM BP 27 (2025-2027)
3-year rolling business plan

INVESTOR RELATIONS

INVESTOR RELATIONS

MSM values the trust and confidence of our valued shareholders. The Company is committed to maintaining timely, transparent and accurate communication to equip existing and prospective investors with the information needed for well-informed decision-making. MSM's Investor Relations (IR) team plays a vital role in fostering an open dialogue with the investment community while ensuring that our corporate narrative aligns with our vision, mission, performance and long-term strategy.

MSM's IR function has bolstered investor confidence through transparent communication and strategic engagements, resulting in heightened interest and consequently attracting a broader investor base. Ultimately, the IR team's proactive efforts to strengthen MSM's market presence have increased shareholder value and positioned the Company for sustained long-term growth.

ENGAGEMENT CHANNELS

In 2024, MSM actively engaged investors through our quarterly financial results briefings, media releases, investor engagements and plant visits.

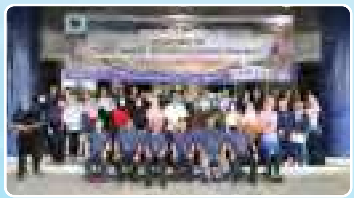
Quarterly Financial Results Briefings	4	Engagement with Stakeholders	21
Annual General Meeting	1	Media Releases	9
Press Conference	1	Plant Visits	2

For further details on how we communicate with our stakeholders, refer to pages 149 and 150 of this AIR.

IR Engagements in 2024

JAN

4 CGS-CIMB 16th Annual Malaysia Corporate Day 2024



16 Media & Analysts Visit to MSM Johor

30 Small Cap RHB Investment Bank Corporate Day

31 Engagement with Urusharta Jamaah Sdn Bhd

FEB

26 MSM Fourth Quarter (4Q) FY2023 Financial Results Briefing

MAR

13 Engagement with Great Eastern Life Insurance & CGS-CIMB

21 Engagement with Affin Hwang Investment & Clients

26 Engagement with Public Investment Bank & Clients

INVESTOR RELATIONS

APR

3 BIMB Securities Sdn Bhd (BIMB Securities) Virtual Corporate Day

19 Analyst Briefing on Raw Sugar Outlook

MAY

6 Engagement with Permodalan Nasional Berhad (PNB)

8 Analysts & Fund Managers Visit to MSM Johor

16 Analyst Briefing on MSM's Latest Developments

23 MSM First Quarter (1Q) FY2024 Financial Results Briefing

29 Pre-AGM Engagement with Minority Shareholders Watch Group (MSWG)

31 Engagement with UBS Securities Malaysia Sdn Bhd & Clients

JUN

6 MSM 13th Annual General Meeting

20 Engagement with Affin Hwang Investment & Public Investment Bank

JUL

1 Engagement with Public Investment Bank & Clients

16 Engagement with Principal Asset Management Sdn Bhd

AUG

1 MSM Town Hall 2024

10 MSM Networking on the Greens

13 Engagement with J.P. Morgan Securities

14 Engagement with KAF Investment Funds

23 MSM Second Quarter (2Q) FY2024 Financial Results Briefing

27 Engagement with BIMB Securities

OCT

8 Engagement with Kenanga Research

22 MSM Third Quarter (3Q) FY2024 Financial Results Briefing

NOV

INVESTOR RELATIONS

MAIN AREAS OF DISCUSSION/CONCERN BY SHAREHOLDERS IN 2024

1 Financial Performance

- MSM reported its quarterly financial results with detailed explanations on the performance of the Group and its subsidiaries.
- MSM conducted its 13th AGM virtually and also conducted engagements with analysts, external shareholders and the like both physically and virtually.

2 Operational Performance

- MSM provided operational parameters such as utilisation factor, yield and production volumes for 2024. These parameters have been reviewed and shared with analysts during the quarterly financial results briefings.
- MSM Johor has achieved record-breaking melting volume and yield improvements, while the rejuvenation projects at MSM Prai have continued to progress in 2024.

3 Average Selling Price

- Refined sugar is a controlled-price item with a Government-fixed ceiling price for the domestic market at RM2.85/kg, which is among the lowest sugar retail ceiling price in the world.
- MSM consistently updates the Government on global sugar market movements. In the event of a significant increase in raw sugar prices or unfavourable forex costs impacting production, the Government will be informed by MSM to consider revising the ceiling price.
- As part of the local Joint Sugar Industry, MSM has received incentives from the Government since November 2023.
- MSM awaits further decision from the Government on any revision on the price mechanism moving forward.

4 Equity Stake Disposal of MSM Johor

- MSM has to consider the strategic fit of any potential partners with MSM's aspirations such as to expand its export sales volume.
- Any new potential partner must bring offtake benefits to MSM in the export market in order to add to the sustainability of the MSM Johor blueprint.
- The potential partner will also need to add further value in terms of commercial as well as operational and technical support.

5 NY11 Raw Sugar Price

- In 2024, the NY11 traded at a more moderate range with a significant reduction from the high-price environment in 2023 due to improved weather conditions and balanced production in key sugar-producing regions.
- MSM remained committed to securing its raw sugar at the most competitive prices through its hedging strategy.
- MSM's hedging strategy is deliberated at the bi-weekly Trading Committee meeting guided by experts' market views and MSM's business requirements.

INVESTOR RELATIONS

Annual General Meeting

MSM Malaysia Holdings Berhad's 13th AGM was held on a fully virtual basis on 6 June 2024. The AGM was attended physically by all Directors, with the exception of Fakhrunniam Othman, who was undertaking his Hajj pilgrimage. Also in attendance were the Group CEO, Syed Feizal Syed Mohammad, as well as other Senior Management personnel including the Group COO and Chief Financial Officer (CFO).

The 13th AGM proceedings included a detailed presentation by the Group CEO on MSM's financial and operational performance, business strategies, risks and mitigations and moving forward plans.

The Chairman of the Board encouraged shareholder engagement via their enquiries and questions related to the motions presented during the meeting. Shareholders were also urged to seek clarity on any matters pertinent to the meeting or the Group.

The 13th AGM was conducted with transparency, incorporating proactive measures to encourage shareholders' attendance and participation. The Notice and Agenda were issued 21 days prior to the meeting, in compliance with Section 316(2)(a) of the Companies Act 2016 and the timeline prescribed in the Company's Constitution, giving shareholders ample time to make necessary arrangements to attend and participate in person or through corporate representatives or proxies.

Media Relations Activities

In 2024, MSM Malaysia Holdings Berhad undertook a wide range of media outreach initiatives which included press conferences, the dissemination of press releases and more.

Such media interactions are designed to harness the strategic influence of the press to efficiently share information with stakeholders, ultimately fostering a more precise public understanding of MSM and its business strategies.

Topics Covered	Number of News Clippings
Corporate News related to Business Performance, Financial Performance, Prospects, or Outlook	99
MSM Malaysia Holdings Berhad's Sustainability Initiatives	2
Total	**101**

Research Coverage

MSM's IR team maintains a continual presence within the investment community to boost awareness and capture the interest of investors in the Company. We adopt a proactive stance, ensuring that we communicate and provide relevant information promptly and transparently concerning the Group's strategic goals, business operations and performance.

INVESTOR RELATIONS

SHARE PRICE PERFORMANCE OF MSM MALAYSIA HOLDINGS BERHAD (MSMH) AND KLCI

Share Price Performance

The Group's share price opened at RM1.67 on 2 January 2024 and peaked at RM3.61 in April 2024. The share price closed the year off at RM1.18, 29% lower compared to the beginning of the year. The broader market performance, as represented by the Kuala Lumpur Composite Index (KLCI), increased by 13% over the year, opening at 1,453 points and closing at 1,642 points.

INVESTOR RELATIONS

Shareholder Information

MSM and its Group of companies (MSM Group) maintains a single class of shares, with FGV Holdings Berhad (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 Koperasi Permodalan FELDA Malaysia Berhad, which holds 15.27%, and Amanahraya Trustees Berhad, with a stake of 7.20%. The remaining 26.53% 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 281 to 283 of this AIR.

Insider Trading of MSM Shares

MSM 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 employs the following channels to reach out to our stakeholders.

Corporate website: www.msmsugar.com
Investor Relations email: investor.relations@msmsugar.com
Press Releases: https://www.msmsugar.com/media/press-releases/2024
Investor Relations webpage: https://www.msmsugar.com/investor-relations/investor-relations

Tel.: +603 2162 7900

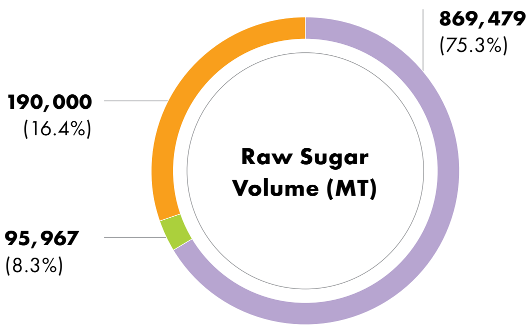
MSM SOCIAL MEDIA ACCOUNTS

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

RAW SUGAR SOURCING & PROCUREMENT

SOURCING DATA & OPERATIONAL HIGHLIGHTS

In 2024, we procured a total of 1,155,446 MT of raw sugar. Brazil remained our largest supplier, contributing 869,479 MT, while Thailand and South Africa supplied 95,967 MT and 190,000 MT, respectively. This diversified sourcing approach was critical in maintaining the resilience and efficiency of our supply chain.



Total Raw Sugar Procured in 2024
1,155,446 MT

● Brazil ● Thailand ● South Africa

OVERVIEW

In 2024, we witnessed a notable shift in the global raw sugar market compared to the high-price environment of 2023. Improved weather conditions and balanced production in key sugar-producing regions contributed to an increase in supply. This shift led to a more moderate trading range for the NY11 sugar benchmark, fluctuating between 17.52 and 24.62 US cents per pound, which was a significant reduction from the previous year's peak of 28.14 US cents per pound. Favourable growing conditions in the European Union, India and Thailand supported this stabilisation, while Brazil's consistent output further eased global supply pressures.

Currency fluctuations also had a substantial impact on our sourcing landscape. The depreciation of the US dollar (USD) against the Malaysian ringgit (MYR) during 2024 worked to our advantage. With the MYR strengthening to its best position in years—trading as low as MYR4.124 to the USD in September 2024—our ability to import raw sugar at a lower cost improved significantly, particularly in the second half of the year.

STRATEGIC PROCUREMENT AND RISK MITIGATION

Throughout the year, we remained committed to securing raw sugar at the most competitive prices, even as market dynamics continued to evolve. Our hedging strategies ensured that all sales from our Industry and Exports divisions were closely aligned with prevailing raw sugar prices. This strategic alignment allowed us to manage price risks effectively while maintaining a stable cost structure.

To further manage cost volatility, we continued to benefit from our long-term freight agreement with Wilmar Sugar Pte Ltd, which we established in 2022. This partnership has provided us with greater predictability in freight expenses, ensuring more efficient logistics for our raw sugar imports. Additionally, we maintained our position in Brent crude oil options trading, leveraging favourable commodity price movements to offset high gas costs incurred by our refineries.

Our Trading Committee has been instrumental in navigating these uncertainties. By monitoring global sugar market trends, hedging positions and currency exposure, the committee provided strategic guidance on pricing mechanisms and ensured that our operational decisions reflected market realities. The strengthening MYR further enhanced our ability to procure raw sugar at reduced costs, reaffirming the effectiveness of our procurement strategies.

OUTLOOK

As we look ahead to 2025, we are prepared to navigate a market that presents both challenges and opportunities. Early forecasts indicate potential price pressures in the first quarter due to tight supplies, driven by adverse weather conditions and excessive heat in Brazil, one of the world's largest sugar producers. However, improved yields in regions such as the EU, India and Thailand are expected to lead to a surplus by mid-year, potentially driving prices lower in the latter half of 2025.

Our top priority remains securing raw sugar at the lowest possible average cost, which is essential for managing our production expenses effectively. We will continue to refine our hedging strategies and adapt to market dynamics, ensuring that we are well-positioned to mitigate price volatility. Open and consistent communication between our trading team and refineries will remain a cornerstone of our approach, enabling us to maintain transparency and operational alignment.

By staying focused on strategic procurement, efficient logistics and proactive risk management, we are confident in our ability to overcome market challenges and strengthen our position as a leader in the sugar industry.

OPERATIONAL & REFINING

OPERATIONAL HIGHLIGHTS

Engaged an external
Sugar Process Technical Consultant
to drive process improvements at both MSM Prai and MSM Johor.

Strengthened maintenance management
through the rollout of CMMS at MSM Johor.

Achieved significant milestones on key projects, including
51% completion of Boiler #3
at MSM Johor.

Improved logistics efficiency

Commissioned the Fine Syrup Low Colour project
at MSM Johor to enhance liquor quality using existing granulated activated carbon (GAC) columns.

Pansman at MSM Johor **continued to receive training and support from experts** at MSM Prai to ensure optimum production and high-quality product.

OPERATIONAL PERFORMANCE

Production Volume (MT)

2022	946,834
2023	992,247
2024	**1,104,290**

Raw Melted Sugar (MT)

2022	995,863
2023	1,039,931
2024	**1,138,941**

Group Capacity Utilisation (%)

2022	46
2023	48
2024	**54**

OVERVIEW

2024 marked a year of steady progress for MSM, as we focused on operational efficiency and strategic enhancements across our facilities. Key highlights included achieving record-breaking melting volumes and yield improvements at MSM Johor and progressing our rejuvenation projects at MSM Prai.

At MSM Johor, melting volumes peaked at 1,529 MT/day on 2 October 2024 – the highest daily melt since commissioning – with an average of 1,100 MT/day recorded during peak months. Yield performance also improved from 89% in 2023 to 93% in 2024.

Meanwhile, MSM Prai's rejuvenation plan continued to progress, with RM8.04 million allocated in 2024 for six projects. These initiatives include infrastructure upgrades, such as the construction of the Industrial Effluent Treatment System (IETS) Plant and the raw sugar weigher foundation and building. A total of RM6.9 million has been allocated in 2025 for rejuvenation projects.

In addition, we implemented operational enhancements to our logistics and packaging processes. Sungai Buloh Warehouse (SBW) saw improved truck handling efficiency with the construction of shelters to enable sugar loading during rain and increase the number of trucks actively loaded at any given time. At MSM Johor, the Computerised Maintenance Management System (CMMS) was fully operational by September 2024, while Smart Manufacturing advanced to Phase 2, targeting Overall Equipment Efficiency (OEE) and was completed in December 2024.

OCCUPATIONAL SAFETY AND HEALTH

MSM remains steadfast in prioritising safety and well-being. In 2024, two Lost Time Incidents (LTIs) were recorded, both related to slips, trips and falls, with no permanent injuries. Our commitment to "No Harm to People, Property, and Environment" continues to drive robust Occupational Safety and Health (OSH) practices.

PLANNED SHUTDOWNS AND MAINTENANCE

Both MSM Prai and MSM Johor executed planned shutdowns and maintenance activities in 2024 to uphold plant reliability. Operational challenges such as water supply disruptions, high silo levels and high finished goods inventory at warehouses were effectively mitigated through coordinated plant shutdown maintenance.

DATE	PLANNED SHUTDOWN ACTIVITIES
MSM Prai	
10 – 12 January 2024	Planned shutdown for maintenance and to coincide with the utility's water supply disruption
9 – 12 April 2024	Scheduled annual maintenance which included a shutdown of Boiler #7 for inspection and maintenance
24 – 27 August 2024	Scheduled annual shutdown
MSM Johor	
18 – 21 February 2024	Minor planned shutdown to repair pumps and replace coupling stirrer
6 – 9 May 2024	Minor shutdown to rectify leakages at steam line, foreign material issue at GAC column causing filter bag blockage
31 July – 17 August 2024	Extended planned shutdown for complete overhaul of the refinery for the year.

OUTLOOK

MSM is poised for further growth and operational resilience in 2025 and beyond. Key priorities include:

- Advancing key infrastructure projects, including the completion of Boiler #3 at MSM Johor and the IETS Plant at MSM Prai, to support operational and environmental efficiency
- Completing the rollout of CMMS at MSM Prai to enhance maintenance and asset management
- Upgrading machinery in MSM Prai's packing lines to improve efficiency and production capacity
- Enhancing bulk sugar transfer turnaround times between MSM Prai and SBW via rail upgrades and operational improvements
- Completing the additional siding project at SBW to increase sugar transfer capacity from MSM Prai

Furthermore, MSM's commitment to Smart Manufacturing will continue to evolve, leveraging technological advancements to drive efficiency and sustainability in our refining processes. These initiatives will not only enhance operational capabilities but also ensure we remain agile and competitive in a challenging market landscape.

MSM Prai, MSM Johor, SBW and MSM Logistics Leadership Engagement Sessions

COMMERCIAL & DOWNSTREAM

PERFORMANCE HIGHLIGHTS

The Group Commercial Division (the Division) recorded revenue growth of over 15% across all segments, driven by higher average selling prices (ASP) and expanded market penetration. Domestic sales also showed resilience, growing 6% year-on-year, supported by targeted pricing strategies and focused customer engagement. The Export segment delivered exceptional performance, achieving 17% year-on-year growth due to successful entry into new markets and strategic initiatives.

KEY METRICS

Sales Revenue*

Increased from RM3.09 billion in 2023 to RM3.54 billion in 2024.

Sales Volume*

Reached over 1.09 million MT, reflecting strong demand across key segments.

Note:
** Sales revenue and sales volume include sales of molasses and local Joint Sugar Industry incentives.*

OVERVIEW

The year 2024 presented a dynamic market environment for the Division marked by rising input costs and heightened competitive pressures. Malaysia's economy continued its post-pandemic recovery, supported by robust consumer spending. However, the landscape was not without its difficulties, including inflationary pressures and global economic uncertainties. Despite these challenges, the division achieved remarkable growth, reflecting its resilience and adaptability.

Domestically, consumer behaviour reflected cautious spending and a shift away from larger brands, partly due to boycotts linked to geopolitical conflicts.

Export markets, however, remained vibrant, particularly for value-added products like Liquid Sugar and Premix. Challenges persisted, notably competitive pricing pressures from neighbouring sugar producers such as Thailand.

Against this backdrop, the Division's performance underscored its ability to navigate market complexities while achieving strong quarterly revenue growth and hitting significant milestones across both domestic and export markets.

BRAND AND PRODUCT PERFORMANCE

MSM's flagship brand, Gula Prai, maintained its strong market leadership throughout 2024. According to Kantar's latest report, in 2023, MSM ranked third in consumer reach points (CRP), rising to 67.2 points. This increase reflects the brand's expanding customer base and higher purchase frequency, reinforcing its position as a household staple.

A key milestone for the year was the successful soft-launch of Gula Super 500g. Designed to cater to budget-conscious consumers, this product effectively addressed market demand for affordable sugar. Its strong distribution strategy is to secure placements in value-focused retail chains by enhancing accessibility and brand visibility.

Further strengthening MSM's product innovation pipeline, plans for brown sugar variations progressed significantly. The Company is actively evaluating new product options, such as Cuppack Brown Sachet and Brown Cube, for potential market introduction in 2025 – 2026. On the international front, brown sugar exports to Australia and New Zealand demonstrated encouraging growth, with projected big volumes in the coming years.

OPERATIONAL EXCELLENCE AND SMART MANUFACTURING

In 2024, the implementation of Smart Manufacturing systems across production processes, powerhouses, quality assurance (QA) laboratories and packaging areas brought transformative benefits:

Operational Efficiency	Cost Reduction	Manpower Optimisation	Remote Support
Reduced unpredictable downtime and enhanced transparency.	Scalable predictive maintenance lowered operational costs.	Real-time process triggers enabled efficient resource allocation.	Improved decision-making through effective process control and immediate engineering attention.

These advancements align with MSM's commitment to Environmental, Social and Governance (ESG) principles, reinforcing sustainable and efficient operations.

OUTLOOK AND FUTURE PLANS

The Division will focus on diversifying product offerings and enhancing customer engagement to strengthen loyalty and expand its domestic customer base.

For Export growth, key priorities include entering new markets and increasing volumes in Singapore, South Korea and China. In Singapore, MSM Johor's tanker business aims to deliver 18,000 MT annually. In South Korea, the Division plans to introduce new SKUs, including 15 kg and 25 kg paper bags, targeting 20,000 MT annually by 2025. Collaboration with China's COFCO is ongoing to develop the premix market and explore refined sugar offtake opportunities, subject to 2025 import quotas.

Additionally, the Division will prioritise innovation and operational efficiency by leveraging Smart Manufacturing capabilities to deliver high-quality products. These initiatives aim to reinforce MSM's market leadership and drive sustainable growth in 2025.

Highlights of some Group Commercial Division's engagements in 2024

SUPPLY CHAIN

OPERATIONAL HIGHLIGHTS

The Group Supply Chain Division (the Division) achieved improvements in key performance indicators in 2024.

Selling & Distribution Cost

2024	RM115/MT		
2023	111/MT	2022	119/MT

Inventory Record Accuracy

2024	99.99%		
2023	99.88%	2022	99.97%

Order Fulfillment (On Time In Full)

2024	95%		
2023	94%	2022	91%

Days of Inventory

2024	17 days		
2023	9 days	2022	9 days

OVERVIEW

In 2024, the Group Supply Chain Division remained focused on optimising processes, reducing costs and enhancing revenue growth. This was achieved through a combination of strategic cost management, digitalisation efforts and continued improvement of operational efficiencies.

OPERATION OPTIMISATION AND ENHANCING COST EFFICIENCY

Building upon previous efforts, the Division continued refining its cost structures and operational frameworks to drive financial and operational efficiencies. Key highlights for 2024 include:

Fleet Replacement Programme

MSM's five-year asset acquisition plan progressed with 14 new units and eight reconditioned units replacing aging fleet assets. This initiative reduced the average truck age from 17 years to 10 years, improving efficiency and reliability while lowering maintenance costs.

Improve Capability and Resource Utilisation

We have improved our capability in managing daily distribution volumes of 4,000 MT consistently and our ability to process 1,400 twenty-foot equivalent units (TEUs) of sea containers per month by leveraging existing resources. This reduced dependency on service providers has brought cost benefits to MSM.

Material Handling Equipment (MHE) Transformation

We completed the MHE transformation initiative across all operating sites, which has improved productivity and brought down operating costs. This includes streamlinining of processes and standardisation of MHE that are in use, phasing out of diesel forklifts to drive sustainability and the introduction of more efficient equipment with new technology that has reduced total equipment required by 10%.

Small Truck and Tanker Deliveries

MSM expanded its core logistics services beyond border to Singapore utlising its assets electric van, small truck, big truck and tanker. This aligned to business plan to penetrate Singapore market as Malaysian 14th state.

ENHANCING SUPPLY CHAIN EFFICIENCY THROUGH DIGITALISATION AND CERTIFICATIONS

As part of MSM's commitment to modernising its supply chain operations, digitalisation efforts and certifications play a crucial role in driving efficiency, compliance and operational excellence.

SMART Logistics Deployment

The deployment of the Warehouse Management System (WMS) and Transport Management System (TMS) is on track and scheduled to go live in the first half of 2025.

The WMS is expected to improve inventory accuracy, streamline and automate various operation processes, reduce costs and improve order fulfillment speed. WMS will help MSM to maintain its competitiveness in the market and enable us to cater to dynamic market needs in line with MSM's 2025 commercial strategy to improve product availability and offer product innovation.

In addition, the TMS has two objectives, which is to optimise deliveries and reduce logistics costs. It will enable the planning, execution, optimisation and monitoring of transport operations in real time.

Supply Chain Excellence

In line with our efforts to improve our supply chain practices, MSM Logistics Sdn Bhd received the Halal Certification from the Jabatan Kemajuan Islam Malaysia (JAKIM) in 2024. The Halal certification is a mark of trust, transparency and ethical business practices and adds value to MSM offerings.

In addition, we continued improving from our ISO 9001: 2015 certification received in 2023, moving ahead to work on obtaining the ISO 39001 Road Safety Management System certification. Our aim is to be a more operator in the context of road safety and in road traffic systems to reduce road incidents.


HALAL

EMPOWERING YOUNG ENTREPRENEURS IN LOGISTICS

MSM launched the Program Perintis: Usahawan Logistik Muda in collaboration with Jabatan Pembangunan Usahawan Felda as a long-term CSR initiative to develop micro-entrepreneurs in the transportation sector. The programme equips participants with small trucks for MSM sugar distribution while providing comprehensive training in marketing, branding, operations and financial management under an incubator model. Officially launched on 12 July 2024 in Serdang, the programme aligns with MSM's commitment to corporate social responsibility and economic empowerment, fostering business ownership and sustainable income generation. Over a three-year period beginning 2024, 12 entrepreneurs will be trained across Selangor, Prai and Johor, with a projected monthly earnings of RM5,000–RM7,000 per participant and an estimated total income of RM3.6 million over five years. The first phase commenced in 2024 with two participants in Selangor, completing intensive training and achieving an average monthly income of RM10,000.

OUTLOOK FOR 2025

As MSM looks ahead, the Group Supply Chain Division is set to expand its cross-border logistics capabilities, particularly in the Near Region and Singapore. Efforts to enhance cost efficiencies will continue through process innovations aimed at mitigating inflationary pressures and global uncertainties. A deeper assessment of costs at a granular level—covering segments, services and locations—will help optimise the cost-to-serve model.

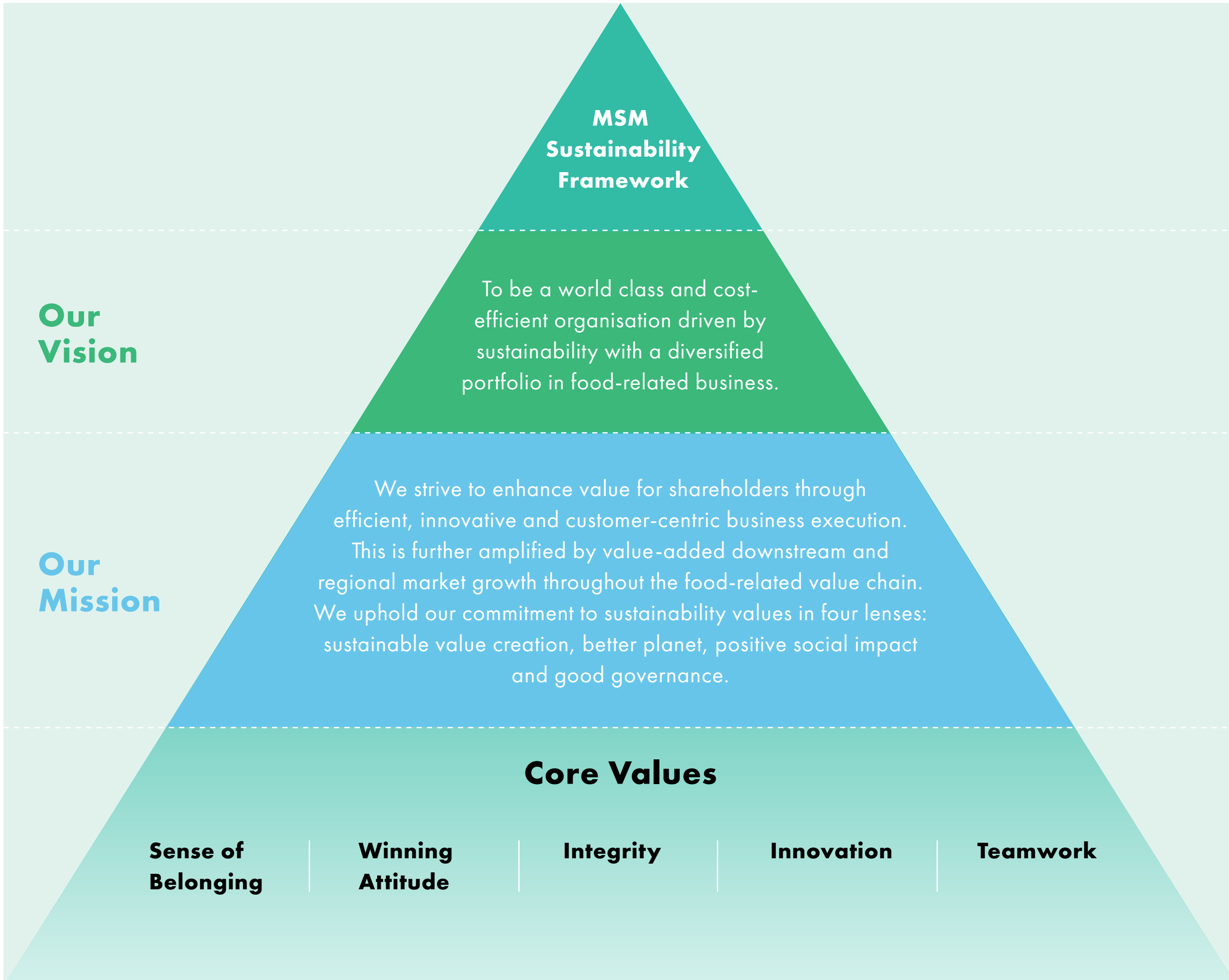
Sustainability remains a central focus, with ESG principles further embedded in supply chain operations. MSM is committed to ethical sourcing and energy-efficient logistics solutions to align with market and regulatory expectations. Additionally, product innovation will be driven by evolving consumer preferences, ensuring that MSM stays ahead of demand trends.

Recognising the rapid shift in supply chain dynamics, MSM will also enhance risk management strategies by strengthening engagement with regulators and authorities. This proactive approach will enable the Company to navigate changes in consumer expectations, including increased demand for customised products and faster service levels.

SUSTAINABILITY FRAMEWORK

Sustainability is deeply embedded in MSM's decision-making and business operations, ensuring long-term resilience and responsible growth. The MSM Sustainability Framework serves as a foundation for integrating sustainability into our core business strategy, reinforcing our commitment to ethical and responsible practices. In alignment with the Group's sustainability strategy, we incorporate sustainable practices across our operations, creating value for stakeholders while minimising environmental and social impacts.

Guided by a strong vision, mission and core values, the MSM Sustainability Framework reflects our dedication to fostering a cost-efficient, high-performance and sustainable business model. We strive to create long-term value while maintaining a balance between economic growth, environmental responsibility and social well-being. By leveraging opportunities across the food value chain, we aim to strengthen sustainability and business resilience.



SUSTAINABILITY FRAMEWORK

Our framework is structured around three key pillars: Environmental, Social and Governance (ESG), with five essential focus areas that shape our sustainability agenda. These focus areas are aligned with the relevant material matters:

ESG FOCUS AREAS

ECONOMIC GROWTH	ENVIRONMENT	SOCIAL	GOVERNANCE	INNOVATION & TECHNOLOGY
Profitability and economic growth as the main output of a holistic sustainability approach	Integration of environmental protection as well as climate mitigation and adaptation efforts and responsible use of natural resources and in becoming zero environmental impacts business	Integration of responsible approach to social and human rights as the nation's employer of choice and corporate social responsibilities	Integration of sustainability objectives and targets across the Company's core business strategy and model by ensuring full compliance with legal, regulatory and sustainability requirements	Linking innovation and transformation to promote incremental and disruptive sustainability-oriented innovation and progress
SUSTAINABILITY MATTERS				
• Business Development and Product Quality • Operational Performance • Traceability, Responsible Sourcing and Supply Chain Management	• Climate Action • Waste Management • Water Management • Renewable Energy and Energy Management	• Upholding Human Rights and Labour Standards • Occupational Health and Safety • Employee Engagement and Talent Management • Community Engagement and Development • Diversity, Equity and Inclusion	• Governance, Ethics and Integrity • Traceability, Responsible Sourcing and Supply Chain Management • Data Security and Protection	• Operational Performance • Climate Action

In alignment with both global and local sustainability priorities, we are dedicated to contributing to the United Nations Sustainable Development Goals (SDGs) and adhering to the Ten Principles of the United Nations Global Compact (UNGC). Our sustainability commitments not only drive responsible business practices but also reinforce our role in shaping a more sustainable future for the industry and beyond. As part of this journey, we are working towards achieving net zero, integrating climate-conscious strategies into our operations to reduce environmental impact and support a low-carbon economy.

OUR SUSTAINABILITY APPROACH

To ensure sustainability is effectively integrated into our operations, MSM utilises a holistic approach that fosters continuous improvement, stakeholder engagement and measurable impact, aligning our sustainability initiatives with our business goals, governance structures and performance monitoring.

This has allowed us to make meaningful progress in embedding sustainability across our operations, with a clear focus on achieving net zero, responsible resource use and strengthening governance. The company has set key milestones for reducing greenhouse gas (GHG) emissions, optimising resource efficiency and aligning with global reporting standards. Looking ahead, MSM aims to prioritise carbon reduction, waste management and regulatory compliance, reinforcing its commitment to sustainable business practices and long-term resilience. By continuously improving its sustainability approach and engaging stakeholders, MSM aims to drive impactful change and support a more sustainable future for the industry.

SUSTAINABILITY FRAMEWORK

OUR SUSTAINABILITY APPROACH

Understand Organisational Context	Assess the organisation's mission, values, goals, stakeholder needs and existing sustainability initiatives to build a strong foundation for sustainability integration.
Define Measurable Sustainability Objectives	Establish clear, measurable sustainability goals aligned with the overall corporate strategy and stakeholder expectations across ESG dimensions.
Conduct Materiality Assessment	Identify and prioritise sustainability issues that have the most significant impact on MSM's business and stakeholders. This ensures a focused approach to key sustainability matters.
Establish Governance Structure	Define clear governance roles, responsibilities and decision-making processes to oversee sustainability implementation and track progress.
Develop Sustainability Policies and Procedures	Formalise MSM's commitment to sustainability through comprehensive policies and procedures that provide a structured roadmap for action.
Define and Identify Key Performance Indicators (KPIs)	Establish relevant KPIs to measure progress towards sustainability goals and assess performance across ESG areas.
Develop and Implement Action Plans	Identify and execute sustainability initiatives that address high-priority issues, ensuring tangible impact on business and stakeholders.
Integrate Sustainability Across Functions	Embed sustainability across all business areas, including supply chain, procurement, human capital, resource management, product distribution and marketing.
Engage Stakeholders Throughout the Process	Foster collaboration by actively involving stakeholders in developing and implementing sustainability initiatives.

SUSTAINABILITY FRAMEWORK

Monitor and Report Progress	Establish systems to track sustainability performance, ensuring transparency through sustainability reports, town halls and other communication channels.
Apply Kaizen Philosophy for Continuous Improvement	Encourage continuous improvement through stakeholder feedback, regulatory changes, emerging trends and data-driven decision-making.

Group Sustainability Policy

At MSM, the Group Sustainability Policy (GSP) serves as a framework for integrating economic activities with environmental responsibility, social considerations and governance practices. Established in 2018, the GSP is reviewed periodically to ensure it remains aligned with ESG developments, stakeholder expectations and industry standards. Covering 18 key areas, the policy supports MSM's efforts to incorporate sustainable practices into its operations while considering the interests of stakeholders and the broader community. The GSP reflects MSM's commitment to:

- **Supporting external suppliers in aligning with the GSP**
- **Engaging stakeholders to foster sustainable practices**
- **Fulfilling all applicable legislation and regulatory requirements**

For more information on the GSP, please refer to https://www.msmsugar.com/sites/default/files/group_sustainability_policy.pdf.

SUSTAINABILITY GOVERNANCE

MSM is committed to upholding strong governance to ensure sustainability is embedded into its business operations and activities. This is reflected in its robust policies and decision-making processes, with oversight from the Group's Board of Directors.

We adopt a tone-from-the-top in sustainability governance, whereby MSM's Board of Directors (the Board) has oversight of sustainability-related matters including climate change. It is supported by the Audit, Governance and Risk Committee (AGRC) and MSM's Executive Committee (EXCO) in driving sustainability within the organisation. The Board Sustainability Committee (BSC) was established in January 2025 to undertake responsibility for sustainability matters, a role previously overseen by the AGRC.

OUR SUSTAINABILITY GOVERNING BODY

AGRC (until December 2024)*

BSC (established in January 2025)

Management Sustainability Committee (MSC) - until October 2024

Sustainability Steering Committee (SSC)** - established in October 2024

ESG Department

BOARD OF DIRECTORS

The Board has oversight of the Group's sustainability matters, including the Group's sustainability strategy and climate change risks and opportunities. Climate change is included in the Group's risk management framework and is managed the same way other risks are addressed and mitigated.

Main responsibilities and key roles:
- Reviews, approves and embeds ESG considerations into the strategic plans of the Group, guided by the MSM's Board Charter
- Reviews and approves MSM's sustainability disclosures
- Develops MSM's sustainability policy and ensures material matters impacting the Group's business goals are considered
- Reviews the Group's sustainability practices

AUDIT, GOVERNANCE AND RISK COMMITTEE

The AGRC ensures a seamless continuation of MSM's sustainability agenda in sustainability-related matters.

Main responsibilities and key roles:
- Meets quarterly to discuss all enterprise risks including matters related to climate change and ESG
- Reviews the Sustainability Report and other sustainability-related matters, which can impact the Group's financial performance and reputation
- Receives periodic updates on plans and actions to be taken, status updates on significant ESG initiatives and information on ESG risks and challenges from the Group Chief Executive Officer (Group CEO), Group Chief Operating Officer (Group COO) and the SSC

Notes:

* *The AGRC remains in place, with the oversight of sustainability matters transitioning to the BSC upon its establishment, ensuring a seamless continuation of our sustainability commitments.*

** *The establishment of the SSC aims to further strengthen sustainability efforts with a dedicated focal point, while the MSC remains in place.*

SUSTAINABILITY GOVERNANCE

This transition ensures a dedicated focus on sustainability governance, with AGRC providing support during the transition period to facilitate a smooth and seamless integration of responsibilities. Additionally, our Board consistently attends training related to sustainability development.

For more information about sustainability training for the Board, please refer to pages 138 to 144 of this AIR.

GROUP CEO, GROUP COO, CFO AND SUSTAINABILITY STEERING COMMITTEE

The Group CEO, Group COO and CFO serve as the point of contact between the Board, including the AGRC and BSC, and MSM's operational units on corporate governance and sustainability matters.

Main responsibilities and key roles:

- Members of the SSC are responsible for ESG-related discussions particularly on GHG emissions and reduction, identification of ESG opportunities and mitigation of ESG risks
- Both the Group CEO and Group COO provide leadership and guidance for sustainability projects and initiatives across the Group
- The Group CEO receives reports directly from the ESG Department

Selected personnel have been designated as ESG Catalysts since 2023. These individuals are responsible for driving sustainability initiatives across MSM's key workstreams, which initially comprised Circular Economy, Nature-Based Solutions, Zero Carbon Pathway, Creating Shared Value, Sustainable Sourcing, Water and Sustainable Packaging. In 2024, we strengthened our sustainability governance by making it a key focus for 2025 and establishing the BSC and the SSC. This is to enhance transparency, accountability and ethical business practices by aligning with international reporting standards and managing sustainability risks.

The ESG Catalysts play a pivotal role in integrating sustainability within MSM by:

- Representing ESG within their respective departments, advocating for sustainable initiatives and contributing insights during ESG discussions
- Implementing ESG programmes and partnerships within their assigned workstreams, embedding sustainability into MSM's corporate culture and inspiring employees to make impactful change
- Serving as ESG ambassadors, ensuring effective communication of ESG priorities from the SSC to various departments and facilitating seamless coordination of sustainability efforts across MSM
- Seeking SSC endorsement for ESG initiatives before presenting them for approval and execution by the appropriate authorities

ESG DEPARTMENT

Our ESG Department provides advice from all Heads of Operations and Department Heads at subsidiaries on matters pertaining to the Group's sustainability strategy. The ESG Department also works closely with MSM's Group HSES Department and other departments in charge of implementing the Group's sustainability-led strategies and programmes.

E S G

OPTIMISING ENVIRONMENTAL PERFORMANCE

We remain committed to minimising our environmental impact as part of our responsibility to both people and the planet.

As climate challenges continue to grow, we are strengthening our efforts to reduce greenhouse gas (GHG) emissions, improve resource efficiency and finding better ways to manage waste. Moving towards carbon neutrality remains a key focus for us, in line with the nation's transition to a low-carbon economy. To support this, we are exploring alternative energy sources and investing in research that promotes a circular economy, allowing us to use resources more responsibly and reduce waste.

MATERIAL MATTER

APPROACH	KEY INITIATIVES AND ACHIEVEMENTS
M1 Climate Action	
We continue to strengthen our efforts to address climate change by focusing on reducing GHG emissions, improving energy efficiency and adopting low-carbon technologies. Our approach aligns with global climate goals, including Malaysia's ambition for a low-carbon economy. We assess climate-related risks and opportunities through scenario analysis and implement mitigation strategies to enhance our resilience.	• Reduced Scopes 1 and 2 GHG emissions intensity by 7.00% • Developed a GHG reduction roadmap with the Measure, Reduce, Offset (MRO) strategy • Conducted climate scenario analysis to assess risks and adaptation strategies for Climate Risk Management & Advocacy • Participated in COP29 parallel event sponsorship to promote climate dialogue • Implemented reforestation and nature-based solution by planting 1,350 mangrove-associated trees to support biodiversity

OPTIMISING ENVIRONMENTAL PERFORMANCE

APPROACH	KEY INITIATIVES AND ACHIEVEMENTS
M2 Waste Management	
We are committed to promoting a circular economy by reducing waste, increasing recycling rates and optimising resource use. Our strategy includes responsible disposal, improved segregation of waste streams and the exploration of waste-to-value initiatives. We continuously review our processes to ensure compliance with environmental regulations and drive efficiency in waste management.	• Circular Economy & Waste Diversion with an achievement of a 95.08% waste recycling rate • Segregated packaging waste for resale, generating RM41,308.74 • Implemented Black Soldier Fly (BSF) waste treatment, achieving 100% waste conversion • Explored mudcake repurposing for fertiliser and animal feed applications • Zero compounds issued for scheduled waste management
M3 Water Management	
Water is a critical resource for our operations, and we aim to optimise its use while minimising waste and pollution. Our water management strategy focuses on reducing consumption, improving efficiency and ensuring compliance with environmental regulations. We have implemented water-saving initiatives across our sites and are investing in infrastructure to further enhance water stewardship.	• Achieved a 7% reduction in water consumption at MSM Prai • Installed a rainwater harvesting system at MSM Johor, with plans to expand • Introduced the Zero Leaks Programme and established a Leaks Buster Team • Conducted a flood risk assessment at MSM Prai to mitigate extreme weather risks • Upgraded the Industrial Effluent Treatment System (IETS) at MSM Johor to meet higher discharge standards
M4 Renewable Energy and Energy Management	
We aim to reduce our reliance on fossil fuels by increasing the use of renewable energy and enhancing energy efficiency across our operations. Our energy management strategy includes investing in energy-efficient equipment, adopting alternative fuels and integrating solar and biomass energy.	• Completed 89% of rooftop repairs at SBW in preparation for solar panel installation • Developed a plan for biomass energy integration at MSM Johor, pending facility utilisation threshold • Transitioned from diesel forklifts to liquified petroleum gas (LPG) forklifts, reducing carbon emissions • Conducted energy audits at MSM Prai and MSM Johor to optimise consumption

E S G

PUTTING OUR PEOPLE FIRST

Our people are at the heart of everything we do and we are committed to creating a workplace where they feel safe, valued and supported.

We strive to foster an inclusive environment that empowers our employees to grow and succeed. Upholding human rights and fair labour practices, embracing diversity, equity and inclusion, ensuring workplace safety, investing in talent development and actively supporting the communities we serve are key priorities. By focusing on these areas, we aim to build a resilient and engaged workforce that drives our long-term success and sustainability.

1. **Siva Prakash Singaravelloo** – Lead, People & Culture – MSM Prai Berhad
2. **Asri Ayob** – Assistant, Facility & Pool Driver
3. **Yong May Lee** – Champion, Talent Management & Learning
4. **Mohamad Thanthawi Deraman** – Lead, Group People Happiness & IR
5. **Tan Suet Mei** – Senior Associate, Benefit Delivery
6. **Chai Pei Cher** – Lead, Group People Excellence
7. **Mohd Bakhtiar Pahroraji** – Head, Group People & Culture
8. **Elis Sumarni Tahir** – Lead, Group People Operations & Digital
9. **Isyraq Harraz Mohd Yusri** – Associate, Facility & Convenience
10. **Muhammad Azri Abdul Aziz** – Lead, Community
11. **Mohd Khaidir Arif Mohd Zain** – Lead, Group People Management
12. **Eleena Rozman** – Senior Associate, Success & Rewards
13. **Syed Mohamed Moideen** – Lead, People & Culture – MSM Sugar Refinery (Johor) Sdn Bhd

MATERIAL MATTER

APPROACH	KEY INITIATIVES AND ACHIEVEMENTS
M5 Upholding Human Rights and Labour Standards	
We align our human rights practices with global frameworks such as the Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights (UNGPs) and the International Labour Organisation (ILO) principles. Our commitment includes ensuring fair wages, ethical recruitment and safeguarding employees' rights to union representation.	• Incorporated human rights principles into the Company's policies and practices • Ensured compliance with national employment laws on wages, working hours and conditions • Strengthened recruitment screening to prevent forced labour risks • Supported collective bargaining agreements and union representation for employees

PUTTING OUR PEOPLE FIRST

APPROACH	KEY INITIATIVES AND ACHIEVEMENTS
M6 Diversity, Equity and Inclusion	
We believe a diverse workforce drives innovation and strengthens decision-making. Our DEI Policy, approved by the Board, promotes fair treatment, equal opportunities and a workplace free from discrimination.	• Enhanced leadership diversity, with women holding 29% of top and senior management positions whilst Board maintains 33% compliance • Monitored workforce demographics to ensure fairness across gender, ethnicity and age groups • Maintained a zero-tolerance approach to discrimination and harassment, supported by whistleblowing channels
M7 Occupational Health and Safety	
Ensuring a safe and healthy workplace is our priority. We adhere to Malaysia's Occupational Safety and Health (Amendment) Act 2022 and ISO 45001:2018 standards, with proactive risk management measures.	• Conducted 44,622 hours of safety training and awareness programmes • Maintained zero workplace fatalities and reduced high-risk incidents by 78% • Expanded contractor safety audits and introduced random drug testing for contract workers • Strengthened emergency response preparedness and compliance monitoring
M8 Employee Engagement and Talent Management	
We prioritise talent development through structured training, career progression and employee well-being programmes. Our engagement efforts foster a motivated workforce aligned with MSM's goals.	• Conducted regular town halls, focus groups and engagement activities • Provided financial assistance, educational support and healthcare benefits for employees and families • Launched MSM Virtual Academy to enhance digital learning opportunities • Invested over RM1 million in training and development, increasing average training hours per employee
M9 Community Engagement and Development	
We actively contribute to social and economic development through initiatives that support education, environmental conservation and disaster relief. Our approach focuses on creating meaningful, lasting impact.	• Conducted 101 ESG-related community outreach programmes, of which 21 were focused on environmental initiatives, 75 on social initiatives and five on governance • Supported environmental awareness through educational initiatives and underprivileged communities in the bottom 40% (B40) segment • Engaged employees in volunteering efforts, including environmental conservation projects such as tree planting and beach cleaning • Provided RM375,279.06 in sponsorships and donations, while RM392,611.55 was allocated for Zakat Wakalah contributions

E S G

UPHOLDING GOOD GOVERNANCE & RESPONSIBLE BUSINESS

We believe that trust is built through integrity, transparency and accountability in everything we do.

By upholding strong governance and ethical business practices, we create a solid foundation for sustainable growth. Our focus is on maintaining clear oversight, strengthening supply chain traceability, improving operational efficiency, protecting data security and delivering high-quality products. These efforts keep us resilient, aligned with industry best practices and prepared for long-term success.

1. **Vasanthakumar Nathan** – Executive, Group Procurement
2. **Siti Normizan Abdul Manaf** – Assistant Manager, Group Procurement
3. **Pang Jia Yi** – Senior Executive, Group Procurement
4. **Mohd Syafiq Hanafi Mohamad Razali** – Senior Executive, Group Procurement
5. **Zadatul Akhmar Sharmila Mustaffa** – Acting Head, Group Procurement
6. **Norzanariza Mohd Pauzi** – Senior Executive, Group Procurement
7. **Shahrir AA Shafee Abdullah** – Manager, Group Procurement
8. **Wan Adilah Wan Nazli** – Assistant Manager, Group Procurement
9. **Nashima Bibi Mohd Noor** – Executive, Group Procurement

MATERIAL MATTER

APPROACH	KEY INITIATIVES AND ACHIEVEMENTS
M10 Governance, Ethics and Integrity	
We are committed to upholding the highest governance standards by embedding integrity, transparency and accountability across all operations. Our governance framework follows the Malaysian Code on Corporate Governance 2021 (MCCG 2021) and Bursa Malaysia's sustainability disclosure requirements.	• Achieved 100% Board of Directors training on anti-corruption and corporate governance • Conducted MSM Integrity Symposium 2024, reinforcing ethical business practices • Strengthened Corruption Risk Management (CRM) framework, updating mitigation plans • Expanded whistleblowing awareness programmes, ensuring transparency and stakeholder trust

UPHOLDING GOOD GOVERNANCE & RESPONSIBLE BUSINESS

APPROACH	KEY INITIATIVES AND ACHIEVEMENTS
M11 Traceability, Responsible Sourcing and Supply Chain Management	
We ensure responsible sourcing and full traceability of raw materials, particularly raw sugar, to maintain a sustainable and ethical supply chain. Our procurement policies align with ESG best practices, fostering accountability, fair competition and long-term supplier partnerships.	• Engaged with 14 key service providers to communicate ESG expectations • Maintained 99.47% of local suppliers, demonstrating our support for local economic growth, reinforcing supply chain resilience • Strengthened No Deforestation, No People Exploitation (NDPE) policy, enhancing transparency in sugar sourcing • Achieved 96.3% traceability for MSM Prai and 100% traceability for MSM Johor back to sugar mills
M12 Operational Performance	
We focus on optimising operational efficiency through process improvements, lean manufacturing practices and enhanced resource management. Our efforts ensure cost-effectiveness, productivity gains and sustainable business growth.	• Launched the Kilangku, Syurgaku Programme to improve workplace environment and compliance • Increased manufacturing efficiency at MSM Johor, strengthening local supply chains • Implemented lean manufacturing initiatives, reducing production costs
M13 Data Security and Protection	
With digitalisation playing a key role in our operations, we are committed to protecting data privacy and strengthening cybersecurity measures to prevent potential breaches. Our compliance with the Personal Data Protection Act (PDPA) 2010 and adoption of global security standards ensure resilience against cyber threats.	• Implemented Next-Generation Firewall (NGFW) with advanced intrusion prevention features • Introduced monthly cyberattack awareness programmes, enhancing employee vigilance • Developed a cyber drill exercise under IT Business Continuity Management (BCM) to improve response readiness
M14 Business Development and Product Quality	
We remain committed to delivering high-quality sugar products while exploring new market opportunities for growth. Our focus is on maintaining regulatory compliance, enhancing customer trust and ensuring operational excellence.	• Maintained zero non-compliance notices from the Ministry of Health (MOH), ensuring food safety • Conducted 18 customer audits, four internal audits, and 11 certification audits • Enhanced packaging and manufacturing processes, reducing product returns to 0.26% of total sales • Expanded digital quality assurance and quality control systems, enabling prompt data-driven decision-making

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

At MSM, we remain persistent in integrating climate-related risks and opportunities into our corporate strategy, ensuring resilience in an evolving global landscape. In 2024, we have reinforced our approach by strengthening governance, scenario analysis, risk management and emissions tracking, aligning with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. We aim to gradually transition to the International Financial Reporting Standards (IFRS), released by the International Sustainability Standards Board (ISSB), within the time period required by Bursa Malaysia.

We continue to advance our sustainability strategy by engaging our leaders in driving our sustainability strategy forward and measuring our progress periodically. This includes making the necessary adjustments with the aim of ensuring the metrics we use and the targets we set are appropriate.

We ensure that policies and programmes are in place to support our efforts towards our sustainability goals. We also work closely with stakeholders, including customers and employees, through partnerships and collaborations to advance MSM's sustainability agenda. We are accelerating renewable energy adoption, supply chain engagement and operational efficiency improvements to drive long-term decarbonisation. By enhancing transparency, aligning with global best practices and managing climate risks, we continue to advance our sustainability agenda while creating long-term value for our stakeholders.

GOVERNANCE

Oversight on Climate Risks & Opportunities

The Board has oversight of matters related to sustainability, including sustainability risks and opportunities, and remains responsible for integrating climate considerations into corporate strategy. The Board Sustainability Committee (BSC), established in January 2025 to oversee sustainability-related matters, is supported by the Audit, Governance, and Risk Committee (AGRC), which previously oversaw sustainability until the BSC's formation. The AGRC continues to play an active role in supporting the BSC, ensuring a smooth transition of responsibilities.

Additionally, the BSC is supported by the Sustainability Steering Committee (SSC), established in October 2024. Together, the BSC and SSC reinforce MSM's commitment to sustainability and climate resilience, ensuring these priorities remain central to strategic decision-making.

The SSC, which is an enhancement of the previous Management Steering Committee, plays a pivotal role in embedding climate-related policies and ensuring alignment with MSM's overarching sustainability strategy. Reporting directly to the BSC, the SSC is headed by the Group CEO and composed of senior executives from key business functions, including the Environmental, Social & Governance (ESG) department, Health, Safety, Environment & Security (HSES) department and Operations Management. This structured reporting mechanism ensures that sustainability measures are effectively communicated to the Board and that climate-related risks are embedded into MSM's overall risk management framework. The SSC is responsible for tracking progress against key performance indicators, providing recommendations for sustainability initiatives and ensuring that operational decisions reflect MSM's long-term climate commitments.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

STRATEGY

Climate Scenario Analysis and Business Impact

MSM classifies climate risks into physical risks and transition risks. Physical risks refer to the direct impact of climate change, such as rising sea levels, temperature fluctuation and extreme whether events that cause significant damage to assets, operations and supply chain disruptions, affecting operational continuity. Transition risks arise from the shift towards a low-carbon economy, which may involve policy changes, market shifts, reputational impacts and technology advancements as we adapt to a new regulatory environment, consumer expectation and change of consumer behaviour. While climate change poses significant risks, the transition towards a low-carbon economy also offers substantial opportunities. We have broadened our climate scenario analysis to assess potential risks and opportunities under three distinct climate trajectories. Each scenario enables us to evaluate the financial and operational implications of climate change and adjust our strategy accordingly.

Scenario 1: Business-as-Usual (4.0 to 5.0°C)

If global temperatures exceed 4°C due to insufficient mitigation actions, we anticipate heightened physical risks such as more frequent and severe extreme weather events, prolonged droughts and flooding, which could disrupt operations and supply chains. Regulatory and market pressures would also escalate, increasing operational costs and potential supply shortages. To address these risks, we are investing in climate-resilient infrastructure and diversified sourcing strategies to minimise disruptions.

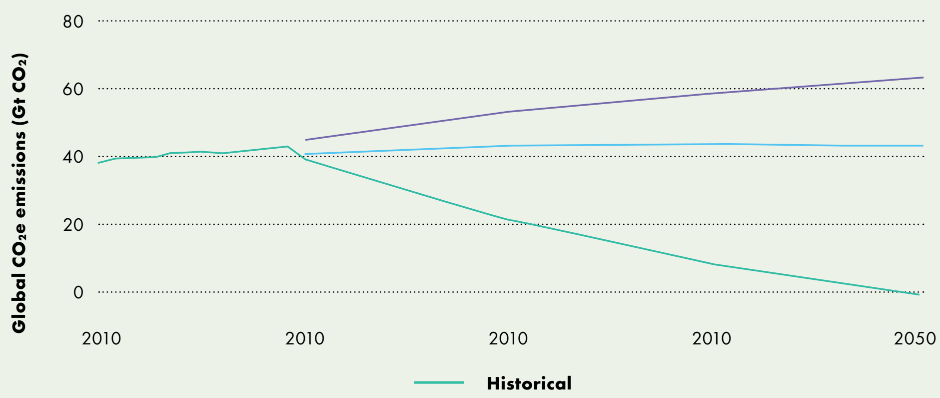
Scenario 2: Moderate Mitigation (2.5°C)

In this scenario, partial climate mitigation measures are implemented, leading to a moderate temperature rise. While physical risks remain significant, regulatory policies such as carbon pricing and emission reduction targets become stricter. We are preparing for this scenario by enhancing energy efficiency measures, adopting renewable energy solutions and integrating carbon pricing into our financial planning.

Scenario 3: Paris Agreement-Aligned (1.5°C)

In this scenario, full climate mitigation measures are implemented, leading to a low temperature rise. While physical risks remain significant, transition risk which includes regulatory policies such as carbon pricing and emission reduction targets become stricter. We are preparing by enhancing energy efficiency measures, adopting renewable energy solutions and integrating carbon pricing into our financial planning.

CO_2e Emission Trajectories and Corresponding Climate Change



With no mitigation approximately 4.0 to 5.0°C
World remains focused on short-term challenges with few or no steps taken to limit emissions.

With stated policy 2.5°C
World relies on existing and planned policies, but no additional measures are undertaken.

Paris ambition 1.5°C
World takes immediate and coordinated action to tackle climate change and curb emissions.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Building Climate Resilience through Investments

To enhance our climate resilience, we have integrated financial projections into our risk assessment. Investments in flood risk mitigation strategies are planned over the next five years to ensure operational continuity in vulnerable areas. We are also prioritising energy transition initiatives, such as the installation of solar rooftops at MSM Prai and SBW, which will contribute to long-term cost savings and reduced carbon emissions.

Projected Savings from Solar Rooftops

MSM Prai	Electricity cost saved in 20 years: **RM20.51 million**
	Scope 2 GHG emissions saved per year: **2,001 tCO_2e/MWh**
SBW	Electricity cost saved in 20 years: **RM4.97 million**
	Scope 2 GHG emissions saved per year: **499 tCO_2e/MWh**

In 2024, we transitioned from diesel-powered forklifts to LPG and lithium-ion battery forklifts, reducing operational emissions. By integrating financial risk assessments into our strategy, we are strengthening our resilience while leveraging opportunities towards a low-carbon economy.

RISK MANAGEMENT

Processes for Identifying and Assessing Climate Related Risks

We continue to strengthen our approach in identifying and assessing climate-related risks, ensuring both physical and transition risks are evaluated comprehensively. Our climate risk assessment process involves analysing supply chain vulnerabilities, reviewing regulatory landscapes and assessing the financial impact of climate-related events.

Building on our previous efforts, we remain actively engaged with stakeholders, including regulators and industry partners, to stay informed about emerging risks and opportunities in the evolving climate landscape. The key workstreams identified in 2023 remain in place, reflecting our ongoing commitment to resilience and adaptability.

- **2050 Net-Zero** – Climate Change and GHG Emission Management
- **Circular Economy and Waste Management**
- **Sustainable Sourcing**
- **Water Management**
- **Sustainable Packaging**
- **Creating Shared Value** (ESG culture, communication and learning)
- **Biodiversity & Nature-based Solutions**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Our business is exposed to both Transition Risks and Physical Risks.

	TRANSITION RISKS	PHYSICAL RISKS
Definition	Potential risks associated with changes in policy, technology, social dynamics and economic conditions during the transition to a low carbon economy: **Policy** **Technology** **Market** **Reputation**	Potential risks stemming from the physical impacts of climate change including acute event-driven extreme weather such as heatwaves, freeze events, droughts, water stress, storms, extreme rainfall and flooding. Additionally, there are chronic longer-term climate shifts, such as sustained higher temperatures and sea level rise, which also pose significant challenges.
Potential Impacts	Depending on the nature and pace of the transition, different levels of financial and reputational risks may arise, including: • Decreased revenues due to shifts in consumer demands and preferences • Higher operational costs • Effects on asset values • Obsolescence of tangible and intangible assets	• Direct damage to assets • Indirect impacts, such as operations. For example, storm surges affect production, supply chain, and health and safety • Extended value chain, like water availability impacting the sourcing and quality of raw materials
Timing	The timing and speed of the transition are uncertain, with a higher probability of occurring in the short to medium term. Postponing the transition raises the chances of a disorderly, disruptive and abrupt shift.	• Presently, acute risks are already evident, and we anticipate their severity and frequency to escalate • Chronic risks are anticipated to emerge more prominently over the long term, predominantly weighted toward mid-century and beyond

Mitigation Strategies and Supply Chain Resilience

To mitigate risks, we have implemented a flood risk management strategy, identified high-risk operational sites and invested in stormwater management systems and elevated storage infrastructure. Recognising the importance of supply chain resilience, we are conducting a GHG footprint assessment for key suppliers, developing a Scope 3 emissions inventory to track and manage supply chain emissions more effectively.

To strengthen operational risk monitoring, we have introduced ESG tracking systems, ensuring early identification and mitigation of climate-related financial risks. By integrating climate risk considerations into our enterprise risk framework, we are safeguarding our long-term sustainability. This enables us to monitor and mitigate acute physical risks such as flooding, which may disrupt our refinery operations, damage machinery and inventory as well as disrupt supply chain operations due to flooded routes and third-party logistics or warehouses, leading to increased operation costs and revenue losses. Flooding may also affect the health and safety of our employees, particularly those whose homes are affected by the weather event.

We have also determined the time horizon for identified risks, covering the short, medium and long term, ensuring a structured and forward-looking risk management approach to build climate resilience.

	From (Year)	To (Year)
Short-term The short term focuses on immediate and upcoming reporting periods, reflecting near-term changes in performance, regulatory compliance and respective action taken in response to identified risks and opportunities	0	1
Medium-term The medium-term horizon allows us to respond to potential risks and opportunities that can be seen at present and may not be experienced until later	1	5
Long-term The long-term horizon for MSM is more broadly the future vulnerable state and risks and opportunities can be difficult to predict too far in advance	5	-

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

PHYSICAL RISKS

Category	Description	Time Horizon	Impact Risk/Opportunity	Our Approach
Acute and chronic	Climate-related physical risks encompass acute risks from extreme weather events such as floods and droughts, as well as chronic risks arising from gradual changes in temperature and precipitation patterns	● ● ●	Across the three climate scenarios analysis, flooding was identified as a chronic hazard that could impact the company in the short, medium and long term.	We continue to assess potential physical climate risks to our operations and value chain. This included conducting a flood risk assessment at MSM Prai by engaging an external consultant to analyse the climate scenarios and the impact on the operations, along with adaptation and mitigation plans. We plan to initiate a project to quantify the potential financial impacts associated with flood risk. We will also conduct a study on the feasibility of increasing night shifts and maintaining remote work to reduce reliance on physical infrastructure and GHG emissions from commuting.

TRANSITION RISKS

Category	Description	Time Horizon	Impact Risk/Opportunity	Our Approach
Policy & legal risks and opportunities	Carbon tax is expected to increase under the 2.5°C and 1.5°C scenarios to support market requirements in meeting national emissions reduction targets	● ● ●	Uncertainty surrounding global carbon pricing and regulations, particularly in relation to trading schemes, makes financial planning challenging.	Efforts to mitigate exposure to pricing-related risks include emission reductions, with short-term and long-term targets to be submitted and approved by the Science-Based Targets initiative (SBTi). Additionally, MSM is exploring potential scenarios for alternative supply sources through joint ventures in plantations or other sustainable alternatives to reduce supply chain emissions. This initiative also aims to address the impact of the proposed sugar tax on downstream industries.

● Short-term ● Medium-term ● Long-term

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TRANSITION RISKS

Category	Description	Time Horizon	Impact Risk/Opportunity	Our Approach
Policy & legal risks and opportunities	Enhanced and increasingly stringent climate-related reporting obligations, along with additional emissions-related reporting requirements, will take effect by 2025	● ●	Rising reporting costs, increased compliance burden and a shortage of skilled human resources.	Amid stringent reporting requirements, we remain resilient in monitoring evolving regulations that necessitate additional disclosures. The growing emphasis on sustainability has led to the adoption of compliance requirements across environmental, social and governance (ESG) topics.
Technology risks and opportunities	Costs associated with transitioning to lower-emission technologies	● ●	Capital investments may be required to decarbonise operations and enhance energy efficiency. Efforts to reduce Scope 2 emissions include exploring opportunities to source solar power as a renewable energy source for MSM Prai and SBW.	We have initiated this process by leveraging energy audit outcomes as a key focus for optimising and enhancing energy efficiency. We remain committed to tripling our energy efficiency initiatives. A multi-year plan to migrate our data centre to the cloud will enable a more energy-efficient operational shift. Additionally, we aim to develop an internal carbon strategy for renewable energy procurement by 2026. Our five-year plan includes adopting more efficient transportation modes for product distribution, incorporating truck fuel efficiency improvements and the integration of electric vehicles (EVs).
Market risks and opportunities	Shifting customer preferences towards more sustainable products	● ● ●	Climate change-related events and the energy transition may influence client behaviour in different ways. As we navigate physical climate risks and the transition to renewable energy, we identify opportunities for process optimisation.	We have developed a new section dedicated to managing research and development (R&D) innovation, facilitating the development and expansion of low-carbon products. We are also planning for long-term packaging recyclability to align with shifting customer preferences. Additionally, MSM actively supports and participates in stakeholder questionnaires and surveys—including those from customers, bankers and investors—and takes serious action to address any gaps as necessary.

● Short-term ● Medium-term ● Long-term

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TRANSITION RISKS

Category	Description	Time Horizon	Impact Risk/Opportunity	Our Approach
Reputational risks and opprotunies	Stakeholder interest	● ● ●	Failure to meet publicly expected sustainability standards and growing stakeholders' perception. Market stigmatisation of sugar may lead to decline in brand reputation and loss in sales revenue.	We conduct quarterly analyst briefings and collaborate with universities and government sectors, incorporating shareholder feedback into our strategic planning, governance and sustainability programmes. Additionally, we promote awareness of responsible sugar consumption.
	Employee risk	● ●	Reputational risk can affect employee satisfaction through job insecurity, increased stress from upskilling and resistance to organisational changes. However, strong climate leadership and alignment with sustainability values can boost morale, employee pride and overall satisfaction.	We conduct surveys to assess the Staff Happiness Index and gather insights through various feedback channels. We also update employees on key business and sustainability highlights during town halls. Additionally, our listening strategy incorporates onboarding and exit feedback, providing valuable insights to enhance employee engagement opportunities.

● Short-term ● Medium-term ● Long-term

Key assets were assessed for physical risks, providing a basis for evaluating potential impacts on our business activities and supply chain in future assessments.

	Short-term	Medium-term	Long-term
Physical Risk/ Opportunity	Limited	Limited	Likely
Transition Risk/ Opportunity	Limited	Limited	Limited

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

METRICS & TARGETS

Emissions Performance and Reduction Strategies

We remain committed to reducing GHG emissions across Scope 1, 2 and 3 while improving water efficiency, energy optimisation and waste management. In 2024, we achieved a 15% reduction in our total GHG emissions (Scopes 1 and 2) from 2019 and a 17% reduction in GHG emissions intensity (Scopes 1 and 2) compared to 2019. Scope 3 GHG emissions increased from 2019 due to the expansion of its categories, which grew from two categories in 2019 to five categories in 2023 and nine categories in 2024. The significant increase of disclosures in Scope 3 GHG emissions reflects our commitment to reducing our value chain carbon emissions as we strive towards net zero by 2050.

Emission scope		2019	2022	2023	2024	% change 2019-2024
Scope 1	(total by sites) (tCO_2e)	289,520.08	235,935.79	238,497.26	246,560.77	**-15%**
	(total by sites) (intensity)	0.2696	0.2492	0.2404	0.2233	**-17%**
Scope 2	(total by sites) (tCO_2e)	36,988.36	40,497.27	38,397.78	39,978.74	**8%**
	(total by sites) (intensity)	0.0344	0.0428	0.0387	0.0362	**5%**
Scope 1+2	(total by sites) (tCO_2e)	326,508.44	276,433.06	276,895.04	286,539.51	**-12%**
	(total by sites) (Intensity)	0.3040	0.2920	0.2791	0.2595	**-15%**
Scope 3	(total of 9 categories) (tCO_2e)	46.30	7.2	1,496,229.49	2,103,849.37	

Note: The figures for 2019, 2022 and 2023 have been reinstated to align with the latest emission factor (EF) updates.

Scope	Target Type	Target %	Target Year	Achieve/Actual
Scope 1 & 2	Intensity	1.5%	2024	-7.00%
Scope 1 & 2	**Intensity**	**4.5%**	**2025**	

Despite the rise in emissions, we are strengthening our efforts to mitigate carbon footprint through a range of targeted initiatives. We are implementing energy efficiency projects at our Prai and Johor plants, reducing reliance on fossil fuels while expanding solar rooftop installations at MSM Prai and SBW to transition towards cleaner energy sources. In addition, MSM Prai purchased 800 MWh of I-REC-certified electricity generated from renewable sources in 2024, reflecting its commitment to reducing its carbon footprint.

To address Scope 3 emissions, we have engaged with 20% of key suppliers to track and manage emissions within our supply chain, with plans to develop a comprehensive supplier emissions reduction roadmap. We are also assessing the feasibility of on-site solar power generation, with a long-term objective of achieving 30% renewable electricity by 2035.

By enhancing transparency and aligning with global sustainability standards, we are reinforcing our responsibility towards a long-term decarbonisation and ensuring a more sustainable future.

BURSA MALAYSIA ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Top & Senior Management	Percentage	100.00	100.00	83.00
Managerial	Percentage	100.00	100.00	99.00
Executive	Percentage	100.00	100.00	97.00
Non-Executive	Percentage	No Data Provided	67.00	57.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	134,341.55	256,380.54	375,279.06
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4,000	10,000	11,148

BURSA MALAYSIA ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Top & Senior Management Under 30	Percentage	0.00	0.00	0.00
Top & Senior Management Between 30-50	Percentage	68.00	56.00	52.00
Top & Senior Management Above 51	Percentage	32.00	44.00	48.00
Managerial Under 30	Percentage	0.00	0.79	0.00
Managerial Between 30-50	Percentage	83.49	84.25	85.00
Managerial Above 51	Percentage	16.51	14.96	15.00
Executive Under 30	Percentage	31.31	31.38	31.00
Executive Between 30-50	Percentage	58.41	57.32	57.00
Executive Above 51	Percentage	10.28	11.30	12.00
Non-Executive Under 30	Percentage	32.75	30.77	28.00
Non-Executive Between 30-50	Percentage	59.13	61.13	64.00
Non-Executive Above 51	Percentage	8.12	8.10	8.00

BURSA MALAYSIA ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Gender Group by Employee Category				
Top & Senior Management Male	Percentage	72.00	64.00	69.00
Top & Senior Management Female	Percentage	28.00	36.00	31.00
Managerial Male	Percentage	73.39	69.29	67.00
Managerial Female	Percentage	26.61	30.71	33.00
Executive Male	Percentage	58.88	61.92	59.00
Executive Female	Percentage	41.12	38.08	41.00
Non-Executive Male	Percentage	93.33	93.25	93.00
Non-Executive Female	Percentage	6.67	6.75	7.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	66.67	66.67	66.67
Female	Percentage	33.33	33.33	33.33
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	11.11	11.11	11.11
Above 51	Percentage	88.89	88.89	88.89
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	1,270,976.00 *	1,286,701.00 *	1,323,650.00 *

BURSA MALAYSIA ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.55	1.41	0.29
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,038	1,132	1,154
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Top & Senior Management	Hours	852	751	942
Managerial	Hours	No Data Provided	No Data Provided	6,386
Executive	Hours	4,321	5,669	10,352
Non-executive	Hours	No Data Provided	No Data Provided	11,760
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.40	1.90	0.90

BURSA MALAYSIA ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa C6(c) Total number of employee turnover by employee category				
Top & Senior Management	Number	2	2	3
Managerial	Number	16	18	20
Executive	Number	50	33	39
Non-Executive	Number	54	48	33
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.30	98.00	99.47
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	2,272.820000	2,213.040000	2,080.570000

BURSA MALAYSIA ESG PERFORMANCE INDICATORS

Indicator	Measurement Unit	2022	2023	2024
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	19,824.33	23,912.60	26,726.53
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	18,740.74	22,617.25	25,531.06
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1,083.59	1,295.35	1,195.47
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	235,935.79	238,497.26	246,560.77 *
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	40,497.27	38,397.78	39,978.74
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	7.20	1,496,229.49	2,103,849.37

Internal assurance | External assurance | No assurance | (*)Restated