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22 September 2025

The Board of Directors
Custom Food Holding Berhad
2931, Lorong Jelawat 1
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13700 Perai, Pulau Pinang

Dear Sirs and Madams

Independent Assessment of the Specialty Food Ingredient and Food Product Industry

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, reverse takeovers, chain listings, transfers to the Main Market, and business regularisations for public 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 specialty food ingredient and food product industry for inclusion in the prospectus of Custom Food Holding Berhad's initial public offering 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 the 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 initial public offerings and listings on Bursa Malaysia Securities Berhad.

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Date of Report: 22 September 2025

INDEPENDENT ASSESSMENT OF THE SPECIALTY FOOD INGREDIENT AND FOOD PRODUCT INDUSTRY

1. OVERVIEW OF CFH GROUP'S BUSINESS AND REPORT PARAMETERS

- Custom Food Holding Berhad and its subsidiaries (CFH Group) are mainly involved in manufacturing specialty food ingredients and food products such as non-dairy creamers, functional lipid powders, as well as malt and cereal products in Malaysia. The main markets of CFH Group is Malaysia and Asia. These shall form the focus of this report. This report focuses on food and food products 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 Ingredient and Food Product Industry

- Food ingredients are the fundamental components used in producing processed food. These include both primary ingredients, such as flour in bread, and secondary ingredients such as preservatives, emulsifiers or flavourings. Food ingredients, sourced from plant-based and animal-based raw materials as well as natural or synthetic products, are used in the processing, manufacturing, preservation, and enhancement of food. They are critical in defining a product's nutritional content, sensory profile, shelf life and quality. Food products refer to the final, consumable goods sold to end consumers. These include snacks, beverages, dairy products and ready-to-eat meals. While food ingredients are the building blocks, food products are the processed products ready for immediate consumption.
- The food ingredient 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 (for example, wheat, corn and oats), oils and fats (for example, palm, coconut and sunflower oil), dairy (for example, milk and whey powder), meat and seafood. They 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 non-dairy creamers and functional lipid powders, including clouding agents and batter stabilisers are value-added components that provide specific functional, sensory and/or nutritional benefits. These ingredients are produced using specialised techniques such as spray drying, microencapsulation, and emulsification. Although used in small quantities, they play a crucial role in enhancing product quality, stability, sensory attributes, appearance, shelf life, and consumer appeal. Often customised to meet precise formulation and characteristic needs, specialty food ingredients are essential for developing innovative, differentiated products in the processed food industry.

2.2 Value Chain of the Food Ingredient and Food Product Industry

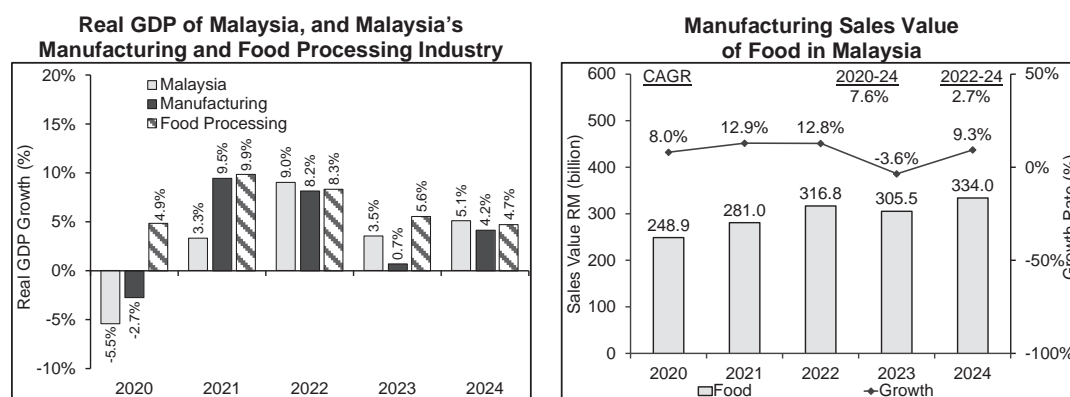
- The food ingredient industry is underpinned by a multi-tiered value chain that transforms plant-based and animal-based raw materials, as well as natural and synthetic products, into functional components used across the food industry.

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4. INDUSTRY PERFORMANCE

- CFH Group manufactures specialty food ingredients and food products, a segment of the broader food manufacturing industry that will be assessed in the following section. Gross domestic product (GDP) measures the gross value added to the output of goods and services in a country or sector during a specified period. Real GDP measures “real” changes in output over time, due to changes in the quantity of goods and services produced, rather than changes in prices due to inflation or deflation. Nominal GDP is the value without any adjustments.



(Source: Department of Statistics Malaysia (DoSM))

- Malaysia's economy has continued stabilising following its post-COVID-19 pandemic rebound, with real GDP growth moderating from 9.0% in 2022 to 3.5% in 2023 before improving to 5.1% in 2024. The recovery momentum persisted in the first half (H1) of 2025, with real GDP expanding by 4.4% compared to the corresponding period in 2024.
- Between 2022 and 2024, the food processing industry recorded consistent real growth, supported by the post-COVID-19 pandemic recovery in economic activity and supply chain normalisation. In 2024, the industry expanded by 4.7% in real terms, reflecting stabilised consumer demand. The industry surged 8.9% in H1 2025 as compared to H1 2024. Similarly, the manufacturing sector which encompasses food processing, also recorded stable real GDP growth in 2024, underlining ongoing industrial output and stability within the broader manufacturing landscape. (Source: Bank Negara Malaysia (BNM)) A growing GDP fuels consumer spending, creating a favourable environment for food manufacturers, including those who manufacture specialty food ingredients and food products.
- The manufacturing sales value of food continued to rise at a moderate pace between 2022 and 2024, recording a CAGR of 2.7% as the industry stabilised following the pandemic-induced volatility. Despite the moderation in 2023, sales remain robust in 2024, driven by the strengthening of domestic-oriented industries and a stronger performance of export-oriented industries. (Source: Ministry of Finance Malaysia (MoF)) Momentum carried into 2025, with H1 sales up 12.7% compared to the same period in 2024, reflecting stronger demand both domestically and in exports. (Source: DoSM)

5. SUPPLY AND DEMAND CONDITIONS

- Given that Asia represents CFH Group's largest export destination, this section provides an overview of the import and export performance for three of CFH Group's main products: non-dairy creamers, functional lipid powders (solid vegetable oil-based mixtures), and malt and cereal products.

5.1 Import and Export Value of Selected Specialty Food Ingredients and Food Products in Malaysia

RM million	Non-Dairy Creamers		Solid Vegetable Oil-Based Mixtures		Malt* and Cereals^	
	Import	Export	Import	Export	Import	Export
2020	184.3	698.0	1.4	207.4	289.3	291.8
2021	167.9	871.8	2.0	292.3	304.0	360.2

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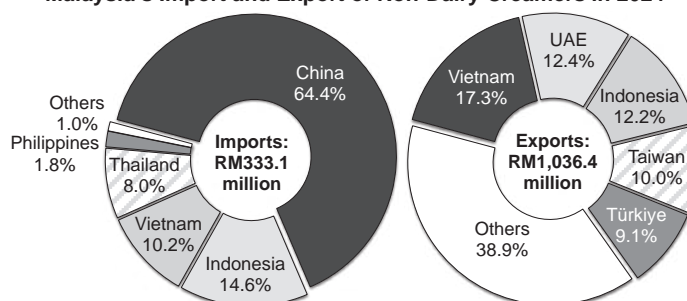
RM million	Non-Dairy Creamers		Solid Vegetable Oil-Based Mixtures		Malt* and Cereals^	
	Import	Export	Import	Export	Import	Export
2022	270.3	1,207.8	13.9	329.9	373.2	428.1
2023	205.9	975.9	23.0	209.5	322.2	418.8
2024	333.1	1,036.4	28.1	365.3	369.3	417.8
2020-24 CAGR	16.0%	10.4%	111.9%	15.2%	6.3%	9.4%
2022-24 CAGR	11.0%	-7.4%	42.1%	5.2%	-0.5%	-1.2%

(Source: DoSM) **Notes:** *Malt includes both roasted and unroasted malt. ^Cereals encompass a range of processed cereal grain products, including corn flakes, oat-based cereals, hulled oats, ground grains and other prepared breakfast cereals.

- In all three categories, Malaysia is a net exporter, consistently exporting more than it imports. This reflects established production capabilities and a mature manufacturing ecosystem. However, the relatively high and growing levels of imports, particularly for non-dairy creamers and solid vegetable oil-based mixtures highlight a notable opportunity for import substitution. Increasing domestic production could help capture a larger share of domestic demand and reduce dependence on imports.
- Imports of non-dairy creamers and solid vegetable oil-based mixtures grew at a CAGR of 11.0% and 42.1% between 2022 and 2024, far outpacing exports. While Malaysia's export volumes remain substantial, the surge in imports suggests robust domestic consumption and potential capacity gaps, presenting opportunities for domestic producers to meet domestic demand. In H1 2025, imports of non-dairy creamers rose by 19.3%, while imports of solid vegetable oil-based mixtures and malt and cereals fell by 70.6% and 13.0%, respectively, compared to H1 2024. Over the same period, exports of non-dairy creamers and malt and cereals declined by 3.5% and 17.8%, respectively, whereas exports of solid vegetable oil-based mixtures increased by 90.9%.

Malaysia's Import and Export of Non-Dairy Creamers in 2024

- In 2024, Malaysia's imports of non-dairy creamers were dominated by China as the largest source. Exports were more diversified, with the top five destinations accounting for 61.1% of total non-dairy creamer exports.



(Source: DoSM)

5.2 Import and Export Value of Selected Specialty Food Ingredients and Food Products in Asia

USD million	Non-Dairy Creamers		Solid Vegetable Oil-Based Mixtures		Malt* and Cereals^	
	Import	Export	Import	Export	Import	Export
2020	16,975	15,444	1,227	1,394	2,659	1,562
2021	19,342	17,562	2,105	2,424	2,747	1,728
2022	21,045	18,805	3,088	3,042	3,304	1,998
2023	21,470	18,454	2,294	2,566	3,372	2,058
2024	22,514	19,477	2,606	2,788	3,139	2,115
2020-24 CAGR	7.3%	6.0%	20.7%	18.9%	4.2%	7.9%
2022-24 CAGR	3.4%	1.8%	-8.1%	-4.3%	-2.5%	2.9%

(Source: Vital Factor analysis) **Notes:** *Malt includes both roasted and unroasted malt. ^Cereals encompass a range of processed cereal grain products, including corn flakes, oat-based cereals, hulled oats, ground grains and other prepared breakfast cereals.

- Between 2022 and 2024, Asia's trade in selected specialty food ingredients and food products reflected shifting consumption patterns and structural adjustments in regional production and sourcing strategies. For non-dairy creamers, trade flows remained relatively stable, with imports rising at a CAGR of 3.4% and exports growing at 1.8%. This suggests continued consumption momentum across Asia, underpinned by the ingredient's widespread use in instant beverages

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and dairy-replacement applications. In contrast, solid vegetable oil-based mixtures experienced a contraction with imports and exports falling by an average annual rate of 8.1% and 4.3%, respectively. The decline in import demand was largely driven by lower purchases from China and Uzbekistan, which together accounted for approximately half of the overall contraction. On the export side, the decline was concentrated among Malaysia and Türkiye, Kazakhstan and Singapore. Meanwhile, malt and cereal products saw a decrease by an annual average rate of 2.5% in imports, while exports increased by 2.9%.

- China emerged as the largest importer of non-dairy creamers in Asia, accounting for 27.9% of regional imports in 2024. This reflects concentrated demand from the popularity of instant milk teas, powdered coffees and other convenience beverages. Other major importers include South Korea, Hong Kong, the Philippines and Vietnam, reinforcing that East and Southeast Asia remain the most dynamic and volume-intensive markets for non-dairy creamers. China also leads as the top Asia importer of solid vegetable oil-based mixtures. However, its role is less prominent in the malt and cereals category, where import activity is more evenly distributed across other markets. *(Source: Vital Factor analysis)*
- In H1 2025, Asia's imports of non-dairy creamers and malt and cereals declined by 10.3% and 24.6% respectively, compared to H1 2024. Exports of non-dairy creamers expanded by 2.2% while exports of malt and cereals contracted by 1.5%. Both imports and exports of solid vegetable oil-based mixtures grew, rising by 12.0% and 38.7%, respectively.

6. DEMAND DEPENDENCIES

- Macroeconomic indicators such as GDP growth, inflation and household income provide insights into consumer purchasing power, confidence and expenditure patterns. These factors have a cascading effect on the demand for food and beverage (F&B) products, particularly specialty food ingredients and food products, by influencing household consumption. As such, domestic and regional economic conditions form a crucial backdrop for evaluating CFH Group's market outlook.

6.1 Demand Dependencies in Malaysia

6.1.1 Household Income and Consumption Expenditure in Malaysia

- Malaysia's 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 value-added and specialty food ingredients and food products within the wider F&B industry. Between 2016 and 2022, Malaysia's mean monthly household disposable income increased from RM5,928 to RM7,111. While income growth moderated slightly between 2019 and 2022, with a CAGR of 1.7%, it continued to provide a stable base for consumer demand. *(Source: DoSM)*
- Household consumption patterns in Malaysia have shown consistent growth over the past decade, underpinned by rising incomes, urbanisation and lifestyle shifts.

Mean Monthly Household Consumption Expenditure

RM	Bread & Other Cereals	Sugars and Others*	Coffee, Tea, Cocoa and Non-Alcoholic Beverages	F&B at Home	F&B Away from Home	Total
2016	97	26	43	724	514 [^]	4,079
2019	108	27	48	780	601 [^]	4,609
2022	74	27	43	841	790 ^{^^}	5,150
2016-22 CAGR	-4.5%	0.5%	-0.1%	2.5%	7.4%	4.0%
2019-22 CAGR	-11.9%	-0.1%	-3.5%	2.6%	9.5%	3.8%

*(Source: DoSM) Notes: Based on surveys done in the respective years. Latest available data. * "Sugars and Others" refers to sugar, jam, honey, chocolate and confectionery. [^] Data for 2016 and 2019 is for restaurants and cafes only. ^{^^} Data for 2022 includes restaurants, cafes, cafeterias and others.*

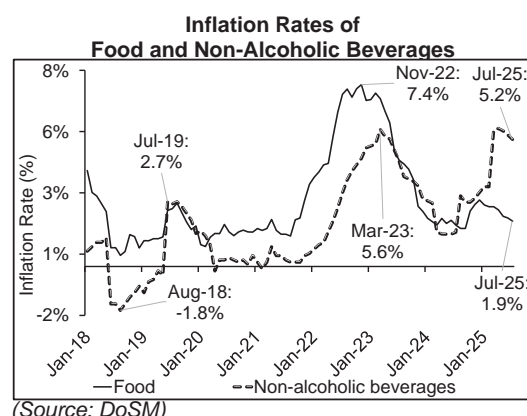
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- Specialty food ingredients are used in food products consumed both at home and away from home. Between 2019 and 2022, household expenditure on the combined food at home and food away from home rose at a 5.7% CAGR, outpacing the overall household consumption growth. Food at home spending increased at a CAGR of 2.6%, while food away from home spending expanded at a significantly faster 9.5% CAGR. This broad-based growth across both channels reflects changing consumption habits and higher discretionary spending. As specialty food ingredients underpin the formulation, functionality and sensory appeal of a wide range of food products, demand is expected to rise in line with this upward shift in food consumption.

6.1.2 Inflation in Malaysia

- 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. On the other hand, deflation may not boost spending, as consumers might delay purchases in anticipation of further price drops. Between 2022 and 2024, the CPI for food and non-alcoholic beverages rose at a CAGR of 3.4% and 3.3%, respectively, outpacing the overall CPI CAGR of 2.2%. These price increases were primarily driven by the Russia-Ukraine conflict and Malaysia's normalisation in early 2022 after the COVID-19 pandemic. Prices began to decline in early 2023, mainly due to lower global commodity prices and improvements in global supply chain conditions. (Source: BNM, Vital Factor analysis)



6.1.3 Manufacturing Sales Value of Selected Food Categories in Malaysia

RM (million)	Food (Excluding Beverages)	Dairy Products	Bakery Products	Cocoa, Chocolate and Confectionery	Sauces and Condiments	Other Food Products*
2020	239,437	10,056	16,158	13,738	1,901	11,028
2021	270,349	10,805	16,951	15,989	2,187	12,626
2022	304,095	12,117	18,599	17,496	2,267	14,852
2023	292,444	12,107	21,173	17,397	2,437	16,129
2024	319,765	11,884	23,788	20,274	2,763	17,174
2020-24 CAGR	7.5%	4.3%	10.2%	10.2%	9.8%	11.7%
2022-24 CAGR	2.5%	-1.0%	13.1%	7.6%	10.4%	7.5%

(Source: DoSM) **Note:** * "Other Food Products" include noodles and similar products, prepared meals and dishes, coffee, tea and spices, as well as perishable and specialty food products.

- Between 2022 and 2024, manufacturing sales value across selected food categories, all of which commonly incorporate specialty food ingredients that CFH Group primarily manufactures, grew faster than the broader food manufacturing sector (excluding beverages). This momentum carried into H1 2025, with selected food categories rising 14.4% over H1 2024, while the broader food manufacturing (excluding beverages) expanded by 12.9%. As these food products typically require specialty food ingredients for their functional, sensory, and preservation properties, the higher growth of the selected food categories underscores rising demand for value-added formulations and the importance of specialty food ingredients in food manufacturing.

6.2 Demand Dependencies in Asia

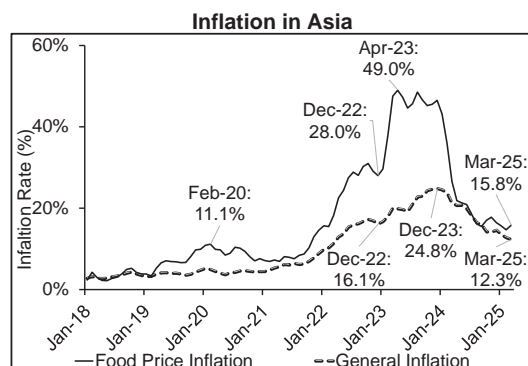
- Economic conditions in Asia, being CFH Group's largest export region, have experienced steady economic growth over the past three years, providing a supportive backdrop for regional food and beverage consumption. Real GDP in the region grew by 3.9% in 2022, followed by a

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further expansion of 5.0% in 2023 and 4.6% in 2024. This consistent growth reflects ongoing recovery and stabilisation following earlier pandemic-related disruptions. (Source: Vital Factor analysis)

- Food price inflation in Asia remained elevated but eased, falling from a peak of 49.0% in April 2023 to 15.8% by March 2025. General inflation followed a similar pattern, albeit less extreme, falling from 24.8% in December 2023 to 12.3% by March 2025. While high price levels may have temporarily affected consumer purchasing power, the downward trend in inflation suggests an improving economic activity in the region.



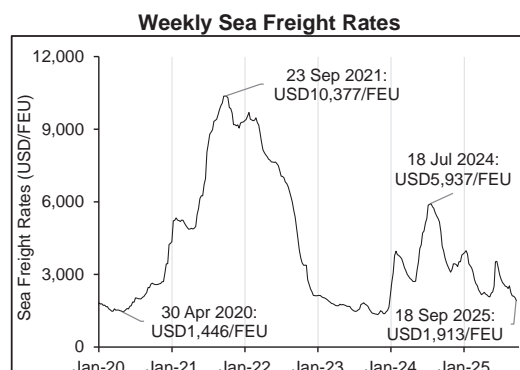
(Source: Food and Agriculture Organisation (FAO))
Note: Based on the latest available data.

- Asia's manufacturing sector, which includes F&B manufacturing, rebounded in 2021 as economies reopened post-COVID-19 pandemic, peaking at USD8,447 billion in value added. However, this declined to USD8,361 billion in 2022 and USD8,225 billion in 2023, reflecting an overall contraction at an annual rate of 1.3% between 2021 and 2023. (Source: FAO)

7. SUPPLY DEPENDENCIES

7.1 Sea Freight Rates

- CFH Group's import and export operations may be affected by fluctuations in global sea freight rates. On 18 September 2025, the weekly sea freight rate for 40-foot equivalent unit (FEU) containers was USD1,913/FEU, down 67.8% from its recent peak of USD 5,937/FEU on 18 July 2024 following the resolution of the Red Sea Crisis and the easing of conflicts in the Middle East (Source: Vital Factor analysis).

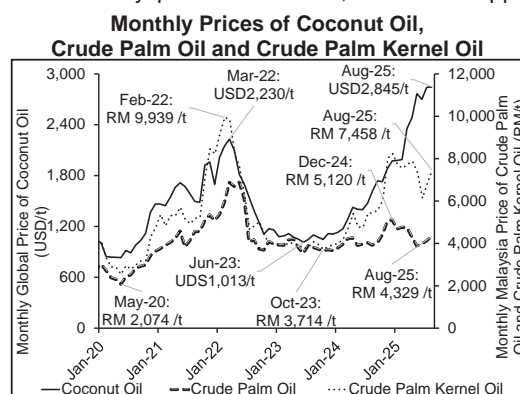


(Source: Vital Factor analysis) **Notes:** Data range from 1 January 2020 to 18 September 2025. FEU = 40-foot equivalent unit.

7.2 Price of Key Input Materials

- CFH Group relies on several core commodity inputs, including palm oil, palm kernel oil, coconut oil, acid casein, and glucose syrup, to manufacture its specialty food ingredients and food products. These inputs are subject to global commodity price fluctuations, seasonal supply factors, and international trade conditions.

- Among these, palm oil, palm kernel oil and coconut oil are essential inputs in non-dairy creamers and functional lipid powders. Crude palm kernel oil (CPKO) generally tracks crude palm oil (CPO) price trends but often moves with a greater magnitude due to tighter supply. In 2024, CPKO was up 40.5% while CPO was up 9.7%. The rise in CPKO prices was partly driven by the increase in coconut oil prices during the same period. Since CPKO is commonly used as a substitute for coconut oil, this has led to higher demand for CPKO. The average price



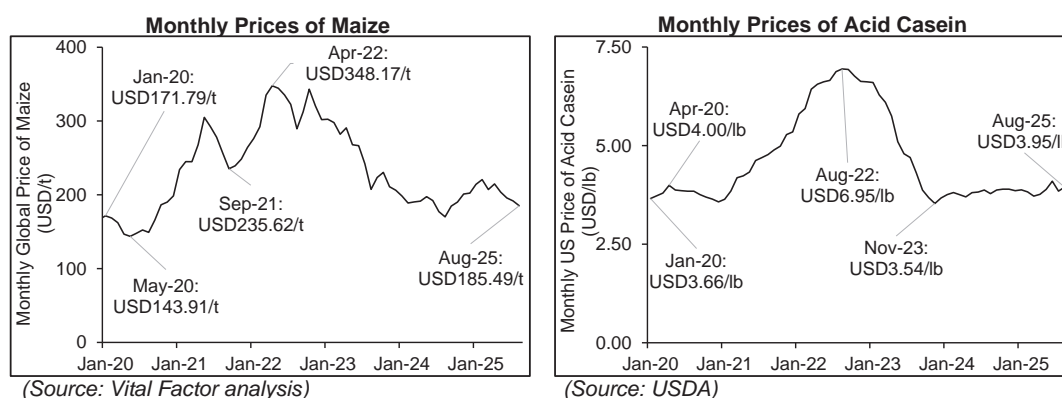
(Source: Malaysia Palm Oil Board (MPOB), Vital Factor analysis)

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of CPO and CPKO in the H1 2025 rose by 9.5% and 58.8%, respectively, compared to the same period in 2024. The price increase was primarily driven by higher prices for competing edible oils like soybean and sunflower oil, and reduced supply from Indonesia due to increased domestic use of palm oil for biodiesel production. (Source: KDK, MPOC, Vital Factor analysis)

- Coconut oil prices were volatile, falling to USD1,013 per tonne (/t) in June 2023 before surging to USD2,845/t in August 2025, an increase of 180.9%, driven by global supply-demand imbalances and adverse weather conditions in key producing countries. Higher cocoa bean prices also prompted food manufacturers to reformulate their products by using coconut oil as a substitute for cocoa butter, further pushing up demand and prices for coconut oil.



- Glucose syrup, a common food ingredient sweetener, is typically made from maize. The price of maize, like any commodity, is subject to significant fluctuations. From a peak of USD348.17/t in April 2022, maize prices fell to USD185.49/t in August 2025. The price surge in 2022 was primarily attributed to the Russia-Ukraine war. While prices have since eased, they continue to be volatile. (Source: Vital Factor analysis) Acid casein prices, widely used in specialty food ingredient formulations, have followed a similar trajectory. They rose from USD3.66/lb in January 2020 to a peak of USD6.95/lb in August 2022. This surge was due to supply shortages in both New Zealand and Europe, compounded by rising global input costs. Since late 2023, prices have fallen and stabilised at USD3.95/lb in August 2025. (Source: USDA, FAO)

8. COMPETITIVE LANDSCAPE

- The companies listed below are selected for financial comparison based on their involvement in similar or competing business activities to CFH Group. The selection criteria include manufacturing specialty food ingredients and food products in Malaysia, specifically non-dairy creamers, functional lipid powders, and/or malt and cereal products, with relatively recent financial data. The list is sorted by revenue in descending order and is not exhaustive.

Company	N	F	M	FYE/ FPE ⁽¹⁾	Rev ⁽²⁾ (RM '000)	GP ⁽²⁾ (RM '000)	GP ⁽²⁾ margin	PAT/(LAT) ⁽²⁾ (RM '000)	PAT/(LAT) ⁽²⁾ margin
Nestle (Malaysia) S/B ⁽³⁾	√		√	Dec-24	3,386,675	362,639	10.7%	134,993	4.0%
Kerry Ingredients (M) S/B ⁽⁴⁾	√	√		Dec-24	2,542,288	n.a.	n.a.	58,668	2.3%
CFH Group	√	√	√	Dec-24	394,864	79,621	20.2%	42,068	10.7%
Food Excellence Specialist S/B ⁽⁵⁾	√			Dec-24	331,232	47,348	14.3%	35,371	10.7%
Maestro Swiss Industries S/B ⁽⁶⁾			√	Dec-24	121,959	28,592	23.4%	(3,086)	(2.5%)
DCH Contract Manufacturing S/B ⁽⁷⁾			√	Dec-23	86,548	7,017	8.1%	2,292	2.6%
Eonlipids S/B ⁽⁸⁾	√	√		Dec-24	47,686	6,539	13.7%	1,954	4.1%
Rex Canning Co. S/B ⁽⁹⁾			√	Jun-24	46,529	n.a.	n.a.	(3,876)	(8.3%)
Eramas Ingredients S/B ⁽¹⁰⁾	√	√		Dec-23	29,530	5,049	17.1%	3,737	12.7%
Lipidchem S/B ⁽¹¹⁾		√		Dec-24	25,170	6,605	26.2%	2,205	8.8%
NBC Food Industries S/B ⁽¹²⁾			√	Dec-23	20,412	5,845	28.6%	57	0.3%
In-Comix Food Industries S/B ⁽¹³⁾			√	Dec-24	5,465	622	11.4%	22	0.4%

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Company	N	F	M	FYE/ FPE ⁽¹⁾	Rev ⁽²⁾ (RM '000)	GP ⁽²⁾ (RM '000)	GP ⁽²⁾ margin	PAT/(LAT) ⁽²⁾ (RM '000)	PAT/(LAT) ⁽²⁾ margin
Al Haddad Manufacturing S/B ⁽¹⁴⁾			√	FPE Dec-23	4,526	1,091	24.0%	(1,150)	(25.4%)
Skleu Biotech S/B ⁽¹⁵⁾			√	May-24	2,593	697	26.9%	(219)	(8.4%)

N = Non-Dairy Creamer; F = Functional Lipid Powder; M = Malt and Cereal Products; FYE = Financial Year Ended; FPE = Financial Period Ended; Rev = Revenue; GP = Gross Profit; PAT = Profit after Tax; LAT = Loss after Tax; S/B = Sendirian Berhad; n.a. = data not available. (1) Latest audited financial data from the Companies Commission of Malaysia and CFH Group. (2) It may include other business activities, products or services at the group or company level. (3) Nestle Manufacturing (Malaysia) S/B. Involved in the manufacturing and exporting of ice-cream, powdered milk and drinks, liquid milk and juices, instant coffee and other beverages, instant noodles, culinary products, cereal, yoghurt and related products. A subsidiary of Nestle S.A. listed on SIX Swiss Exchange. (4) Involved in the manufacturing of specialty lipid powders, cheese and dairy powders, snack seasonings, batters and coatings in the food ingredient industry. A subsidiary of Kerry Group plc listed on Euronext Dublin and London Stock Exchange. (5) Involved in the manufacturing of and import and export of food products not elsewhere classified. A subsidiary of Food Empire Holdings Limited listed on the Singapore Exchange Securities Trading Ltd. (6) Involved in the manufacturing and trading of confectionery and malted cocoa beverages. (7) Involved in the contracting for the manufacturing of pharmaceutical products, non-alcoholic beverages and food. A subsidiary of CITIC Limited listed on the Hong Kong Stock Exchange. (8) Involved in the manufacture and trading of edible fat products including non-dairy creamer, sweeteners and bakery mix for food and beverage. A subsidiary of Eonmetall Group Berhad listed on Bursa Malaysia Securities Berhad. (9) Involved in the manufacturing and selling of canned food and drinks, and investment holding. A subsidiary of Rex Industry Berhad listed on Bursa Malaysia Securities Berhad. (10) Involved in the manufacturing of all kinds of food-related powder, ranging from coconut to palm series. (11) Involved in the manufacturing of oleochemical products and trading of candles. (12) Involved in the manufacturing of beverages. (13) Involved in the manufacturing and wholesaling of coffee mix and all kinds of foodstuffs. A subsidiary of Hup Seng Industries Berhad listed on Bursa Malaysia Securities Berhad. (14) Involved in the manufacturing of food and beverage. Based on the financial period of 16 months from 1 September 2022 to 31 December 2023. (15) Involved in the manufacturing of all kinds of beverages.

9. BARRIERS TO ENTRY

- The barriers to entry in the production of non-dairy creamers and functional lipid powders are moderate to high, primarily due to the specialised technical requirements and capital-intensive nature of the manufacturing processes involved. A key barrier lies in the need for advanced processing techniques such as spray drying and microencapsulation, which are crucial to achieving the functional and sensory attributes required by end users. These technologies demand substantial capital investment, while production requires specialised production expertise and process controls to ensure consistent quality at scale. The ability to tailor product formulation and characteristics to precise customer specifications further raises the technical requirements for new entrants. Other barriers to entry include regulatory compliance and certifications such as HACCP, MeSTI and GMP. While standard across the food ingredients industry, these require operational discipline and robust quality systems to maintain.

10. INDUSTRY SIZE AND SHARE

- The export size of the specialty food ingredient and food product industry in Malaysia to Asia and CFH Group's corresponding export market share are estimated as below:

2024 - Malaysia	Export Size ^(a)	CFH Group	
		Export Revenue ^{(b) (1)}	Market Share ⁽²⁾
Total exports			
Non-Dairy Creamers	RM1,036 million	RM120 million	12%
Solid Vegetable Oil-Based Mixtures	RM365 million	RM65 million	18%
Malt and Cereal Products	RM418 million	RM16 million	4%
Exports to Asia			
Non-Dairy Creamers	RM568 million	RM107 million	19%
Solid Vegetable Oil-Based Mixtures	RM222 million	RM34 million	15%
Malt and Cereal Products	RM580 million	RM15 million	3%

Sources: (a) DoSM; (b) CFH Group. (1) CFH Group's export revenue for the financial year ended 31 December 2024. (2) ((b) divided by (a)) x 100%.

8. IMR REPORT



11. INDUSTRY OUTLOOK AND PROSPECTS

- The industry outlook and prospects for Malaysia's specialty food ingredient and food product industry is underpinned by macroeconomic conditions, structural advantages, and sector-specific drivers, fostering opportunities for domestic and export-oriented manufacturers.

11.1 Drivers of Growth and Opportunities

- Malaysia's economy** is projected to grow by **4.0% to 4.8%** in 2025, driven by strong domestic demand. Household spending will be supported by factors such as employment and income growth, salary increases under the Public Service Remuneration System, higher minimum wages, and targeted cash transfers. 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*)
- The manufacturing sector is expected to grow by 3.9% in 2025, driven by expansion in electrical and electronics (E&E) and consumer industries like food manufacturing. This aligns with the New Industrial Master Plan 2030 (NIMP 2030), which focuses on high-value, innovation-driven manufacturing. Inflation is projected to remain manageable, supported by lower global commodity prices and stable domestic demand, helping to control production costs. Strategic trade agreements and modern distribution channels will enhance export opportunities, particularly within the ASEAN and Asia-Pacific regions. (*Sources: Ministry of Investment, Trade and Industry, BNM*)
- Regulatory bans on certain food additives**, such as the European Union's prohibition of titanium dioxide (E171), are reshaping the food ingredient landscape. These developments are driving global manufacturers to seek safer, consumer-friendly alternatives, creating strong opportunities for specialty food manufacturers able to offer clean-label (free from artificial or highly processed ingredients) and regulatory-compliant formulations.
- 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 specialty food ingredients and food products. (*Source: MIDA*)
- Rapid urbanisation, rising income levels, and evolving consumer lifestyles are contributing to a growing preference for convenient, ready-to-eat/drink, and packaged food products in Malaysia and across the region. These products often rely on specialty food ingredients such as functional lipid powders, including clouding agents and batter stabilisers, to enhance product quality, differentiation, and consumer appeal.

11.2 Threats and Challenges

- The recent imposition of **19% reciprocal tariffs by the US**, effective August 2025, has heightened volatility in global financial and commodity markets, including agriculture, intensifying uncertainty for businesses exposed to international supply chains. For Malaysian food ingredient and food product manufacturers, this may potentially raise import costs, squeeze margins and disrupt production, which ultimately weakens export competitiveness and dampens investor confidence in the broader food industry.
- Evolving consumer preferences** are reshaping the specialty food ingredient and food product industry. Shifts in dietary patterns, sustainability concerns, and lifestyle changes may influence a reduced demand for certain products, such as oil-based non-dairy creamers and ingredients that are excessively processed.