

MESSAGE FROM THE EXECUTIVE CHAIRMAN

OVERVIEW:

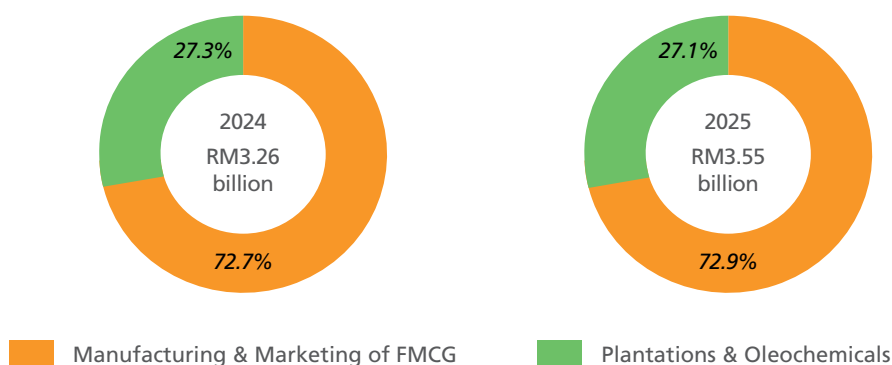
On behalf of the Board of Directors, I am pleased to present the Annual Report of LAM SOON (M) BERHAD for the financial year ended 31 December 2025.

Slower global growth and trade tensions weighed on market sentiment for much of FY2025. Against this backdrop, the upstream palm oil sector remained resilient. Demand held steady, while Indonesia's B40 biodiesel mandate tightened exportable supply and supported market conditions. Downstream operations, on the other hand, continued to face margin pressure amid global capacity expansion and structural oversupply.

Towards the end of the year, trade agreements provided more favourable terms for Malaysian palm oil. Despite the challenging environment, the industry's fundamentals remained resilient.

Group profit before tax closed at RM338.16 million (2024: RM325.24 million) while group revenue grew by 8.9% to RM3.55 billion (2024: RM3.26 billion). Stable Crude Palm Oil ("CPO") prices helped moderate cost pressures and supported organic growth in the FMCG segment. At the Company level, dividends received from subsidiaries, associates, and other investments, decreased by 15.1% to RM126.47 million (2024: RM148.93 million); resulting in lower profit before tax of RM132.86 million (2024: RM157.13 million).

REVENUE BY BUSINESS ACTIVITY



FAST MOVING CONSUMER GOODS ("FMCG")

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

In 2025, the Malaysian economy demonstrated commendable resilience with a Gross Domestic Product growth of 5.2%. This positive macroeconomic environment was bolstered by targeted government household aid, which provided a vital floor for domestic consumption. LSEO demonstrated agility in navigating the marketplace where consumers remain highly sensitive to cost inflation. As a result, its total revenue increased by 9.3% to RM2.58 billion (2024: RM2.36 billion). This, in turn, led to a higher profit before tax of RM136.98 million (2024: RM131.22 million).

Manufacturing Activities

In 2025, LSEO's Teluk Panglima Garang ("TPG") factory delivered its strongest operational performance in history. The factory successfully retained all major certifications - including ISO 9001, ISO 14001, HACCP, MS 682, Halal, MSPO, and RSPO - reaffirming its unwavering commitment to product quality, food safety, and regulatory compliance.

In terms of output, TPG achieved record growth, particularly in the cooking oil segment, driven by continuous process optimisation, efficiency enhancements, and responsiveness to growing market demand. Following the successful integration of the Automated Storage and Retrieval System, we eliminated reliance on external warehousing, improved inventory accuracy and visibility, shortened lead times, and extracted significant cost efficiencies, enabling faster and more reliable deliveries.

Conveyor extensions on Oil Packing Line 3 minimised production stoppages, while the installation of an offline shrink wrap machine for bar soap enhanced packing efficiency and reduced reliance on manpower. Additionally, upgrades to our aged Soap Line 3 servo drive extended equipment lifespan and improved reliability.

Meanwhile, LSEO's Pasir Gudang ("PSG") factory successfully upgraded several storage oil tank facilities. The enhancement works included the installation of nitrogen blanketing systems, tank agitation system, improvement of the piping network, and the implementation of dedicated piping to reduce risk of cross-contamination. In addition, internal epoxy coatings were applied to ensure suitability for food-grade applications.

These upgrades were undertaken to meet Malaysian regulatory requirements, particularly in compliance with 3-MCPD and glycidyl esters (GE) standards.

Brand Performance

Our steadfast commitment to value and affordability ensured our brands remained a preferred choice for Malaysian households in 2025. We focused our efforts across three strategic pillars:

1. Maximise Value in Core Categories of Cooking Oil and Household Personal Care

Through meticulous improvements in product formulations and an expanded range of variants, we met the diverse needs of the modern kitchen and home. Combined with aggressive brand campaigns and in-market execution across all retail channels, we significantly widened our distribution footprint, resulting in a strong gain in brand share within these competitive segments. **Cap Buruh** captured the No.1 position in the sizeable Refined Oil segment in 2025 while **Antabax** was Malaysia's fastest growing Medicated Liquid Shower brand for the last three years.

2. Brand Rejuvenation and Portfolio Expansion





In addition, we undertook a comprehensive rejuvenation of our household and personal care portfolio by identifying and filling specific consumption "voids". In this regard, our "Digital-to-Shelf" approach proved pivotal; by building awareness and adoption online, we drove high-conversion footfall into physical retail stores, attracting the omnichannel shoppers.

3. Pricing and Cost Management

Recognising the persistent headwinds of cost inflation, we actively embarked on cost savings measures across the supply chain. This allowed us to capture shoppers even as they lowered their spending on groceries.

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

With a focus on being “Local and Agile”, our marketing is leveraging data, deep consumer insights and effective communication to remain at the heart of the Malaysian home. The below accolades and awards are testament of the resilience of our brands and the trust they enjoy with our consumers.

Brands	Awards
	2025 Reader’s Digest Trusted Brand Award (Asia Award – Cooking Oil) 2025 Reader’s Digest Trusted Brand Award (Gold) 2025 Brand Laureate Award (Brand of the Year - Cooking Oil)
	2025 Reader’s Digest Trusted Brand Award (Gold) [Buruh]
	2025 Reader’s Digest Trusted Brand Award (Gold) 2025 Brand Laureate Award (Iconic Brand – Olive Oil)
	2025 Brand Laureate Award (Nation’s Choice – Medicated Personal Wash Category)

Agency Business

Agency business achieved RM1.29 billion in total sales revenue in 2025, representing a 6.4% growth year-on-year. Southern Lion, which accounts for over 80% of the Agency business, continued its strong momentum, recording 6.8% growth.

The Fabric Care segment, representing three quarters of Southern Lion’s sales, grew by 6.0%, thanks to the strong performance of Top Liquid (+16.4%). Its Beauty Care likewise delivered good results with a growth exceeding 10%, while Oral Care recorded 5.5% growth, supported by aggressive marketing activities.

Arla Foods, our dairy business, recorded 3.9% growth despite continued high dairy prices driven by lower global milk production. Growth was stronger in the retail channel (which is generally less sensitive to price increases) compared to the food service channel. The business was further supported by new product listings and expanded distribution.

Ace Canning’s performance was largely unchanged during the year. As Chinese New Year fell in January 2025 and February 2026 respectively, festive sales of beverages were split across different financial years, affecting the year-on-year comparison. Sales of dressings from Spices & Seasonings were flat for the year due to lower demand for food service packs.

In May 2025, we further strengthened our food service portfolio through the signing of a distribution agreement with GFB Food Sdn. Bhd., the company behind the Mix-Lah beverage pre-mix brand. Mix-Lah, an up-and-coming local brand, was awarded the “Emerging Star Award” at the Malaysia International Halal Showcase Awards 2025.

Supply Chain

Supply Chain Management (“SCM”) is working closely with Southern Lion to better align processes and strengthen coordination across product lines. The Group strengthened its OEM partner management through more standardised processes and improved ordering controls. The Group achieved an average of 90% of On-Time-In-Full Delivery performance to customers. Additional initiatives, including warehouse management system rollout, pallet management improvements, and warehouse consolidation, optimised our branch operations. Uniform reason codes for goods return were introduced across all regions. This, together with centralised logistics support for the Northern and East Coast operations, helped reduce trade returns.

The functions of Procurement and Commercial were successfully integrated into SCM, enhancing data visibility, decision-making, and collaboration, including oversight of New Product Development. Cost optimisation initiatives – covering reductions, avoidance, formulation improvements, alternative sourcing, and stronger negotiations – delivered total savings of RM1.8 million.

Southern Lion Sdn. Bhd. ("SLSB")

SLSB, our 50% joint venture with Lion Corporation Japan, registered a revenue of RM906.84 million, an increase of 6.6% over the previous year (2024: RM850.38 million). Stable material price and sales growth enabled its profit before tax to surge to RM86.66 million (2024: RM54.62 million).

In 2025, SLSB successfully defended its market leadership in fabric care amidst intense competition from local budget brands and ongoing price pressures. TOP, Malaysia's No. 1 detergent, further strengthened its consumer franchise with a Gold award in the Household Products category at the 2025 Putra Brand Awards. This was reinforced by a major relaunch featuring the Ultra Nano Fresh Technology, which effectively tackles persistent bad odours, yellowing whites and fading colours. Meanwhile, BioZip maintained its leadership in the mid-tier powder segment with a 71.7% market share, particularly among value-conscious consumers.

In the Oral Health Care category, Fresh & White toothpaste delivered steady growth following its relaunch in May 2025 with a stronger brand identity and clearer value proposition. The introduction in August 2025 of the Wavy Action Toothbrush in the mass price segment (below RM3), helped to broaden consumer reach and increase household penetration. Kodomo further strengthened its position as a trusted children's oral care specialist through a comprehensive relaunch. Systema continued to build on its core gum health expertise, driving growth in the premium segment through strengthened partnerships with the Malaysia Dental Association and Malaysia Society of Periodontology.

In the Beauty and Personal Care category, Shokubutsu sustained its leadership in the beauty shower gel segment. This was supported by the May 2025 launch of the Complete Moisture range. The September 2025 introduction of the Fresh Burst variant under the Natural Protection line also expanded its presence in the functional body wash segment. Emeron shampoo continued to deliver steady growth, particularly in East Malaysia, supported by its strong value proposition and loyal consumer base. Kirei-Kirei maintained its leadership in the foaming handwash segment.

PLANTATIONS & OLEOCHEMICALS

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

LSP, at the group level, achieved revenue of RM961.44 million (2024: RM882.52 million) with profit before tax of RM149.40 million (2024: RM150.60 million).

At the company level, revenue increased to RM153.45 million (2024: RM130.97 million), driven by higher sales volumes of CPO and palm kernel. Profit before tax, however, declined to RM104.03 million (2024: RM123.60 million), mainly due to lower dividends received from DLS and POC. With replanting activities completed, the Company anticipates improved CPO production as high-yielding planting materials reach maturity, positioning LSP for stronger yield performance in the years ahead.

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

Our 38.8% associate, DLS, reported an increase in profit before tax of 17.2% to RM73.06 million (2024: RM62.32 million), mainly driven by the higher sales volume. Contribution of net profit to the Group's results increased by 17.5% to RM21.91 million (2024: RM18.64 million). Looking ahead, profitability is expected to moderate over the near to medium term as a progressive replanting programme commences this year and extends over the next thirteen years. High-yielding planting materials will be utilised to enhance long-term productivity.

Pacific Oleochemicals Sdn. Bhd. ("POC")

In 2025, strong demand for bio-based and sustainable chemicals continued in the personal care and industrial sectors, driven by consumer preference and regulations. However, POC faced a challenging operating environment, including volatile palm kernel oil prices, US tariff pressures, intensifying competition from Indonesia, stricter European Union sustainability requirements and new capacity expansions.

As a result, shipped-out volume declined by 15.4% compared to the previous year. Nevertheless, revenue increased by 7.5% to RM803.84 million (2024: RM747.44 million), mainly due to higher average selling prices. Despite this, lower volumes and margin pressures led to a 27.4% decline in profit before tax to RM51.69 million (2024: RM71.17 million).

COMMUNITY AND SUSTAINABILITY INITIATIVES

Community and sustainability are firmly on the agenda of all companies in the Group.

LSEO:

TPG factory:

- Transitioned forklifts from lead-acid to lithium-ion batteries to reduce greenhouse gases emission.
- Installed solar panels at the canteen to reduce electricity consumption.
- Implemented complementary energy efficiency measures, such as chiller insulation alongside water stewardship programs that repurposed air-conditioning condensate and diverted discharge water for irrigation, enhancing overall resource efficiency.
- Strengthened waste management practices through recycling initiatives and supplier paper returns, demonstrating TPG's comprehensive commitment to environmental responsibility.

PSG factory:

- Energy management enhancement – completed boiler conversion from diesel to natural gas (reduction of greenhouse gases emissions through the use of 'environmentally friendlier' energy source)
- Community engagement – mangrove care initiative with 300 mangrove plantings at Tanjong Piai, Johor alongside POC.

Plantations and Oleochemicals:

In 2025, LSP and DLS both made strong progress on its sustainability goals. Both collectively achieved a significant reduction in greenhouse gas emissions through its Bioenergy Generation Plant and Green Energy Power Plant. GHG emission intensity improved sharply to 0.17 tCO₂e/tCPO, well below the 0.65 target, while fossil fuel consumption dropped 94% against an 85% target. In addition, LSP's palm oil mill in Sabah was named Best Mill (2024 – 2025) by the Sabah Department of Environment.

POC continued to strengthen its sustainability efforts across multiple fronts. These included participation in a river-cleaning initiative and the installation of a 240 kWp solar system at its manufacturing facility, which is expected to reduce carbon emissions by approximately 230 MT annually. POC also contributed to community and employee wellbeing through the donation of oxygen concentrators, a blood donation drive, and a jogathon. In addition, an Occupational Hygiene and workplace safety compliance audit was conducted in October, achieving an overall rating of 80% and reaffirming the Group's commitment to workplace safety and regulatory standards.

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

LSP's Community Learning Centre, primarily serving the children of migrant workers in our Lahad Datu estate, was recognised in 2025 by the Indonesian Consulate Director General as the Best Community Learning Centre in Sabah.



Visit by Executive Chairman to LSP estate Community Learning Centre, Lahad Datu, in April 2026.

On its part, DLS strengthened human rights practices by partnering with a social non-governmental organisation. Through the Labour Transformation Programme and Ethical Recruitment Due Diligence, it improved recruitment and protections for over 420 migrant workers. The initiative was published as a case study by Earthworm Foundation, a global non-profit organisation that works with companies, communities and governments to improve social and environmental practices in supply chains.

Headquarters:

Underscoring our dedication to education, Lam Soon continues to support initiatives that empower the next generation. They include the **TL Whang Bursary Award**, which supports the tertiary education of our employees' children, and our enduring partnership with Yayasan Tunku Abdul Rahman, which provides scholarships to nurture high-potential students.

Established by our former Managing Director and Executive Chairman, the late Mr. Whang Tar Liang, the TL Whang Bursary has supported 201 recipients and disbursed RM3.17 million in financial aid since its inception in 2017. Furthermore, we are proud to share that in 2025, this scholarship achieved its highest payout and number of recipients to date.

Lam Soon remains committed to embracing practices that promote the welfare and wellbeing of our employees, foster ethical and responsible behaviour, preserve biodiversity and conservation for the well-being of present and future generations.

PROSPECTS

In 2025, the global economy navigated an increasingly fragmented geopolitical landscape, even as economic linkages remained strong. While proposed US tariffs of over 20% raised concerns, actual measures were moderated through pauses, exemptions and ongoing negotiations. Nevertheless, persistent trade uncertainty heightened by the recent conflict in the Middle East is prompting companies to redesign supply chains for greater resilience, with implications for higher costs and slower global trade.

Malaysia enters 2026 from a position of relative strength, supported by diversified growth drivers and a resilient financial sector. The Malaysian economy expanded by 5.4% in 2026 Q1, driven mainly by domestic demand (household spending remained supported by positive labour market conditions alongside targeted policy measures). Export growth remained strong, mostly by continued expansion in Artificial Intelligence ("AI") related electrical and electronics supply chain.

Every business unit in the Lam Soon Group is continuously seeking to improve cost efficiency and productivity while maintaining its high-quality standards. As always, management adopts a prudent approach to capital expenditure, with a focus on cost discipline and digitalisation to reduce reliance on manual labour and natural resources. In a more volatile environment, the Group remains vigilant and adaptable, embracing innovation, including AI, while staying anchored to its core values and long-term strategic priorities for sustainable growth.

DIVIDENDS

During the year, your Company paid one (1) single tier interim dividend of 25.0 sen per share amounting to the total of RM53.68 million for the financial year ended 31 December 2025 (2024: 25.0 sen per share or 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 15.0 sen per share and special single tier dividend of 20.0 sen per share, amounting to RM75.15 million (2024: Final of 5.0 sen per share and special of 15 sen per share amounting to RM42.94 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 2025 to 60.0 sen per share or RM128.83 million (2024: 45.0 sen per share or RM96.62 million).

APPRECIATION

On behalf of the Board, I would like to once again thank all our customers, business partners, government agencies and shareholders for their continued support and confidence in our Group. We will continue to endeavour to live up to your aspirations and demands.

I would also like to commend my Management Team for their concerted efforts in 2025, which enabled the Group to deliver strong financial results. The dedication and commitment demonstrated by our officers, staff and employees throughout the year have been key to sustaining the Group's performance and positioning it for the challenges that lie ahead.

Whang Shang Ying
Executive Chairman

25 May 2026