

MESSAGE FROM THE EXECUTIVE CHAIRMAN

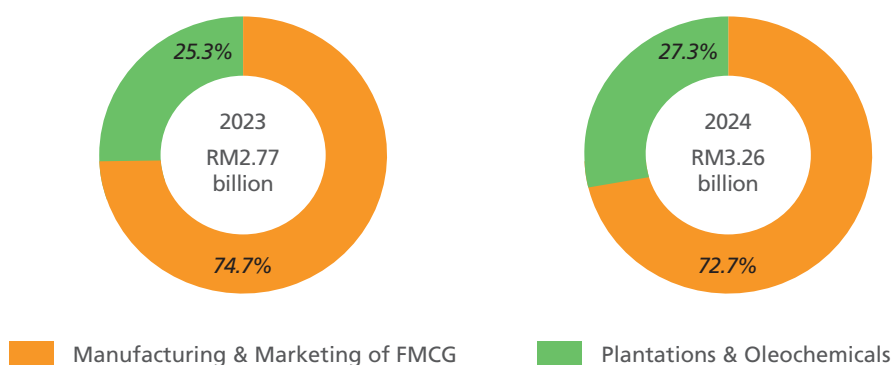
OVERVIEW:

On behalf of the Board of Directors, I am pleased to present the Annual Report of LAM SOON (M) BERHAD for the financial year ended 31 December 2024.

The global economy showed resilience in the past year, particularly in the US, despite high interest rates aimed at curbing inflation. These monetary policies helped reduce inflation and allowed central banks to begin lowering interest rates. However, economic uncertainty remains due to ongoing geopolitical conflicts, especially in Ukraine and the Middle East. Malaysia's economy grew by +5.1%, fuelled by strong domestic demand, exports, and improved household spending. Nevertheless, the fast-moving consumer goods ("FMCG") sector was not without its challenges. In the case of Lam Soon, we faced a turbulent 2024 with inflation, supply chain issues, and volatile commodity prices. On the other hand, the plantations sector benefited from strong crude palm oil ("CPO") prices towards the 2nd half of 2024 and Indonesia's biodiesel mandate. Thanks to our diversified operations and the careful hedging of our CPO positions, we were able to mitigate such risks and our Group's business has remained stable.

I am proud to announce that our Group has posted an exceptional performance with a consolidated profit before tax of RM325.24 million for 2024 (2023: RM213.60 million). This quantum jump of +52.3% compared to last year, was mainly due to the excellent performance across all our segments. Group revenue grew by +17.7% to RM3.26 billion in 2024 (2023: RM2.77 billion). At the Company level, dividends received from subsidiaries, other investments, dropped to RM148.93 million (2023: RM156.69 million); this culminated in lower profit before tax for the year at RM157.13 million (2023: RM164.57 million).

REVENUE BY BUSINESS ACTIVITY



FAST MOVING CONSUMER GOODS

Lam Soon Edible Oils Sdn. Bhd. ("LSEO")

In 2024, the Malaysian consumer showed cautious optimism, with sentiment gradually improving, driven by economic recovery and government subsidies. Inflationary pressures and the rising cost of living made many consumers prioritise essentials and value-for-money purchases. Discretionary spending remained conservative, though younger consumers showed more willingness to spend on experiences and lifestyle brands. Overall, spending patterns reflected a balance between financial prudence and selective indulgence, shaped by evolving economic conditions and digital transformation. Against this backdrop, LSEO recorded a total revenue of RM2.37 billion (2023: RM2.06 billion), reflecting the Group's ability to stay attuned to evolving consumer needs. This strong topline performance translated into a higher profit before tax of RM135.49 million (2023: RM109.08 million).

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

Southern Lion, which represents 80% of our Agency business, continued its sterling performance with a growth of +9.4%. The Fabric Care segment grew by +7.0%, driven by strong performances from its market leading brands Biozip and Top Liquid. Additionally, Oral and Beauty Care delivered exceptional results, growing by +16.8% and +15.6% respectively, largely fuelled by aggressive marketing activities.

Arla Foods, our dairy agency business, rebounded strongly with a +30.9% growth, despite the continued high dairy prices driven by the ongoing Ukraine-Russia war. Growth was notably stronger in the retail channels, which are less sensitive to price increases compared to the Food Service channels. The retail growth was further fuelled by new product listings and expanded distribution.

Ace Canning recorded a strong growth of +13.7%, primarily driven by the normalisation of demand following a significant decline in sales during the pandemic. Sales were further boosted by higher sell-in volumes in December in preparation for the 2025 Chinese New Year, which fell in January.

LSEO will be commissioning their latest warehouse in Kota Kinabalu, Sabah in 2025. This state-of-the-art distribution centre will serve as a springboard for our business expansion in the state, which has been experiencing high growth in recent years.

Southern Lion Sdn. Bhd. ("SLSB")

SLSB, our 50% joint venture with Lion Corporation Japan, successfully delivered overall sales of RM850.38 million, a commendable +9.1% surplus over the previous year (2023: RM779.62 million). Our fabric care segment, which remains the largest business segment, grew by +6.3%, while personal care grew by +36.1%. The latter was driven by new product innovation in the toothbrush category and the repositioning of Fresh & White Toothpaste.

TOP brand achieved significant recognition, winning Gold in the Household product category at the prestigious Putra Brand Awards. It maintained its strong market positions in both powder and liquid detergent segments. In October, the brand showcased its innovative edge with the launch of TOP Soft Infusion, the first 3-in-1 liquid detergent offering mood-enhancing, softening, and ultra-clean benefits. Additionally, TOP revamped its White range in August with Crystal Ultra White technology, promising 3x whiter, cleaner, and brighter clothes. Meanwhile, BioZip was relaunched in May with an improved formula to better serve the mass market segment. To cater to younger consumers and future trends, TOPNANO introduced capsule detergents in December with three vibrant variants: Ultra Care, Silky Soft, and Floral Amore. Collectively, these developments demonstrate a strong commitment to innovation, consumer needs, and market leadership for our fabric care category.

In our oral care category, Systema continued to enhance its brand image through stronger partnership with Malaysia Dental Association and Malaysia Society of Periodontology programmes to drive brand consideration, and relaunched its Comfort range as the Super Thin series. Moreover, all toothpaste (Fresh & White, Systema and Kodomo) embarked on a brand enhancement exercise through a packaging relaunch in October 2024 with new functional claims.

Marketing Activities

Our core product categories (namely Cooking Oil, Personal Wash, Dishwash) registered healthy growth over 2023 as consumption recovers. We see stronger support for good value local brands, which may be attributed to consumer responses to geopolitical events and inflationary pressure.

In 2024, your Company amplified its consumer engagement touchpoints through both brand and trade programmes. Our strong brand equity is reflected in the good sales performance across all core product categories. Key brands in the cooking oil category such as Cap Buruh and Naturel, Antabax as well as Labour dishwash recorded excellent brand share growth and outperformed the market.

We adapted our product offerings to align with consumers' priorities by right-sizing our product. For example, refill and saver packs were launched to ensure accessibility and affordability.

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

By being attentive to evolving consumer trends, your Group is maintaining the competitive advantage of our brands. The following accolades and awards underscore the resilience of our brands and attest to the trust it enjoys with our consumers:

Brands	Awards
Knife	2024 Reader's Digest Trusted Brand Award (Gold)
	2024 Brand Laureate Award (Iconic Consumer Brand - Cooking Oil)
Cap Buruh	2024 Reader's Digest Trusted Brand Award (Gold)
Naturel	2024 Reader's Digest Trusted Brand Award (Gold)
	2024 Brand Laureate Award (Most Favourite Brand – Olive Oil)
Antabax	2024 Brand Laureate Award (Brand of the Year – Medicated Personal Wash Category)

Manufacturing Activities

In 2024, Teluk Panglima Garang ("TPG") factory achieved good progress in enhancing both manufacturing efficiency and sustainability. A major highlight was the successful commissioning of a state-of-the-art Automated Storage and Retrieval System ("ASRS"), ahead of schedule. Following this upgrade, all finished goods are now consolidated within the main factory warehouse, eliminating the need for an offsite facility and double handling. Additionally, new Automatic Case Packer Machines were installed, leading to a +10%-15% increase in production efficiency.

TPG successfully cleared all major recertifications and audits, thus reinforcing its dedication to quality, food safety, and environmental responsibility. The factory also implemented several targeted plant and process improvements across its oil packing lines. These include:

- Filler machine upgrades to 5kg oil packing line – increasing operational reliability by reducing system and hardware failures;
- Installation of vision cameras – enhancing online inspection capabilities to minimise product defects; and
- Increased automation improvements:
 - i. New carton sealer and modified conveyors; and
 - ii. Automatic self-adhesive labellers.

These investments in automation and technological upgrades reflect the factory's ongoing commitment to modernisation and improved efficiency, which are expected to yield long-term benefits in both performance and compliance.

In 2024, Pasir Gudang ("PSG") factory achieved a significant milestone by upgrading its Food Safety Management System certification from version 5.1 to version 6, which emphasises proactive risk management and continuous improvement. Updated protocols for supplier audits and traceability were introduced to enhance transparency across the supply chain. These improvements help the company uphold strict food safety standards and retain its competitive edge in global markets. Through cross-functional collaboration between various internal teams to identify alternative sourcing solutions, the factory achieved an -11% cost reduction in 2024. Additionally, PSG successfully launched two new products tailored for the Saudi Arabia and Hong Kong markets.

PSG pursued continuous improvement through Kaizen activities, targeting areas like quality, safety and compliance. The initiatives included:

- Enhancement of security protocols – we managed to strengthen site security and streamline vehicle traffic; and
- Installation of ammonia detection system to ensure prompt alerts for workers' safety.

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

Following on consecutive years of good sales growth, LSEO undertook a comprehensive redesign of its key supply chain processes. We have improved workflows for order processing and fulfilment through regular alignment meetings with our factories and third-party suppliers, stock readiness planning, and the implementation of a structured and consolidated ordering. The Company improved its order fulfilment rate from 79% in 2022 to 95% in 2024, exceeding our performance target of 90%.

To underpin these redesigned processes, we invested strategically in a robust Warehouse Management System. Once fully implemented, this digital backbone will significantly enhance our warehouse visibility, inventory accuracy, and operational responsiveness across our branch network.

PLANTATIONS & OLEOCHEMICALS

Lam Soon Plantations Sdn. Bhd. ("LSP")

LSP, at the group level, achieved revenue of RM882.52 million (2023: RM690.48 million) with profit before tax of RM150.60 million (2023: RM72.02 million).

At the company level, we reported revenue of RM130.97 million (2023: RM122.42 million) while profit before tax was at RM123.60 million (2023: RM122.20 million). Despite lower sales volume, the increase in profit was due to the higher realised average selling prices of CPO and palm kernel.

Dara-Lam Soon Sdn. Bhd. ("DLS")

Our 38.8% associate, DLS experienced an increase in profit before tax by +55.0% to RM62.32 million (2023: RM40.21 million) due to higher sales volume and higher realised average selling prices of CPO and palm kernel. This has resulted in a contribution of net profit before tax of RM18.64 million (2023: RM11.45 million) to the Group's results, an increase of +62.8%.

Pacific Oleochemicals Sdn. Bhd. ("POC")

In the middle of 2024, demand began to rise for fatty acid for the Europe market, driven largely by the upcoming European Union Regulation on Deforestation-free Products ("EUDR"). The original deadline for EUDR was 30 December 2024 but was extended in the last minute to 30 December 2025 by which time most buyers had already stocked up products at destination. This early restocking mainly benefited Malaysia manufacturers as Indonesia manufacturers are still impacted by the EU anti-dumping duties.

It also helped to contribute to higher shipped-out volume which increased by +15.2% compared with last year. Coupled with higher average selling prices, this resulted in total revenue growing by +32.5% to RM747.44 million (2023: RM563.97 million). Improved sales volume relieved our product margins pressure and contributed to POC's increase in profit before tax significantly to RM71.17 million (2023: RM5.38 million).

SUSTAINABILITY AND COMMUNITY INITIATIVES

Sustainability remains central to Lam Soon's business strategy. In 2024, we advanced efforts across our plantations and mills, focusing on environmental impact reduction, community engagement, and strong governance. Our commitment to biodiversity, employee wellbeing, and ethical practices supports long-term value creation as we continue embedding sustainability across all operations.

LSEO:

TPG factory:

- Introduced individual operated vacuum blowers on Oil Packing Lines 3 and 4 to cut electricity consumption.
- Distributed eco bags to all employees to reduce single-use plastics.

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

PSG factory:

- Energy management enhancement – introduced steam insulation jackets to reduce heat loss, and installed timer controls to regulate air-conditioning electricity consumption (especially during off-peak periods).
- Enhancement of factory affluent control – constructed bund wall around the wastewater treatment plant tank farm. This serves to prevent spills from entering drainage system during heavy rainfall.
- Community engagement – visited an orphanage in Pasir Gudang, Johor and gifted our Lam Soon products while spending time for 'gotong-royong' activities to foster relationships within the community.

Plantations & Oleochemicals:

LSP successfully commissioned its Bioenergy Generation plant and Green Energy Power Plant at Lahad Datu, Sabah on 31 December 2024. These initiatives, which costs RM11.2 million, are expected to reduce fossil fuel usage by 85% and greenhouse gas emissions from effluent ponds by 90%, marking a significant step in our sustainability effort.

As part of our ongoing commitment to improve the welfare of our workforce, three residential blocks comprising 12 housing units were constructed at our LSP Estate in Lahad Datu, Sabah, providing better living conditions for our employees.

During the year, POC achieved a -13.4% reduction in CO₂ emissions compared against 2018 by initiating the following operations improvements:

- Transitioned to battery-operated forklifts in factory operations;
- Installed an air preheater for thermopac at CR4 plant for better efficiency (approx. 13.5mt of CO₂ avoidance/month);
- Insulated 8 storage tanks for energy conservation – reducing radiation heat loss for energy saving;
- Major revamp of a warehouse – enhance operation security control and improves overall operational costs and efficiency; and
- Wastewater treatment plant upgrade – improve ease of operation while in compliance of new act.

POC received a silver medal from Ecovadis, a globally recognised assessment platform that rates businesses' sustainability on 4 key categories – environmental impact, labour and human rights standards, ethics and procurement practices.

PROSPECTS

The consistent growth in domestic demand propelled Malaysia's economy's +4.4% expansion in the first quarter of 2025. Positive labour market circumstances and income-related policy initiatives, such as raising the minimum wage and civil servant compensation, supported household spending. The ongoing execution of multi-year projects in both the public and private sectors, the expansion of authorised investments with a greater proportion of local participants, and the execution of catalytic projects under national master plans will be the main drivers of investment activity. A clear evaluation of trade negotiations' effects on growth at this point is made more difficult by the great degree of ambiguity around their conclusions and how they will alter international commerce - this, in turn, will fuel cost-push inflationary pressures and heighten business uncertainty thus dampening consumer spending.

In the palm oil sector, Malaysia is expected to see moderate growth in both output and exports. This growth is fuelled by steady demand from key importers like India and China, as well as favourable CPO prices, which are projected to average between RM4,000 and RM4,300 per tonne. Tight global edible oil supply and increased biodiesel demand are also likely to support prices. Nevertheless, the industry faces notable headwinds including labour shortages, competition from other vegetable oils, and increasingly stringent environmental regulations, particularly the EUDR law, which could impact market access and result in increased compliance costs.

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

In light of these challenges, Lam Soon Group's management is mindful of the need to stay alert and adaptable in a volatile environment, to maintain an open mind, and to foster innovation including adoption of Artificial Intelligence, while upholding our core values at all times.

DIVIDENDS

During the year, your Company paid two (2) single tier interim dividends of 15.0 sen and 10.0 sen per share amounting to the total of RM53.68 million for the financial year ended 31 December 2024 (2023: 25.0 sen per share, RM53.68 million).

In view of the improved performance, your Board is proposing for shareholders' approval at the forthcoming Annual General Meeting, the payment of a final single tier dividend of 5.0 sen per share and special single tier dividend of 15.0 sen per share, amounting to RM42.94 million (2023: Final of 5.0 sen per share and special of 10 sen per share amounting to RM32.21 million).

The proposed final single tier and special single tier dividend will bring the total net dividend payments for the financial year ended 31 December 2024 to 45.0 sen per share or RM96.62 million (2023: 40.0 sen per share or RM85.89 million).

APPRECIATION

On behalf of the Board, I would like to take this opportunity to commemorate our former Deputy Executive Chairman, the late Mr. Khoo Heng Suan, who passed away in December 2024. Mr. Khoo was a remarkable leader in your Company with a career in Lam Soon that spanned half a century. His steadfast dedication and professionalism enabled our business to successfully navigate and overcome numerous challenges, and was instrumental in the transformation of Lam Soon from an oil and soap producer into a diversified group with strong presence in the FMCG, palm plantations and oleochemical sectors. By example, he motivated the team to strive for excellence and to uphold integrity in all our dealings. At the same time, Mr. Khoo showed genuine care for all employees and those beyond the workplace, touching many lives. His influence will be remembered with great respect and affection.

Finally, I want to express my heartfelt gratitude to the Board, Management, and employees for their unwavering dedication and resilience. It is through their efforts, grounded in our core values, that we continue to thrive to ensure our continuous sustainable development.

Whang Shang Ying
Executive Chairman

26 May 2025