

8. INDUSTRY OVERVIEW

3 June 2026

The Board of Directors
Bestari Food Berhad
Lot 29119, Jalan Rajawali
Batu 9, Kampung Kebun Baru
42500 Telok Panglima Garang
Kuala Langat
Selangor

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor, Malaysia
Tel: (603) 7931-3188
www.vitalfactor.com

Dear Sirs and Madams

Independent Assessment of the Food Ingredients Industry, Focusing on Food Premixes

We are an independent business consulting and market research firm based in Malaysia, established in 1993. We offer consulting services, including business plans, opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market research. Since 1996, we have been involved in corporate exercises such as initial public offerings (IPO), reverse takeovers, chain listings, transfers to the Main Market, and business regularisations for publicly listed companies on Bursa Malaysia Securities Berhad (Bursa Securities). Our corporate exercise services encompass business overviews, independent industry assessments, management discussions and analyses, and business and industry risk assessments for prospectuses, shareholders' circulars and information memorandums.

We have been engaged to provide an independent assessment of the food ingredients industry, focusing on food premixes for inclusion in the prospectus of Bestari Food Berhad for its IPO and listing of its shares on the Main Market of Bursa Securities. This report has been prepared independently and objectively, with all reasonable due care taken to ensure its accuracy and completeness.

We believe the report provides a true and fair assessment of the industry, considering the limitations of timely and available information, and analyses based on secondary and primary market research as of the report date. However, it should be noted that our assessment pertains to the industry as a whole and may not reflect the performance of any specific company. We accept no responsibility for the decisions or actions of readers based on this document. This report should not be construed as a recommendation to buy, not buy, sell, or not sell the securities of any company.

Please be aware that our report may include disclosures, assessments, opinions, and forward-looking statements that are subject to hitherto unknown or undisclosed information, uncertainties, and contingencies. These statements are based on secondary information and primary market research, and despite careful analysis, the industry is influenced by various known and unforeseen factors that could cause actual outcomes and future results to differ materially from these statements.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan holds a Bachelor of Science from the University of New South Wales and a Master of Business Administration from the University of Technology, Sydney. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders, Australia. With over 30 years of experience in business consulting and market research, he has also assisted companies in their IPO and listings of their shares on Bursa Securities.

8. INDUSTRY OVERVIEW (CONT'D)



Date of Report: 3 June 2026

INDEPENDENT ASSESSMENT OF THE FOOD INGREDIENTS INDUSTRY, FOCUSING ON FOOD PREMIXES

1. OVERVIEW OF BESTARI FOOD GROUP'S BUSINESS AND REPORT PARAMETERS

- Bestari Food Berhad and its subsidiaries (Bestari Food Group) are mainly involved in the production of food premixes and the supply of food ingredients in Malaysia, which shall form the focus of this report. Food and food products referred in this report are intended for human consumption. Within the context of this report, 'food' refers to all edible products, including beverages where relevant, whether raw or processed, whereas 'food products' mainly refer to processed foods. Additionally, food ingredients encompass all substances used in the preparation of food products. All information pertains to Malaysia, unless stated otherwise.

2. INDUSTRY OVERVIEW

2.1 Food Ingredients Industry

- Food ingredients comprise the components used in the production of processed food, including base ingredients, which form the main structure of the product (e.g. flour in bread), and functional or additive ingredients such as preservatives, emulsifiers and flavourings. Food ingredients may be derived from plant-based or animal-based sources, as well as natural or synthetic substances, and are used in the processing, manufacturing, preservation and enhancement of food. They play a key role in determining a product's nutritional composition, sensory characteristics, shelf life and overall quality.
- Food products, in contrast, refer to the final consumable goods sold to end consumers, such as snacks, beverages, dairy products and ready-to-eat meals. While food ingredients serve as the building blocks, food products are the finished goods intended for consumption.
- The food ingredients industry can be broadly segmented into two main categories based on usage patterns, processing levels and market characteristics:
- Commodity food ingredients** are widely available, standardised food substances traded in large volumes and used across a wide range of food applications. Examples include grains and cereals (such as wheat, corn and oats), oils and fats (such as palm, coconut and sunflower oil), dairy (such as milk and whey powder), meat and seafood. These ingredients are typically specified by general grades, sourced from large-scale producers, and subject to price fluctuations driven by global agricultural markets. Due to their standardisation and broad availability, they serve as essential building blocks in food manufacturing but provide limited differentiation for finished products.
- Specialty food ingredients**, such as colourings, emulsifiers, stabilisers and blended products (including food premixes), are value-added components that provide specific functional, sensory and/or nutritional benefits. These ingredients typically involve formulation and blending, and in some cases may require more specialised processing techniques. Specialty food ingredients play a crucial role in enhancing product quality, sensory attributes, stability, appearance, shelf life, and consumer appeal. They may be

8. INDUSTRY OVERVIEW (CONT'D)

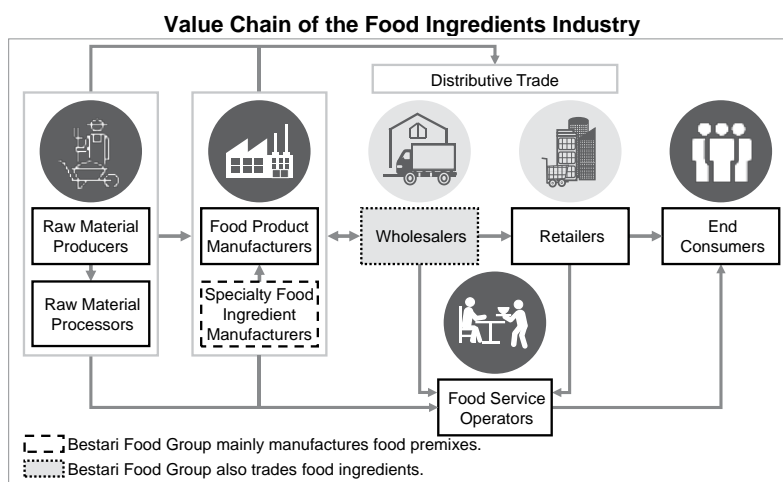


customised to meet specific formulation requirements and characteristic needs, supporting product differentiation in the processed food industry.

2.2 Value Chain of the Food Ingredients Industry

- The food ingredients industry is underpinned by a multi-tiered value chain that transforms agricultural and chemically derived raw materials into functional ingredients and intermediate products used in food manufacturing and preparation.

- The value chain begins with **raw material producers**, which supply plant-based (such as grains and cereals, oils and fats, fruits and vegetables, nuts, seeds and legumes),



animal-based (such as dairy, meat, poultry and seafood), as well as mineral and chemically derived inputs (such as salts, additives and flavouring compounds). These inputs are subsequently processed by raw material processors into **commodity food ingredients** such as flour, sugar, starches, oils, and basic seasonings, which serve as core inputs in food production.

- Specialty food ingredient manufacturers** formulate, process and blend various food ingredients to produce value-added ingredients with specific functional, sensory and/or nutritional properties. These include formulated ingredients such as flavourings, colourings, emulsifiers and stabilisers, as well as blended products such as food premixes, including seasoned flour and coating systems, seasoning mixes, and food base premixes.
- Both commodity and specialty food ingredients are supplied to **food product manufacturers**, which then utilise these inputs in the production of food products. Commodity food ingredients may also be distributed directly through trade channels, including **wholesalers** and **retailers**, or supplied to **food service operators**, such as restaurants and catering providers. Food products are subsequently distributed through these channels to reach **end consumers**.
- Bestari Food Group operates within the specialty food ingredients segment of the value chain, encompassing both manufacturing and wholesale trade activities, and is principally involved in the production of food premixes, as well as the supply and repacking of food ingredients.

3. REGULATIONS AND CERTIFICATIONS

- Under the Food Hygiene Regulations 2009, all food premises must be registered with the Ministry of Health (MoH) and renewed every three years. Bestari Food Group's premises are registered with the MoH.

8. INDUSTRY OVERVIEW (CONT'D)



- Food manufacturers must implement at least one **Food Safety Assurance Programme** by MoH, which establishes controls to ensure food safety, quality, authenticity, and legality throughout the entire food supply chain, including the following, among others:
 - **Hazard Analysis and Critical Control Points (HACCP):** Global system for controlling food safety hazards. Exporters to the European Union must obtain HACCP certification. The certification is valid for three years, with a MoH surveillance audit during the validity period.
 - **Industrial Responsibility Safe Food Certification Scheme (Makanan Selamat Tanggungjawab Industri, MeSTI):** A certification scheme introduced by MoH, designed for small and medium enterprises. It provides a framework for food hygiene and operational management, ensuring both food safety and quality. The certification is valid for three years.
 - **Good Manufacturing Practice (GMP):** A certification scheme that ensures the adoption of proper hygiene practices during production. GMP certification recognises food processing and food service establishments that comply with these practices. The certification is valid for three years, with periodic monitoring audits conducted by MoH.

- **Food Safety System Certification (FSSC) 22000:** An internationally recognised scheme based on ISO 22000 standards, endorsed by the Global Food Safety Initiatives (GSFI). It integrates food safety management systems with sector-specific prerequisite programmes. The certification is valid for three years, with annual surveillance audits and one unannounced audit.

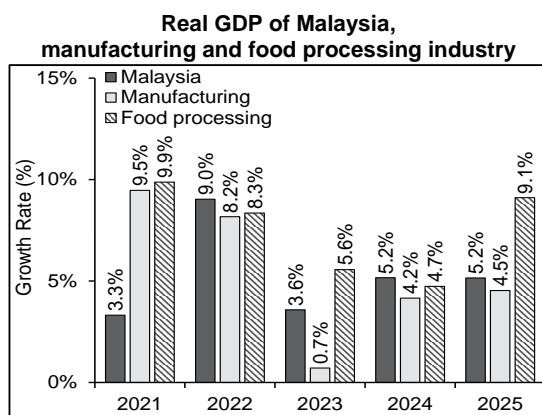
- **Halal Certificate:** A certification issued by the Department of Islamic Development Malaysia (JAKIM), ensuring compliance with Islamic dietary laws. The halal certification is valid for two years and is subject to renewal upon re-audit by JAKIM or its appointed body.

4. INDUSTRY PERFORMANCE

- Bestari Food Group is principally engaged in the production of food premixes and the supply of food ingredients, operating within the broader food processing industry. The performance of the food processing industry, related manufacturing activities, and downstream distribution channels indicates demand conditions for food premixes and food ingredient supply, which in turn affects operators like Bestari Food Group.

4.1 GDP

- Gross domestic product (GDP) measures the total value added to the production or output of goods and services in a country or sector during a specified period. Real GDP adjusts for changes in price levels (inflation or deflation). It reflects changes in the actual output of goods and services over time, providing a more accurate measure of economic growth. Nominal GDP is calculated using current market



(Source: Department of Statistics Malaysia (DoSM))

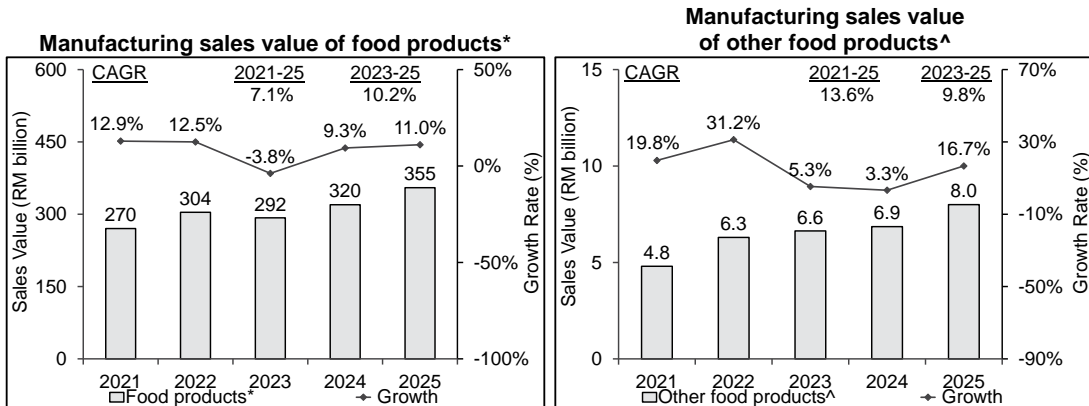
8. INDUSTRY OVERVIEW (CONT'D)



prices and does not account for inflation or deflation, reflecting both output and price changes.

- Malaysia's real GDP expanded by 5.2% in both 2024 and 2025, supported by resilient domestic demand. The manufacturing sector recorded real GDP growth of 4.2% in 2024 and 4.5% in 2025, underpinned by steady growth in both export- and domestic-oriented industries, with domestic-oriented industries supported by resilient household spending, stronger tourism-related demand for food and beverages (F&B) and other segments. (Source: DoSM, Bank Negara Malaysia (BNM))
- The food processing industry, which forms part of the manufacturing sector, expanded by 4.7% in 2024 and accelerated to 9.1% in 2025, outperforming the broader manufacturing sector. This indicates relatively resilient demand for food-related products, supporting continued production activity. (Source: DoSM)
- In the first quarter (Q1) of 2026, Malaysia's economy, the manufacturing sector and the food processing industry expanded by 5.4%, 5.9% and 8.0%, respectively, compared to Q1 2025. (Source: DoSM)

4.2 Manufacturing Sales Value



(Source: DOSM) **Notes:** CAGR = Compound annual growth rate; * Excludes beverages; ^ Includes vinegar, artificial honey and caramel, yeast, extracts and juices, non-dairy milk and cheese substitutes, baby foods, soups and broths, processed salt, artificial concentrates, homogenised composite food preparations, and other food preparation not elsewhere classified.

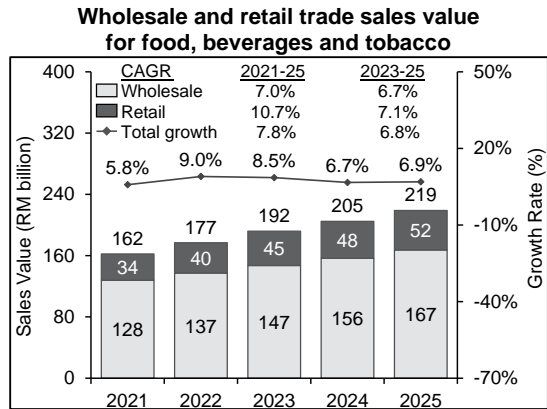
- The manufacturing sales value of food products (excluding beverages) contracted by 3.8% in 2023, before recovering to 9.3% growth in 2024 and 11.0% in 2025, recording a CAGR of 10.2% over the period. The contraction in 2023 was followed by a recovery in food manufacturing activities, with growth momentum continuing into Q1 2026, as manufacturing sales value increased by 7.7% compared to Q1 2025. (Source: DoSM)
- Within food products, the manufacturing sales value of other food products grew by 5.3% in 2023, 3.3% in 2024 and 16.7% in 2025, representing a CAGR of 9.8% over the period. Growth in 2025 exceeded that of total food products, indicating comparatively stronger expansion in selected processed and intermediate food categories. In Q1 2026, the manufacturing sales value of other food products expanded by 8.8% compared to Q1 2025. In value terms, other food products accounted for 2.3% of total food manufacturing sales in 2025. (Source: DoSM) While the segment remains relatively small, its sustained growth may suggest increasing demand for processed and formulated food components, which may support operators in the food premixes industry.

8. INDUSTRY OVERVIEW (CONT'D)



4.3 Wholesale and Retail Trade Sales Value

- The wholesale and retail trade sales value for food, beverages and tobacco increased from RM192.0 billion in 2023 to RM219.0 billion in 2025, representing a CAGR of 6.8% over the period. Growth was relatively stable, at 6.7% in 2024 and 6.9% in 2025. Retail trade recorded a slightly higher CAGR of 7.1% between 2023 and 2025, compared to 6.7% for wholesale trade, reflecting marginally stronger expansion at the consumer-facing level. Growth continued into Q1



(Source: DoSM) 2026, with the wholesale and retail trade sales value for food, beverages and tobacco increasing by 6.0% compared to Q1 2025. Retail trade expanded by 7.1%, while wholesale trade grew by 5.6% over the same period. In 2025, wholesale trade accounted for 76.4% of total trade sales, with retail accounting for the remaining 23.6%, highlighting the predominance of wholesale channels in food distribution. (Source: DoSM)

- The expansion across both channels reflects continued distribution and sales for food-related products. The dominance of wholesale trade supports the flow of food ingredients through supply chains, including trading activities undertaken by Bestari Food Group.

5. DEMAND DEPENDENCIES

5.1 Household Income and Consumption Expenditure

- Macroeconomic performance directly impacts disposable income levels, which in turn influence consumer demand for F&B products. Economic expansion typically leads to higher employment, improved consumer confidence and greater household spending. As household incomes rise, discretionary expenditure increases, supporting stronger demand for various food ingredients within the wider F&B industry.

Year	RM	Disposable income
2019		6,764
2022		7,111
2024		7,584
2019-24 CAGR		2.3%
2022-24 CAGR		3.3%

- Between 2019 and 2024, Malaysia's mean monthly household disposable income increased from RM6,764 to RM7,584. Growth was stronger in the later period, with household disposable income rising at a CAGR of 3.3% between 2022 and 2024, indicating improving income levels and continued support for consumer demand. (Source: DoSM)

Year	RM	F&B at home	F&B away from home	Total
2019		780	601*	4,609
2022		841	790^	5,150
2024		876	903^	5,566
2019-24 CAGR		2.3%	8.5%	3.8%
2022-24 CAGR		2.0%	6.9%	4.0%

(Source: DoSM) **Notes:** * Data for 2019 is for restaurants and cafes only; ^ Data for 2022 and 2024 include restaurants, cafes, cafeterias and others; Latest available data.

- Household consumption patterns have shown consistent growth over the past decade,

8. INDUSTRY OVERVIEW (CONT'D)

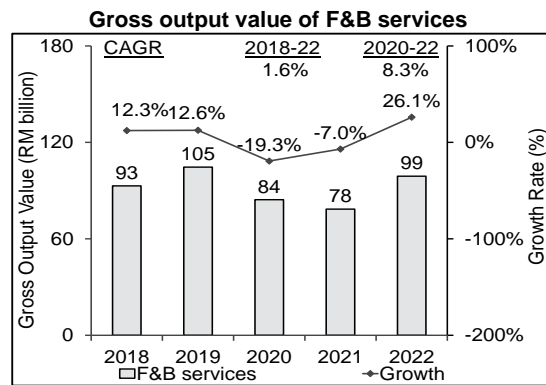


underpinned by rising incomes, urbanisation and lifestyle shifts. Total household consumption expenditure increased from RM5,150 in 2022 to RM5,566 in 2024, representing a CAGR of 4.0%, indicating a broader expansion in consumer spending. The combined expenditure on F&B at home and F&B away from home rose at a CAGR of 4.4% over the same period, marginally outpacing overall household expenditure growth, reflecting the essential nature of food consumption. (Source: DoSM)

- Within the F&B at home segment, food premixes are typically captured under sub-categories such as “other food products”. The monthly expenditure in this category increased from RM89 in 2022 to RM107 in 2024, representing a CAGR of 9.6%, exceeding the overall growth in F&B at-home expenditure. The share of “other food products” within total F&B at home expenditure also increased from 10.6% in 2022 to 12.2% in 2024, indicating a gradual increase in household spending within this category, which may reflect evolving consumption preferences. (Source: DoSM)

5.2 F&B Services Industry

- The F&B services industry represents a key end-use segment for food premixes, particularly within food service applications such as restaurants, cafes and catering operators. Industry activity levels, as reflected by gross output value, influence demand for food premixes.

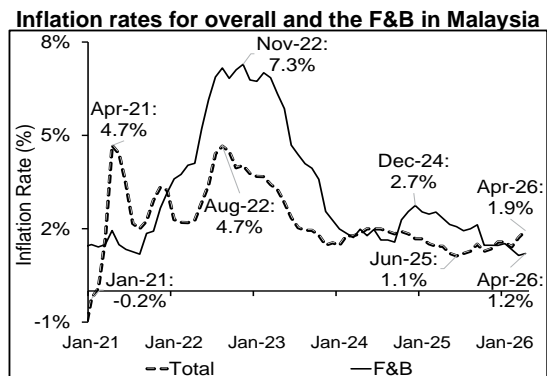


- The gross output value of the F&B services industry increased from RM84.4 billion in 2020 to RM99.0 billion in 2022, representing a CAGR of 8.3% over the period. Growth reflects a recovery in F&B services activity following contractions in 2020 and 2021, with output rebounding by 26.1% in 2022. (Source: DoSM)

- In 2022, the F&B services industry comprised 136,453 establishments, indicating a broad base of operators across the market. Accordingly, the recovery in F&B services activity and the broad base of operators support demand for food premixes within F&B services applications. (Source: DoSM)

5.3 Inflation

- The inflation rate, indicated by the consumer price index (CPI), reflects changes in the prices of goods and services. Rising inflation reduces purchasing power and consumer confidence, leading to lower spending.



- Between 2023 and 2025, the CPI for F&B increased at a CAGR of 2.0%, compared to a CAGR of 1.6% for the overall CPI over the same period. Annual F&B inflation moderation from 4.8% in 2023 to 2.0% in 2024 and 2.1% in 2025, indicating a gradual easing in price pressures following earlier increases. (Source: DoSM)

8. INDUSTRY OVERVIEW (CONT'D)



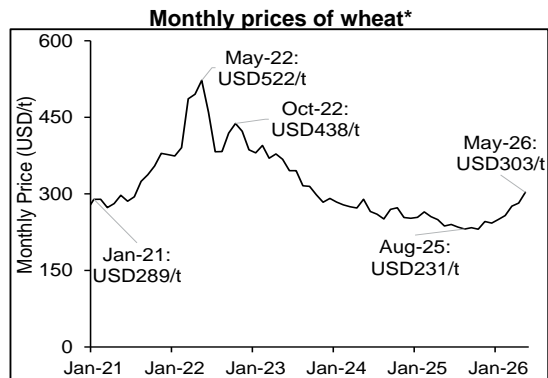
- Increases in F&B-related costs may lead to higher retail and foodservice prices, which could moderate consumption volumes. This may, in turn, affect demand for food premixes used in both household and foodservice applications.

6. SUPPLY DEPENDENCIES

6.1 Price of Key Input Materials

- Wheat flour represents a key input material in the manufacture of food premixes, particularly for applications such as coating and batter mixes. As wheat flour is derived from wheat, movements in underlying wheat prices serve as a proxy for broader input material cost trends within the food premix industry.

- Global wheat prices, based on the United States (US) No. 2 hard red winter wheat Gulf export prices, increased from USD289 per tonne (t) in January 2021 to a peak of USD522/t in May 2022 before moderating to USD303/t in May 2026, representing a decline of 42.0% from the peak. Between 2023 and 2025, wheat prices declined at an average annual rate of 15.5%, from USD340/t in 2023 to USD269/t in 2024 and further to USD243/t in 2025. (Source: Vital Factor analysis)



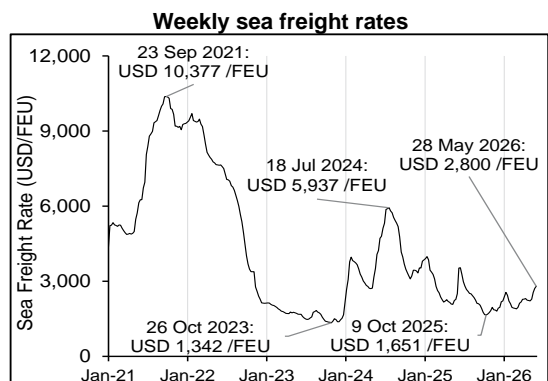
(Source: Vital Factor analysis) **Note:** * Based on US No. 2 hard red winter wheat Gulf export prices.

- The earlier increase reflects a period of elevated global commodity prices, resulting in higher input costs for food premix manufacturers, particularly for products where wheat flour is a key component. The subsequent moderation in wheat prices indicates easing cost pressures.

6.2 Sea Freight Rates

- Sea freight is a key logistics cost component in procuring imported input materials and ingredients used in the manufacture of food premixes.

- Global sea freight rates increased from USD1,342/ FEU on 26 October 2023 to a peak of USD5,937/FEU on 18 July 2024, before moderating to USD2,800/FEU on 28 May 2026, representing a decline of 52.8% from the peak. The increase in 2024 reflects heightened geopolitical tensions and global shipping disruptions, while the subsequent moderation indicates a partial normalisation in freight conditions. (Source: Vital Factor analysis)



(Source: Vital Factor analysis) **Notes:** FEU = 40-foot equivalent unit; Date range from 1 January 2021 to 28 May 2026.

8. INDUSTRY OVERVIEW (CONT'D)



7. COMPETITIVE LANDSCAPE

- This section presents selected operators within the food ingredients industry, including, among others, those involved in the manufacturing of food premixes in Malaysia, such as seasoned flour premixes and seasoning premixes. The selected companies comprise operators with revenue ranges comparable to Bestari Food Group, as well as larger food ingredients manufacturers. These larger operators are included for contextual purposes, given their greater financial resources, competitive capacity, and ability to better withstand temporary economic and business downturns, while smaller companies are also included for context.
- While these companies operate in similar sectors, they may not be directly comparable due to differences in, among others, business scope, geographic presence (domestic and/or international), industry focus, product range, revenue size, and the level of support from parent companies or shareholders. The selected companies have manufacturing facilities in Malaysia with relatively recent financial information. The list is not exhaustive and is presented in descending order of revenue.

Company	F	S	FYE ⁽¹⁾	Rev ⁽²⁾ (RM '000)	GP ⁽²⁾ (RM '000)	GP ⁽²⁾ margin	PAT ⁽²⁾ (RM '000)	PAT ⁽²⁾ margin
Mamee-Double Decker Distribution (M) S/B		√	Dec-24	1,498,414	317,670	21.2%	53,655	3.6%
Adabi Consumer Industries S/B	√	√	Dec-24	686,213	209,820	30.6%	26,314	3.8%
Ajinomoto (Malaysia) Berhad ⁽³⁾	√	√	Mar-25	684,504	n.a.	n.a.	49,663	7.3%
Syarikat Faiza S/B		√	Dec-24	465,067	76,433	16.4%	3,404	0.7%
Bestari Food Group	√	√	Dec-25	175,323	81,986	46.8%	31,032	17.7%
Spice & Seasonings Specialities S/B ⁽⁴⁾		√	Dec-24	168,508	n.a.	n.a.	11,125	6.6%
Agricore CS Holdings Berhad ⁽⁵⁾	√	√	Dec-25	136,075	18,285	13.4%	3,610	2.7%
APS-Manja S/B	√		Dec-24	62,866	21,341	33.9%	4,534	7.2%
Alagappa Flour Mills S/B		√	Dec-24	37,750	4,910	13.0%	518	1.4%
Hexa Food S/B	√	√	Jul-25	32,903	n.a.	n.a.	1,508	4.6%
S.E.A Field Food Industries S/B	√	√	Jun-25	24,376	3,243	13.3%	837	3.4%
RK Mubaraka S/B		√	Dec-24	18,449	2,057	11.1%	77	0.4%
Masbest Food Industries S/B	√	√	Dec-24	14,575	2,341	16.1%	317	2.2%

F = seasoned flour premixes; S = seasoning premixes; FYE = Financial Year Ended; Rev = Revenue; GP = Gross Profit; PAT = Profit after Tax; S/B = Sendirian Berhad; n.a. = data not available.

(1) Latest audited financial data from the Companies Commission of Malaysia and Bestari Food Group.

(2) It may include other business activities, products or services at the group or company level.

(3) Listed on the Main Market of Bursa Securities. A subsidiary of Ajinomoto Co. Inc. listed on Tokyo Stock Exchange.

(4) A subsidiary of OCB Berhad listed on the Main Market of Bursa Securities.

(5) Listed on the ACE Market of Bursa Securities.

- In addition to the companies presented in the table, the industry also comprises a number of smaller operators with revenue below RM10 million, including, among others, An Nuur Food Industries S/B, Glow-San S/B, Inland Harvest Food S/B, Lazat Spices Industrial S/B, Soy Asahi Food Service (M) S/B and Winner Foods Consolidated S/B. There are also companies for which financial information is not publicly available, including, among others, Baba Products (M) S/B, Bon Food Industries S/B, Kashiku Marketing S/B and Singlong Food Product S/B. These operators are excluded from the table due to size and/or limited availability of financial information, but remain indicative of the fragmented structure of the food ingredients industry, particularly the food premix segment.

8. INDUSTRY OVERVIEW (CONT'D)



8. BARRIERS TO ENTRY

- The barriers to entry in the manufacture of food premixes are generally **low to moderate**. Production processes mainly involve blending and mixing dry ingredients, which are less complex than other food ingredient segments that may require more processing methods and various equipment. Capital requirements are moderate, mainly relating to mixing equipment, packaging machinery and working capital for input material procurement, with such equipment generally commercially available. The industry is also characterised by a fragmented structure, as evidenced by the registration of 1,817 new food factories with the Ministry of Health (MoH) in 2024 (*Source: MoH*).
- Regulatory requirements, including food safety certifications such as HACCP and MeSTI, represent a baseline requirement for manufacturers. Compliance requires implementing appropriate quality control systems and processes. Entry into certain customer segments, such as established food service operators, food manufacturers and export markets, may require adherence to customer-specific quality standards and product specifications, as well as a demonstrated track record and established branding, which can increase initial setup requirements and represent barriers to entry.

9. INDUSTRY SIZE AND SHARE

- The market size of the food ingredients industry in Malaysia and the market share of Bestari Food Group are estimated as below:

2025 – Malaysia Sales Value	Market Size ^(a) (RM million)	Bestari Food Group	
		Revenue ^(b) (RM million)	Market Share ^(c) (%)
Manufacturing of other food products ⁽¹⁾	8,000	143 ⁽²⁾	2%
Wholesale trade of food, beverages and tobacco	167,369	32 ⁽³⁾	Less than 1%

Sources: (a) DoSM; (b) Bestari Food Group; (c) [(b) divided by (a)] x 100%.

- Other food products include vinegar, artificial honey and caramel, yeast, extracts and juices, non-dairy milk and cheese substitutes, baby foods, soups and broths, processed salt, artificial concentrates, homogenised composite food preparations, and other food preparations not elsewhere classified.
- Revenue from the production of food premixes, taken as the proxy for the manufacturing of other food products.
- Revenue from the supply of food ingredients, taken as the proxy for the wholesale trade of food, beverages and tobacco.

10. INDUSTRY OUTLOOK AND PROSPECTS

- The industry outlook and prospects for Malaysia's food ingredients industry focusing on food premixes is underpinned by macroeconomic conditions, structural advantages, and sector-specific drivers, fostering opportunities for industry operators.

10.1 Drivers of Growth and Opportunities

- Malaysia's economy** is projected to grow between **4.0% to 5.0%** in 2026, driven by strong domestic demand and steady private sector spending. Household spending will be supported by employment and income growth, alongside policy measures such as civil servant salary adjustments, higher minimum wages, and fiscal supports, including cash assistance. Initiatives under the 13th Malaysia Plan, such as raising average monthly household income to RM12,000 by 2030, expanding social safety nets, and creating over 1.2 million jobs in manufacturing and the digital economy, aim to ease cost-of-living pressures and sustain private consumption. (*Source: BNM, Ministry of Economy*)

8. INDUSTRY OVERVIEW (CONT'D)



- The **continued expansion of F&B service outlets** and retail food channels is expected to support demand for standardised and scalable food preparation solutions. In 2024, a total of 30,005 new food premises were registered in Malaysia, comprising 1,817 food factories, 1,879 food catering services, 26,037 food outlet premises and 272 food-selling vehicles, indicating ongoing growth in F&B service-related establishments (*Source: MoH*). These operators represent demand for manufacturers of food premixes.
- Malaysia is positioning itself as a **global hub for halal production**, supported by its established halal certification system and growing international reputation. The halal economy contributes nearly 10% to Malaysia's GDP, spanning sectors like F&B, pharmaceuticals, and Islamic finance. With global demand for halal-certified products rising, driven by a global Muslim population of nearly 2 billion and a projected USD 3 trillion halal food market by 2027, the halal industry is set for significant growth, creating opportunities for manufacturers of halal-compliant food ingredients. (*Source: MIDA*)
- **Rapid urbanisation**, rising income levels, and evolving consumer lifestyles are contributing to a growing preference for convenient, easy-to-prepare food options. This includes increased demand for semi-prepared and ready-to-cook products, where food premixes are used to simplify preparation while ensuring consistency in taste and quality.

10.2 Threats and Challenges

- **Geopolitical conflicts** in the Middle East, particularly along key maritime routes such as the Red Sea, may disrupt global shipping networks, leading to route diversions, longer transit times and higher sea freight rates, which in turn may delay the procurement of raw materials and increase logistics costs. In addition, conflicts in the Middle East may affect global energy supply and prices, resulting in higher costs for fuel and electricity, as well as key inputs such as fertilisers for food production and petrochemical-based materials for plastic packaging. Increased energy costs may also raise transportation and manufacturing expenses. These factors may elevate overall production costs and place pressure on margins, particularly where such cost increases cannot be passed on to customers.
- **Wheat prices** in May 2026 were 27.8% higher compared to the corresponding period in 2025, reflecting continued **variability in input pricing** (*Source: Vital Factor analysis*). The manufacturing process of food premixes relies on commodity food ingredients as inputs, including wheat and related derivatives, which are largely influenced by global supply and pricing dynamics. Movements in global commodity prices and foreign exchange rates may influence input costs and pricing stability, leading to fluctuations in procurement costs and affecting cost management for operators in the industry.

10.3 Summary of Factors Affecting Industry Prospects

- The prospects for the food ingredients industry, including the food premix segment, are supported by macroeconomic growth, rising household incomes and consumption, as well as structural trends such as increasing demand for convenience-oriented food, expansion of the food service sector, and Malaysia's positioning as a halal production and export hub. However, industry performance remains subject to moderating factors, including evolving consumer preferences towards healthier, less-processed and clean-label products, intensifying competition, and exposure to volatility in raw material and packaging costs. In addition, broader macroeconomic and geopolitical risks, such as inflationary pressures, supply chain disruptions, and potential economic slowdown arising from conflicts in the Middle East, may affect input costs, consumer spending patterns and overall demand conditions.