

CHAIRMAN'S MESSAGE

Dear shareholders & stakeholders,

It gives me great pleasure to pen a few thoughts on F&NHB's performance in the financial year ended 30 September 2024 (FY2024).

After the fanfare of our 140th anniversary in FY2023, this year could easily have been less exciting. Yet, reality proved otherwise. FY2024 was another eventful year in which we further strengthened the Group at a fundamental level, putting in place the building blocks to spur greater growth.

Even more encouraging, our actions and achievements have further entrenched our commitment to delivering *Pure Enjoyment, Pure Goodness* in a sustainable manner, ensuring that our development unfolds responsibly. During the year, we identified opportunities to capture value from our existing operations for the benefit of the business as well as for our expanding network of stakeholders. In leveraging these, we have further strengthened our relationships with our shareholders, our customers, partners, employees and society at large.

**Y.A.M. TENGKU SYARIF BENDAHARA PERLIS SYED BADARUDIN
JAMALULLAIL IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL**
Chairman



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CAPTURING VALUE FOR THE FUTURE

We made significant strides this year, three of which stand out in terms of creating business value for the future.

Having acquired Sri Nona and Cocoaland in FY2022, we focused on streamlining and standardising operations and digital systems for both businesses under one entity, befitting a dynamic, future-ready business. Doing so allows for a more unified way of working, improved operational efficiency and decision-making. At the same time, six key brands, including crowd-favourites LOT 100, KOKO JELLY and COCOPIE, underwent a brand refresh, boasting new improved appearance and packaging.

“Our regional footprint expansion was solidified with the groundbreaking of our new manufacturing plant in Cambodia’s Suvannaphum Special Economic Zone.”



Our regional footprint expansion was solidified with the groundbreaking of our new manufacturing plant in Cambodia’s Suvannaphum Special Economic Zone. This milestone is a key part of our growth strategy to enhance our presence in Indochina, localise our operations, improve supply chain stability and create jobs, positively impacting the local community. This expansion reflects our dedication to sustainable growth and contribute to the socio-economic development of the areas we serve.

In Gemas, we have made steady progress on F&N AgriValley, having laid the foundations for the farm. Despite recent setback that delayed the arrival of our first batch of heifers, I remain confident of achieving our ambition in contributing towards food security for the nation in line with Malaysia Madani.

CREATING VALUE FOR OUR STAKEHOLDERS

The F&N brand has grown from strength to strength over the last 141 years because we have never wavered in delivering on our promise of *Pure Enjoyment*, *Pure Goodness*. From the beginning, F&N has delighted consumers with products that are as nutritious as they are delicious. Recently, we have been placing greater emphasis on the goodness of our products to play our part in nurturing a healthier nation.

**PROFIT BEFORE TAX**

RM697.0 million

DIVIDEND FOR THE YEAR

63 sen per share *

PROFIT FOR THE YEAR

RM544.3 million

BASIC EARNINGS PER SHARE

148.2 sen

* Included proposed final dividend of 33.0 sen per share, which will only be recognised in the financial statements upon shareholders' approval.

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This year, in conjunction with the launch of our wellness campaign *Jom Sihat, Kekal Cergas*, we debuted F&N SEASONS Ice Lemon Tea Zero Sugar, adding to our already extensive Healthier Choice portfolio. We also introduced 100PLUS ZERO in cans, making them more accessible to consumers.

In support of Malaysians' well-being, we distributed 100PLUS during the nationwide heatwave from April to June, providing hydration at major highways as Malaysians *balik kampung* during the holy month of Ramadan.



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We also extended our 100PLUS partnership with the National Sports Council (NSC) for another five years until 2028, continuing our role as the exclusive Official Isotonic and Electrolyte Sponsor since 2000. The extension gives us the opportunity to continue to contribute towards Malaysian sports and promote a healthier lifestyle among all Malaysians.

Meanwhile, F&N Dairies Thailand (FNDT) responded to the growing trend for wellness and healthier products by launching a new formulated Magnolia Ginkgo UHT, now with double the amount of Ginkgo and more Vitamin B12 content. In addition, FNDT introduced NutriWell Soy Milk UHT in two flavours - Flaxseed Oil and Oat & Quinoa, each high in protein, vitamins and fibre.

Another way in which we create societal value is through promotion of the Halal industry, ensuring inclusivity in the food and beverage (F&B) market. Beyond our products, we continue to serve as thought leaders in the Halal space, collaborating with stakeholders like Halal Development Corporation Berhad (HDC) to raise awareness of the quality and diversity of Halal offerings. This year, we took part in HDC's World Halal Business Conference during Malaysia International Halal Showcase (MIHAS) 2024, exchanging knowledge as a panellist in the topic of *Building a Sustainable Future Through Halal Economy*.

In April, we participated in the Halal Business Linkage and Business Matching event, a platform organised by HDC to foster partnerships between large local and multinational companies and small and medium-sized enterprises (SMEs). At the event, more than 15 SMEs engaged with the Group as potential vendors during the Business Matching segment. Meanwhile, the Group continues to mentor six SMEs under the Halal Sourcing Programme in collaboration with HDC, with four SMEs being qualified as our vendors.



Our employees will always be one of our most important stakeholders, and we prioritise their well-being through both professional and personal initiatives. To promote healthy lifestyles, we held various sports tournaments, weekly workouts and health talks. We also continued to provide complimentary influenza vaccination to more than 1,200 employees from 19 locations nationwide this year.

Today, as we rapidly digitalise our operations, we ensure all employees are up to speed with the skills required to adapt to new ways of working. About 100 employees underwent AI training this year as part of Gen-AI adoption programmes. In the coming year, our goal is to ensure that every executive in our workforce understands the fundamentals of Gen-AI, how it can be leveraged in our workplace, and the importance of data security and protection.

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A programme close to my heart is the F&N Chairman's Award, which celebrates the academic and extra-curricular accomplishments of our employees' children. In February, we awarded a total of RM260,000 to 89 school students for outstanding performance in the Sijil Pelajaran Malaysia (SPM), International General Certificate of Secondary Education (IGCSE) and tertiary education.

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Just as we support and nurture our employees, they contribute wholeheartedly to our community programmes which serve to uplift the marginalised and/or underprivileged, as well as to offer a lending hand to victims of natural disasters.

In East Malaysia, our teams reached out to over 60 flood-affected homes in Kuching and Kota Kinabalu, distributing our products such as F&N Ice Mountain drinking water, F&N SEASONS Soybean milk, F&N Magnolia UHT, 100PLUS ZERO, and Sri Nona Ketupat when they grappled with a sudden flood.

In FY2024, we positively impacted over 100,000 lives within the less fortunate community through our social initiatives. Many of these activities were conducted in collaboration with partners like Yayasan Bursa Malaysia,

the Ministry of Education (MOE), MySkills Foundation, Mydin, the National Athletes Welfare Foundation (Yakeb), and the National Sports Council.

As we grow our presence in East Malaysia, we would like to make a meaningful contribution to local communities there. In 2024, we partnered with the Bung Jagoi Development Committee (JADC) to plant 200 trees in the Bidayuh village of Bau, Kuching - a prelude to our larger collaboration on water conservation at Bung Jagoi Heritage Village, Sarawak. This will ensure access to clean water and support ecotourism, benefitting the Jagoi Bidayuh community. Meanwhile in Kota Kinabalu, we collaborated with the Kota Kinabalu Industrial Park (KKIP) Investors Council (KIC) in a programme to protect and preserve Sungai Telipok, which flows in the vicinity of KKIP.

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In Thailand, we expanded our support for Wat Kok Mayom School, located near our Rojana factory by donating 20 sets of computers to the school. This contribution is designed to enhance educational opportunities for local students, providing them with essential technology and resources to foster their academic growth and development.

As we develop the farm at F&N AgriValley, we are also strengthening our ties with the local community around Gemas, Negeri Sembilan to better understand their needs and contribute to the local economy and environment. To date, we have engaged with over 20 institutions, including local schools, Pejabat Daerah Kecil dan Tanah Gemas, Tampin District Office and Royal Malaysia Police, through various activities ranging from friendly sports matches and roundtable discussions to educational talks for children.

Our performance this financial year reaffirms our resilience in an ever-evolving environment. We achieved a commendable profit and maintained a strong cash position despite increased start-up costs and taxes. It gives me pleasure to share that the Board has decided to offer a final single tier dividend of 33 sen per share, subject to shareholders' approval at the forthcoming Annual General Meeting. The total dividend for the year would amount to 63 sen per share (FY2023: 60 sen per share excluding an additional special dividend of 17 sen per share), bringing the total dividend payout for FY2024 to RM231.1 million.

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CAPTURING VALUE THROUGH SUSTAINABILITY

At F&NHB, we firmly believe that embracing sustainability enables us to capture value not only for ourselves and our shareholders but also for our stakeholders, community and the environment in the long run. Our objective is to ensure that every decision we make considers our environmental and social impact. Over the past few years, F&NHB has made significant investments to enhance and adopt greener practices, reinforcing our commitment to a sustainable future for all.

We continue to make progress in aligning with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to address our climate change risks and opportunities. Now in our third year of TCFD, we are also looking at transition opportunities such as increased availability of low-carbon technologies particularly renewable energy.

This year, recognising that dairy farm operations will introduce fresh environmental concerns, a materiality assessment was conducted to identify and address key issues related to dairy farming. A carbon projection study to estimate the farm's carbon footprint is also in progress, following which we will create a customised decarbonisation strategy to further reduce our carbon impact.

We have maintained our commitment to renewable energy by increasing our solar photovoltaic (PV) capacity throughout our operations. This year, we added over 6.38 MWp solar PV panels at five of our plants in Malaysia, further reducing our greenhouse gas (GHG) emissions by 6,600 MT CO₂e annually while delivering savings of up to RM3.9 million per year.

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Additionally, we have implemented an internal carbon pricing initiative, an essential tool that drives accountability and advances carbon reduction efforts across our business units. By assigning a cost to carbon emissions, this initiative encourages more efficient and sustainable practices, reinforcing our dedication to creating a low-carbon future. Meanwhile, broad-based training on ESG is progressing well with the Board and Management undergoing a session on IFRS Standards.

Our commitment to build a “better business,” contribute to a “better planet,” and nurture a “better society” extends beyond our backyard to our external stakeholders. Through our F&N Business Partner Award Programme, we continue to support and uplift our business partners, helping them enhance their quality of service and encouraging alignment with our values and sustainability goals. To date, this annual programme has empowered 19 local suppliers in Malaysia to grow with F&NHB and become regional suppliers.

In Thailand, we have been actively building the capabilities of over 2,000 farmers from 10 milk cooperatives through our Farming Excellence System since 2013.

This programme consists of capacity-building initiatives, supply of equipment and technology, as well as regular audits to improve the farmers productivity, quality, and sustainability practices as part of a circular economy approach.

This year, we supported the Lam-Phaya Klang Dairy Cooperative at Saraburi Province by providing a Somatic Cell Counter to help enhance fresh milk quality. This initiative contributes to the cooperative's efforts in improving milk production standards, ensuring higher quality and safety for consumers. Additionally, our team in Thailand further reinforced our environmental commitment by planting 450 trees and 1,200 seed balls in clay soil at Salakpra Wildlife Sanctuary, Kanjanaburi province.

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AWARDS & RECOGNITION

We are driven to excellence in our operations to create value for the Group and our valued stakeholders; and it is always uplifting when our efforts are recognised. During the year, we were honoured with awards validating our corporate governance, sustainability efforts and human resources practices as well as our brand performance.

F&NHB was among the Top 50 companies awarded an Excellence Award organised by Minority Shareholders Watch Group at its National Corporate Governance & Sustainability Awards (NACGSA) 2024. As a result of transparency and integrity brought about by good governance, as well as greater alignment with the TCFD, we also secured a win at the PwC Malaysia's Building Trust Awards 2023 in the FBM Mid-70 Index category, with two special mentions for PwC Malaysia's Public Trust Perception Analysis and ESG Reporting Benchmarking Analysis.

Our commitment to empowering employees through a supportive work environment, continuous training, and active engagement was also recognised. These included four wins at the Employee Experience Awards 2024, among these are a Gold award for our Innovative and Sustainable Office Design and; two Silver Awards for Best Rewards and Recognition Programme, and our HR communication strategy;

At the Malaysia Best Employer Brand Awards 2024, F&NHB was recognised for Excellence in Training and Talent Management; while F&N Beverages Marketing Sdn Bhd (East Malaysia) was honoured for Promoting Health in the Workplace; and Sri Nona Food Manufacturing Sdn Bhd received the Award for Best HR Strategy in Line with Business.

Meanwhile, it was with pride to note that the Group has risen from being among the Top 5 Employers of Choice for Graduates to Work for in the Fast-Moving Consumer Goods category to the Top 3 Employers of Choice at the Graduates' Choice Award 2024.

Among our brands, 100PLUS was once again the Gold Winner in the Non-Alcoholic Beverage category at Putra Brand Awards 2023, also known as The People's Choice award. This affirms the deep relationship that has been formed with consumers, which is something we truly value and will continue to develop.

Meanwhile, FNDD clinched five awards, including the CSR-DIW Continuous Award 2024 by the Department of Industrial Works, Zero Accident Award 2024 by Thailand Institute of Occupational Safety and Health and the Green Industry Level 4 by the Department of Industrial Works. These awards are testament to our focus on the health and safety of our employees and the way we work.

ACKNOWLEDGEMENTS

The achievements that F&NHB is enjoying today are the result of not only the dedication of everyone in the Group, but also the invaluable contributions and support of our stakeholders. I would therefore like to take this opportunity to thank our numerous business partners, suppliers, and distributors as well as our customers and consumers, and especially our shareholders for being with us over the years.

I feel privileged to work alongside an astute management team as well as to have the support of a dedicated and diverse Board. I would like to thank the entire leadership team for steering the Group through various challenges without losing our direction as we grow our brands and capture value for everyone. Most of all, a heartfelt appreciation to all our employees for their hard work and full-hearted support of F&NHB's vision.

This year, we also bid farewell to Mr. David Siew, who will be leaving after the Annual General Meeting upon completing his nine-year term as an Independent Non-Executive Director. On behalf of the Board, I would like to extend our deepest gratitude for his dedicated service and invaluable contributions over the past nine years. We wish him every success in his future endeavours.

To all our stakeholders, I would like to reaffirm F&NHB's commitment to sustainable growth which will enable us to create even more value for you. It has been a very progressive year in this regard, and we look forward to seeing the fruit of our labour in the near future.

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