



FrieslandCampina   
nourishing by nature



# Nourishing Our Nation

INTEGRATED ANNUAL REPORT 2025



Over  
60  
Years

# of Nourishing Our Nation

**Nation building is a collective responsibility that spans across generations.**



This is in line with our purpose of 'Nourishing Our Nation' since our inception in 1963. As an early Malaysian brand and a leading dairy manufacturer, we have grown in tandem with the country's development whilst embracing her values, people and progress. We have rediscovered and transformed our business over the years to address the nutritional needs of all Malaysians. Our focus remains on positively contributing to the wellbeing of the rakyat of Malaysia. Through the decades, we have continued Nourishing Our Planet and People in Every Stage of Life.

Today, we take pride in who we are and everything that we represent, both, as a business and as a corporate citizen of Malaysia.



Scan this QR Code to access our website.



Our ways of working are aligned with the national MADANI values

**keMampanan or (Sustainability):**

At the core of our purpose is our social agenda to address the triple burden of malnutrition amongst Malaysians, while also managing our environmental impact



**Kesejahteraan (Prosperity):**

In Nourishing Our Nation, we are shaping a healthy, productive human capital that is critical for prosperity and prosperous communities



**Daya cipta (Innovation):**

We remain committed to improving the nutritional value of our products, while also catering to the varied nutritional needs of Malaysians of all ages



**Hormat (Respect):**

We are respectful of our ecosystem, people, stakeholders and the rule of business while continuing to establish credibility and good governance



**keyakinan (Trust):**

We trust in the ability and potential of our people as well as our business to continually provide access to safe, quality, Halal, affordable and healthy nutrition



**Ihsan (Compassion):**

We believe in inclusive ways of working, where our people can participate and contribute to their personal and professional journey of growth with us



# Key Milestones

Today, Dutch Lady Milk Industries Berhad (DLMI) is more committed than ever as we build our legacy at Bandar Enstek – a new state-of-the-art IR4.0 enabled, Halal manufacturing facility. In 2024, we completed our full transition to DLMI@Enstek and are well positioned to cater to the growing nutritional needs of Malaysians. Our 60 years of trust and commitment has given us a solid platform to foster better innovative efficiencies, boost intergenerational equity to better cultivate a brand synonymous with Malaysia's health and prosperity.

○ Sweetened Condensed Milk Plant was built and Pacific Milk Industries Bhd was formed

○ **1968**  
Became first milk company to be listed on local Stock Exchange

○ **1975**  
Started UHT and Modified Baby Food production. Company's name changed to Dutch Baby Milk Industries

○ **1983**  
DLMI partnered with the Ministry of Education for the inaugural School Milk Programme



○ **2009**  
Introduction of DLMI logo



**1963** >>>

○ **1984**  
Dutch Baby brand name changed to Dutch Lady



○ **1986**  
Entered pasteurised milk market segmentation

○ **2008**  
Began production of 0% Fat Drink Yoghurt and Ready To Eat Yoghurt

DLMI established the Dairy Development Programme (DDP) to improve productivity and ensure the sustainability of the dairy industry

○ **2010**  
FrieslandCampina initiated the Southeast Asia Nutrition Survey (SEANUTS) to gain insight into the nutritional status and dietary intake of children between the ages of 6 months to 12 years in 4 countries including Malaysia

○ **2011**  
DLMI relaunched Growing Up Milk with 5xDHA

DLMI joined FrieslandCampina to celebrate World Milk Day to recognise the importance of milk as part of a healthy and balanced diet



○ **2012**  
Launch of Dutch Lady Chocolate Drink



## 2013

Celebrated DLMI's 50<sup>th</sup> Anniversary

DLMI established the Farmer2Farmer Programme (F2F) to help local farmers to improve the sustainability of milk supply

DLMI is the first Company to install a SIG Combiloc Malaysia Sdn. Bhd. (SIG) Aseptic Beverage Filling Machine CFA 124 in Malaysia with speed of 24,000 packs or 1,000 cartons per hour



## 2014

In partnership with the Ministry of Education, DLMI celebrated World School Milk Day for the very first time in Malaysia to highlight the importance of drinking milk among school children

## 2022

Appointed Seremban Engineering Berhad (SEB) as the main contractor to build DLMI@Enstek

Launch of Juicy Milk Lychee, Vanilla and Cookies & Cream 180ml and Signature Dutch Lady Can

The results of the second South East Asian Nutrition Surveys (SEANUTS II) were announced and highlighted the triple burden of malnutrition amongst Malaysian children

## 2023

Celebrated DLMI's 60<sup>th</sup> Anniversary

A Global Reorganisation to Shape a Fit-for-Purpose, Responsible (creating value), Resilient (preserving value) and Rewarding (enhancing value) Business – preparing DLMI to become a robust and future-ready organisation



Optimisation of DLMI's dairy product operations with milk powder products being sourced from Frisian Flag Indonesia and within the FrieslandCampina network

## 2024

Bid farewell to DLMI@PJ, our first manufacturing facility established in 1966, where we produced our maiden product, sweetened condensed milk

Inauguration of DLMI's RM540 million, Industry 4.0 enhanced manufacturing facility, DLMI@Enstek

# 2025

## 2018

Introduced 16 products under the Healthier Choice Logo (HCL) initiative by the Ministry of Health

## 2019

A year of innovation: Launch of +Protein, Kurma, Juicy Milk Strawberry, Juicy Milk Orange and RM1 pack

DLMI collaborated with YB Ahmad Fahmi bin Mohamed Fadzil to launch the "Program Cakna Susu" to address the issue of malnutrition amongst the urban poor in the Lembah Pantai constituency

DLMI purchased the fastest Aseptic 1 litre Beverage Filling Machine CFA 312 in Malaysia from SIG with the capability of 12,000 packs or 1,000 cartons per hour

## 2020

Acquired 32.59 acres of industrial land in Bandar Enstek for RM56.79 million

Improved recipes with the latest revised requirements under the Healthier Choice Logo standard and refreshed new pack designs

Launch of Dutch Lady MaxGro and Juicy Milk Pomegranate

## 2025

Launch of DLMI's new Distribution Centre in Bandar Enstek, strengthening nationwide delivery and supporting future growth

Dutch Lady ranked as Peninsular Malaysia's No#2 Most Chosen Brand across all product categories

Certified Top Employer Malaysia 2025

Finalist for Top Voted Employer (FMCG Category)

Winner of Talent Bank Best Graduate Employer (2<sup>nd</sup> place)

Introduction of Dutch Lady Omega 3\*6 to support children's brain development



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## 63<sup>rd</sup> ANNUAL GENERAL MEETING



**Date:** Wednesday, 20 May 2026



**Time:** 10.00 a.m.

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## SECTION 1: OVERVIEW

# About This Report

## OUR PURPOSE

At DLMI, we are committed to fulfilling our corporate purpose of **Nourishing Our Planet and People in Every Stage of Life**. Our efforts are concentrated on strategically allocating resources to deliver high-quality, affordable and nutritious products to the Malaysian population. Through this commitment, we contribute positively to the health and resilience of Malaysians, addressing the multifaceted challenges of malnutrition. Looking ahead, our objective is to generate sustained positive impact across nutrition, environmental stewardship and societal well-being through an integrated business model, strategic initiatives and our core purpose.

### Integrated Thinking

In communicating the context of our performance to stakeholders, DLMI seeks to facilitate a clear and comprehensive understanding of the interactions and interdependencies among the various dimensions of our business and its outcomes. This encompasses the broader economic and political environment, as well as external factors such as climate change, malnutrition/nutritional status and demographic ageing; international developments and foreign exchange volatility; local market conditions; workforce diversity, talent attraction, development and succession; organisational learning and capability building; and the balance between near-term returns and long-term resilience. Through systematic analysis of these interrelated factors and their potential financial and non-financial implications, the Group derives insights that inform decision making and strategic prioritisation.

These insights, in turn, underpin the identification and prioritisation of the Group's material topics. The material topics presented and discussed in this Integrated Report are determined with reference to stakeholder expectations, real and potential risks arising from both internal and external aspects of our operating environment and critically, the strategic direction set by the Board of Directors in the effective fulfilment of the Group's purpose.

### Integrated Reporting Process

#### Reporting Frameworks

We are on a journey to align our Integrated Report with the following local and international statutory and reporting frameworks:

- ❖ International Integrated Reporting <IR> Framework
- ❖ Bursa Malaysia Main Market Listing Requirements (MMLR)
- ❖ Companies Act 2016
- ❖ Malaysian Code on Corporate Governance (MCCG) by Securities Commission Malaysia
- ❖ Malaysian Financial Reporting Standards (MFRS)
- ❖ Financial Services Act 2013
- ❖ National Sustainability Reporting Framework (NSRF)

#### Reporting Integrity

The information contained within the Annual Report is prepared by the respective functional teams with the highest degree of diligence to preserve the integrity and accuracy of the narratives to the fullest extent possible. Key sections of the report have been subject to review by our external auditor, PricewaterhouseCoopers (PwC). Specifically, the Statement on Risk Management and Internal Control ("SORMIC") for the financial year ended 31 December 2025 has been examined by PwC to express a conclusion on whether the SORMIC

has been prepared, in all material respects, in accordance with the disclosure requirements stipulated in paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia.

Following the audit process, the Audited Financial Statements, SORMIC, and the Audit and Risk Committee report undergo thorough review and approval by the Audit and Risk Committee before being recommended to the Board of Directors. Subsequently, these reports, along with other documents included in the Annual Report, are reviewed and approved by the Board for final endorsement.

Furthermore, the contents of this report have been independently reviewed by auditors and verification entities to ensure accuracy, completeness and compliance with regulatory standards:

Activity	Review Body
Consolidated Financial Statements Audit	PwC
SORMIC	PwC
Audit & Risk Committee Report	PwC
5 Year Financial Summary	PwC

## DLMI'S INTEGRATED ANNUAL REPORT 2025

### Scope and Boundary

DLMI's inaugural Integrated Report for 2025 encompasses the review of both financial and non-financial performance for the period from 1 January 2025 to 31 December 2025, except where otherwise indicated. This report's boundary includes the entirety of DLMI's operations and activities within Malaysia. The purpose of this report is to provide stakeholders with a comprehensive, balanced and transparent assessment of the Company's performance, strategic priorities from the near-term to long-term, material topics and key risks and opportunities that collectively drive value creation for our diverse stakeholder groups.




For further details, please refer to [pages 9-12](#) of this report.

# About This Report

## Integrated Enterprise Risks

DLMI applies an integrated enterprise risk management approach that incorporates economic, environmental, social and governance (EES&G) considerations across all strategic, operational and compliance risks. Our framework reflects the interconnected nature of our business, where market volatility, supply chain dependencies, quality and food safety, sustainability requirements, people capability, digital resilience and regulatory compliance collectively influence long-term value.

Aligned with FrieslandCampina's global standards and DLMI's local context, we assess both immediate operational risks and longer-term structural shifts such as climate impacts, consumer trends and regulatory developments. This ensures consistent management across all risk categories and clear linkages to business continuity, organisational resilience and financial performance.

 Our management approaches are primarily determined for material topics and strategic priorities outlined in this report. Refer to [pages 50–53](#) for further details.

## Forward-Looking Statements

This report may contain limited forward-looking statements regarding emerging focus areas, strategic priorities and growth prospects. These statements are inherently subject to risks and uncertainties arising from evolving business conditions, regulatory changes and external factors beyond the Company's control. The purpose of these forward-looking statements is to inform stakeholders of our growth aspirations and strategic intent; however, they should not be construed as guarantees or audited assurances of future outcomes.


### Statement from the Board of Directors of DLMI

The Board of Directors of DLMI assumes full responsibility for the accuracy and integrity of DLMI's inaugural Integrated Report 2025. The Board acknowledges having made every reasonable effort to ensure that the report comprehensively addresses the most critical material topics and faithfully represents DLMI's performance for the financial year under review.

**Datin Seri Sunita Mei-Lin Rajakumar**  
Chairperson of the Board (on behalf of the Board of Directors)

## NAVIGATION TOOLS

### Our Key Capitals

-  Financial Strength
-  Strong Relationships
-  Talented People
-  Intellectual Capital
-  Resilient Infrastructure
-  Natural Capital

### Key Risks

- R1** Economic and Geopolitical Environment
- R2** Innovation Consumer and Market Dynamics
- R3** Milk Supply and Ingredient Availability
- R4** Product Quality and Food Safety
- R5** Environmental, Social and Governance (including Climate Change)
- R6** People Performance and Organisational Productivity
- R7** Digital, Data and Cybersecurity
- R8** Supply Chain and Sourcing
- R9** Compliance, Legal and Ethical Conduct

### Our Stakeholders

- S1** Customers and Consumers
- S2** Regulators
- S3** Shareholders and Investors
- S4** Customers
- S5** Community/Farmers
- S6** Employees
- S7** Stakeholders
- S8** Suppliers
- S9** Customers and Business Partners

### DLMI Priority SDGs: (7 OUT OF SEVENTEEN)



### Financially Material Topics:

- NUTRITION**
  - M1** Nutritious and Affordable Products
  - M2** Product Quality and Safety
- PLANET**
  - M3** Climate Change
  - M4** Circular (Economy), Packaging and Waste
  - M5** Responsible Water Management
- Other Material Topics:**
  - NUTRITION**
    - M6** Product Labelling & Marketing
  - PEOPLE**
    - M7** Working Conditions – Own Workforce
    - M8** Workplace Diversity and Inclusion – Own Workforce
    - M9** Supply Chain Management – Social
  - PLANET**
    - M10** Supply Chain Management – Environment
  - GOVERNANCE**
    - M11** Data Security and Privacy
    - M12** Business Ethics and Integrity

SECTION 1: **OVERVIEW**

# Value Creation @ DLMI

At **DLMI**, our efforts are continually focused on improving efficiencies and creating intergenerational equity in a manner that delivers value to all our stakeholders. Our key strategic pillars which allow us to understand and catalyse value creation include the following.



Our **PURPOSE** of Nourishing Our Planet and People in Every Stage of Life, not only helps address the triple burden of malnutrition in Asia and elsewhere, but also creates **intergenerational equity**, where we strive to leave our business as well as our ecosystem in a better shape for our future generations of stakeholders



Our focus on **PEOPLE & PERFORMANCE** can be best explained in terms of expanding opportunities for learning and development and **accelerating economic efficiencies responsibly, making our growth inclusive and meaningful**



Our strive is to deliver nutrition to the world in balance with nature, fulfilling our responsibility towards the **PLANET**, while continually creating and enhancing **shared value for all the stakeholders** associated with our business as well as those in our ecosystem

In the short, medium and long-term, the critical decisions concerning our business and stakeholders are guided by both our Intent and the desired Impact. With the right intent, we can deliver impact that is meaningful to our stakeholders. Similarly, with clarity on the kind of impact we want to create, our intent will motivate the right kind of action.



Our **INTENT** is to address systemic breakdowns along our value chain and transition to a better, thriving business ecosystem.



Our **IMPACT** is measured in terms of the value we create for and share with both business and stakeholders.



# Stakeholder Engagement and Material Topics

**Stakeholders' expectations and interests are always at the core of any value creation process. Mechanisms to effectively engage stakeholders are necessary. What is more critical is our response mechanism, where we meaningfully address issues that are most material for our stakeholders as well as are in alignment with our business priorities.**

In the spirit of this, we have reviewed the alignment of our stakeholder engagement process as well as materiality assessment with AA1000 Accountability Principles, mainly to establish:

A responsive framework that captures stakeholders' sentiments, builds trust and improves the climate of opinion, perceptions and relationships with our stakeholders

Effectiveness of our governance practices, allocation of resources and strategies towards improving overall organisational efficiencies

Accountability and relevance of decisions made by the organisation



A detailed assessment of the degree of alignment as well as our key areas of improvement are outlined on [pages 57-131](#) under the Sustainability Statement.

In 2025, we completed a full-fledged Stakeholder Engagement and Materiality Assessment in keeping with the Principles (Inclusivity, Materiality, Responsiveness and Impact) of AA1000. Our continuing efforts are towards improving our process of:

Engaging with the Government, Shareholders, Industry Groups, NGOs and Community, Business Partners in addition to the stakeholders who were engaged during the last assessment as well as integrate the engagement process into governance, strategy and relevant decision-making processes across the organisation

Including means of addressing conflicts and dilemmas arising from conflicting expectations

Validating our responses to material issues with both internal and external stakeholders



SECTION 1: OVERVIEW

# Stakeholder Engagement and Material Topics

## Key findings from our materiality assessment 2025:

CONSUMERS

**Material Topic/s:** M1 Nutritious and Affordable Products M2 Product Quality and Safety

**Frequency of Engagement & Platform:**

- ❖ Annual Focus Groups and Surveys
- ❖ Daily Interactions through Customer Service Desk

**Key Stakeholders' Expectations**

- ❖ Safety
- ❖ Quality
- ❖ Nutrition
- ❖ Accessibility
- ❖ Affordability
- ❖ Waste (management)

**Our Approach to Inclusivity**  
Making safe, healthy, accessible and affordable 'Nutrition' core to our brand purpose of "Nourishing Our Nation"

**Our Materiality Consideration/s**  
The high incidences of malnutrition, stunting and obesity in Malaysia and the region, requiring interventions that promise higher nutritional value

**Our Planned Responsiveness**  
Key brand communications and campaigns focus on nutrient-dense dairy that will support healthy development of both children and adults

---

**Expected/Targeted Impact** [Outcomes. Behaviour. Performance]

- ❖ Robust governance to register and address safety, quality, nutrition related concerns via a 24x7 Careline as well as through social media
- ❖ Increased access to nutrition through targeted programmes such as the School Milk Programme in partnership with the Ministry of Education as well as other community Milk Distribution Initiatives
- ❖ Continuous consumer awareness on managing post-consumer waste, through printed information and guidance on all product packs
- ❖ Products produced in accordance with the Global Nutritional Standards
- ❖ Strong R&D to ensure products are fortified with the right amount of nutrition and introduced to consumers at different price points and through multiple channels

CUSTOMERS & BUSINESS PARTNERS

**Material Topic/s:** M1 Nutritious and Affordable Products M2 Product Quality and Safety M9 Supply Chain Management - Social

**Frequency of Engagement & Platform:**

- ❖ Quarterly Customers/Distributors Top-to-Top Business Review
- ❖ Annual Distributors' Conference and Retailers Joint Business Plan or JBP

**Key Stakeholders' Expectations**

- ❖ Quality
- ❖ Price Pressure
- ❖ Differentiation
- ❖ Profitability

**Our Approach to Inclusivity**  
Deriving insights through collective deliberations and devising common strategy and mutually beneficial terms of engagement

**Our Materiality Consideration/s**  
The distribution network is critical to meet the aspects of accessibility and affordability in addition to safety and quality for consumers

**Our Planned Responsiveness**  
Our continuous push for win-win partnerships and shared value establishes loyalty and delivers respective results

---

**Expected/Targeted Impact** [Outcomes. Behaviour. Performance]

- ❖ Collective action to manage inflationary pressures in favour of the consumers
- ❖ Optimal shelf space and physical availability for customers across our distributor network and channels
- ❖ Distributors' effectiveness and efficiency of controls and compliance, with laid down processes



# Stakeholder Engagement and Material Topics

## EMPLOYEES



**Material Topic/s:**



Working Conditions  
– Own Workforce



Workplace Diversity and Inclusion  
– Own Workforce

**Frequency of Engagement & Platform:**

- ❖ Annual Employee Engagement Surveys
- ❖ Half-Yearly Pulse Surveys
- ❖ Bi-monthly Townhalls
- ❖ Monthly and Quarterly Management Check-Ins

**Key Stakeholders' Expectations**

- ❖ Vertical and horizontal growth opportunities
- ❖ Occupational Safety, Health & Wellbeing
- ❖ Elevating employee experience

**Our Approach to Inclusivity**

Understanding workplace and team dynamics, employees' personal and professional aspirations and the key factors that motivate or deter learning and growth

**Our Materiality Consideration/s**

People are the champions of our business and growth and their diverse needs and expectations require us to look beyond policies and create an enabling and inclusive environment

**Our Planned Responsiveness**

Continuous reinforcement of organisational purpose and aligning with individual roles and responsibility at workplace to create perfect alignment between employee-employer expectations

**Expected/Targeted Impact** [Outcomes. Behaviour. Performance]

- ❖ Greater understanding and alignment with our Purpose
- ❖ Demonstration of organisational values and inclusive leadership at all levels
- ❖ Robust talent management process including career development and coaching skills
- ❖ SAFE workplace practices and positive OSH track record
- ❖ Focus on both organisational performance and individual growth
- ❖ Stewardship on D&I issues and agenda

## SUPPLIERS



**Material Topic/s:**



Supply Chain Management  
– Social



Supply Chain Management  
– Environment

**Frequency of Engagement & Platform:**

- ❖ Annual Supplier Performance Evaluations
- ❖ Monthly Supplier Project Interactions

**Key Stakeholders' Expectations**

- ❖ Opportunities for Local Suppliers
- ❖ Fair Terms of Engagement and Payment

**Our Approach to Inclusivity**

Prioritising local suppliers and being sensitive to the need for fair terms of engagement, transfer of price-benefits and fair/ethical ways of working

**Our Materiality Consideration/s**

Suppliers contribute to business continuity and fairness allow us to establish long-term partnerships that assure high-quality inputs and services as well as value to business and our people

**Our Planned Responsiveness**

Prioritise local suppliers where possible, design contracts that are transparent and maintain a healthy channel of communications and grievance mechanisms

**Expected/Targeted Impact** [Outcomes. Behaviour. Performance]

- ❖ Long-term relationships with suppliers and fair and transparent terms of contract
- ❖ Alignment of suppliers with our Golden and Silver Purchasing Rules, as well as Doing Honest Business Policy



SECTION 1: OVERVIEW

# Stakeholder Engagement and Material Topics

## MEDIA



**Material Topic/s:**

M1

Nutritious and Affordable Products

M2

Product Quality and Safety

M6

Product Labelling & Marketing

**Frequency of Engagement & Platform:**

- ❖ Weekly and Monthly Media Engagement and Outreach

**Key Stakeholders' Expectations**

- ❖ Continuous and Reliable information pertaining to DLMI and the local dairy industry

**Our Approach to Inclusivity**

Co-opting to create content that will help raise public awareness on the importance of nutrition

**Our Materiality Consideration/s**

Nutritional status of Children in Malaysia and greater Asia is alarming and as a purposeful dairy company, it is our responsibility

**Our Planned Responsiveness**

Continually seek media feedback and opportunities to become a credible source of information related to dairy and nutrition

**Expected/Targeted Impact** [Outcomes. Behaviour. Performance]

- ❖ Channel value information to media regularly
- ❖ Drive greater awareness on the goodness of dairy and DLMI's role in nourishing Malaysians

## REGULATORS & POLICYMAKERS



**Material Topic/s:**

M1

Nutritious and Affordable Products

M2

Product Quality and Safety

M9

Supply Chain Management – Social

M11

Data Security and Privacy

M12

Business Ethics and Integrity

**Frequency of Engagement & Platform:**

- ❖ Annual Stakeholders Consultations
- ❖ Monthly and Quarterly Feedback and Advisory
- ❖ Annual Round Table Discussions
- ❖ Annual Consultation Sessions

**Key Stakeholders' Expectations**

- ❖ Food Safety, Quality and Nutrition
- ❖ Sustainable local dairy farms development
- ❖ Socio-economic wellbeing and welfare of local dairy farmers and its communities
- ❖ Good Governance
- ❖ Halal Assurance System & Management
- ❖ Fiscal policies to address Non-Communicable Diseases

**Our Approach to Inclusivity**

Consultation with regulators and policymakers beyond compliance and areas where we can deliver value and support national agendas

**Our Materiality Consideration/s**

Nutrition being core to our brand promise, the enablers and beneficiaries (farmers and communities) are both critical to keeping the business relevant and rewarding for all stakeholders

**Our Planned Responsiveness**

Partner with regulators and policymakers to address national priorities related to nutrition and the dairy value chain, while maintaining ongoing dialogue to provide regular and strategic input into policies and programmes

**Expected/Targeted Impact** [Outcomes. Behaviour. Performance]

- ❖ Undertake R&D to continuously improve product formulations to address nutritional needs and issues whilst ensuring compliance
- ❖ Introduce subsidised products and ensure a strong trade network for better reach
- ❖ Develop local dairy farmers through dairy farming knowledge and skills transfer
- ❖ Establish internal governance of Halal practices, policy and awareness in accordance to JAKIM and requirements from relevant authorities
- ❖ Skills and knowledge transfer to local dairy farmers on good dairy farming practices
- ❖ Provide platform for local dairy farmers to sell their raw fresh milk thus enable them to focus on upstream dairy farming business
- ❖ Operate to principles of good governance including our focus on integrity, anti-corruption, and business resilience
- ❖ Drive greater awareness on the goodness of milk through advocacy and sharing of key information, evidence and best practices
- ❖ Purchase raw fresh milk from local dairy farms
- ❖ Compliance to fiscal policy and new food regulations, amendments, legislations and guidelines

# Our Integrated Approach to Value Creation

**DLMI operates in the essential sector of providing critical nutrition that meets the evolving needs of Malaysia and its people.**

In fulfilling our commitment to Nourishing Our Nation, it is imperative that we continuously evaluate our strategic position, operational capacity, and capability to effectively respond to dynamic global market trends, socio-political developments, shifting consumer preferences and heightened stakeholder expectations. This necessitates a cohesive alignment of our corporate strategies, resource allocations across various capitals, risk management frameworks and operational methodologies.

Central to this ongoing process is the adoption of an integrated approach that harmonises our corporate purpose, workforce engagement, performance metrics and future growth potential. By nurturing a clearly defined purpose and fostering a culture of integrity and care for our people, we lay a firm foundation that drives superior performance outcomes. Achieving this level of performance enables us to advance our strategic aspirations, empowering both our employees and the organisation to realise their fullest potential. Collectively, these efforts contribute to establishing a business that is Responsible — creating sustainable value; Resilient — preserving that value amidst challenges; and Rewarding — enhancing long-term stakeholder returns.

For the fiscal year 2025, the material topics, impact indicators, and the capitals integrated within our key pillars of Nutrition, People and Planet remain consistent. Additionally, we have incorporated various metrics mandated by Bursa Malaysia's Common Sustainability Material Topics, the National Sustainability Reporting Framework as well as the SASB Sector-specific Guidance (refer to pages 9 to 12 for the complete listing). We are dedicated to refining our integrated approach by identifying and implementing the most pertinent measures of both performance and value creation, thereby ensuring consistency and comparability in our reporting across periods.

This Integrated Report presents a year-on-year account of our progress against established targets, the mandated Bursa Common Material Topics and supplementary indicators that collectively demonstrate our advancement. The following table delineates the nexus between our Pillars (Nutrition, People, Planet) and the impact indicators that underpin DLMI's financial and non-financial performance. While our reporting encompasses a comprehensive suite of impact metrics, we prioritise specific targets that are critical to both business objectives and stakeholder interests.





SECTION 1: **OVERVIEW**

# Our Integrated Approach to Value Creation



## NUTRITION

**Material Topics:**

- M1** Nutritious and Affordable Products\*
- M2** Product Quality and Safety\*
- M6** Product Labelling and Marketing

\* Priority Sustainability Material Topics

**Impact Indicators We Track**

- ❖ FrieslandCampina Nutritional Standards (FCNS)
- ❖ Healthier Choice Logo
- ❖ Halal
- ❖ Product Safety and Quality including recalls
- ❖ Complaints towards DLMI products, promotional material and activities
- ❖ Number of incidents of non-compliance with industry or regulatory labelling or marketing codes

**Ambition 2030**

- ❖ 95% of Product Volume Sold Meets FrieslandCampina Nutritional Standards (FCNS)

**Capitals Affected:**



**Stakeholders Who Care:**



# Nutrisi No.1<sup>#</sup> Sokong Minda Cergas

<sup>#</sup>Pengiraan Dutch Lady Milk Industries Bhd sabahagianya berdasarkan data yang dilaporkan oleh NIQ Retail Index Sarawak untuk segmen 'Growth Up Milk' di Malaysia, bagi tempoh MAJ yang berakhir Mei 2025 untuk pasaran Perdagangan Moden Semenanjung Malaysia • Malaysia Timur. (Hak Cipta © 2025, NIQ)

<sup>1</sup>5X DHA : Berbanding dengan susu tepung rumusan untuk kanak-kanak yang terdahulu (Tahun 2009)

DUTCH LADY MILK INDUSTRIES BERHAD (196301000165/5063-V) adalah sebahagian daripada FrieslandCampina Level 5, Quill 9, 112 Jalan Prof. Khoo Kay Kim, 46300, Petaling Jaya, Selangor Darul Ehsan.



## Our Integrated Approach to Value Creation



### PLANET

**Material Topics:**

- M3** Climate Change\*
- M5** Responsible Water Management\*

**Impact Indicators We Track**

- ❖ Total energy consumption
- ❖ Total volume of water used
- ❖ Scope 1 emissions in tonnes of CO<sub>2</sub>e
- ❖ Scope 2 emissions in tonnes of CO<sub>2</sub>e
- ❖ Scope 3 emissions in tonnes of CO<sub>2</sub>e (only business travel and commuting)
- ❖ Total waste generated, and a breakdown of the following: total waste diverted from disposal
- ❖ Total waste generated and a breakdown of the following: total waste directed to disposal

**Target/s 2030**

- ❖ 30% Reduction in Energy Intensity & Water Intensity vs. 2022 baseline

**Capitals Affected:**



**Stakeholders Who Care:**



**Material Topics:**

- M4** Circular (Economy), Packaging and Waste\*

**Impact Indicators We Track**

- ❖ Total packaging weight (kg)
- ❖ % Packaging Materials Designed for Recycling or Reuse vs. Target

**Target/s 2030**

- ❖ 95% of packaging materials designed for recycling or reuse by 2030 & 30% of packaging volume equivalent collected for recycling

**Capitals Affected:**



**Stakeholders Who Care:**



**Material Topics:**

- M10** Supply Chain Management – Environment

**Impact Indicators We Track**

- ❖ Agricultural Raw Materials Responsibly Sourced
- ❖ Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress
- ❖ Proportion of spending on local suppliers
- ❖ Supplier Engagement Index
- ❖ Quality Performance
- ❖ Volume of Raw Milk Purchased Locally
- ❖ Percentage of food ingredients sourced that are certified to third-party environmental standards, and percentages by standard
- ❖ List of priority food ingredients and discussion of sourcing risks related to environmental considerations

**Target/s 2030**

- ❖ 100% high risk suppliers certified/audited
- ❖ 100% Self Sufficiency Level (SSL) for Fresh Domestic Milk

**Capitals Affected:**



**Stakeholders Who Care:**



\* Priority Sustainability Material Topics



SECTION 1: OVERVIEW

# Our Integrated Approach to Value Creation



## PEOPLE

**Material Topics:**

**M7** Working Conditions – Own Workforce

**Impact Indicators We Track**

- ❖ Total number of employee turnover by employee category
- ❖ Employee engagement score
- ❖ Internal Fulfillment Rate at Hay Grade 18 and above
- ❖ Illness rate/Voluntary attrition rate
- ❖ Work-related fatalities and TRFR
- ❖ Illness rate/Voluntary attrition rate
- ❖ Average training hours per employee

**Ambition 2030**

- ❖ A People Positive and Fit-for-Purpose Workplace

**Capitals Affected:**



**Stakeholders Who Care:**

S6

**Material Topics:**

**M8** Workplace Diversity and Inclusion – Own Workforce

**Impact Indicators We Track**

- ❖ % representation of women on Board and Senior Management Team
- ❖ % of employees by gender and age group, for each employee category
- ❖ % of directors by gender and age group
- ❖ Number of substantiated complaints concerning human rights violations

**Ambition 2030**

- ❖ A People Positive and Fit-for-Purpose Workplace

**Capitals Affected:**



**Stakeholders Who Care:**

S6

**Material Topics:**

**M9** Supply Chain Management – Social

**Impact Indicators We Track**

- ❖ Agricultural Raw Materials Responsibly Sourced
- ❖ List of priority food ingredients and discussion of sourcing risks related to social considerations
- ❖ Percentage of food ingredients sourced that are certified to third-party social standards, and percentages by standard

**Ambition 2030**

- ❖ A People Positive and Fit-for-Purpose Workplace

**Capitals Affected:**









**Stakeholders Who Care:**

S8 S9

# How We Define Capitals

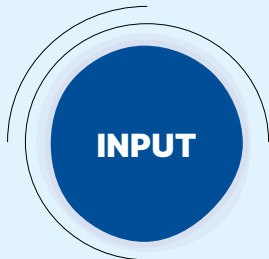
We recognise the importance of understanding the different forms of capitals that serve as inputs to deliver our business and people outcomes. In keeping with the principles of the <IR> Framework, we define the six capitals that are strategic and anchor our financial and non-financial value creation process.

 <p><b>Financial Strength</b></p> <p>Funds that are available for use in the production of goods or the provision of services and investment in other capitals toward future growth. These are raised through business and operations, through debt, equity and investments.</p>	 <p><b>Resilient Infrastructure</b></p> <p>Our physical infrastructure that allows seamless production of goods or the provision of services, including our factory, office building, equipment and infrastructure.</p>	 <p><b>Strong Relationships</b></p> <p>Our existing and potential relationships with critical stakeholders and the trust we share with them. These are multiple stakeholders that include employees, consumers, business partners, suppliers, regulators, policymakers, local communities and others with and for whom we drive our purpose of Nourishing Our Planet and People in Every Stage of Life.</p>
 <p><b>Natural Capital</b></p> <p>Our dependency on natural resources such as water, biodiversity, and ecosystem health to deliver our products while creating a symbiotic relationship between business and nature, preserving and conserving environmental integrity.</p>	 <p><b>Talented People</b></p> <p>Our more than 460 strong workforce in Malaysia and nearly 21,000 global talents from FrieslandCampina network, who form the backbone of our business, our performance as well as our potential to achieve and do more. With a performance-driven culture, anchored by values such as agility, accountability, and appreciation, our focus is to respect and grow our people's competencies, capabilities, experience as well as their motivation. Our aspiration is to be among the 'Best Places to Work' in Malaysia.</p>	 <p><b>Intellectual Capital</b></p> <p>Our continuous emphasis on research and development (R&amp;D) and product formulations, supported by over 150 years of global dairy expertise from FrieslandCampina and credible systems, help us to future-proof our market position as well as assure our stakeholders of relevant and value creating solutions.</p>



SECTION 1: **OVERVIEW**

# Our Value Creation Business Model



**FINANCIAL STRENGTH**

Strong balance sheet with invested capital and total asset value of RM1,086.2 million, equity of RM573.2 million and market capitalisation of RM1.98 billion



**RESILIENT INFRASTRUCTURE**

Approximately 131,900 m<sup>2</sup> of state-of-the-art, IR4.0-compliant manufacturing facility at Bandar Enstek and ~25,000 pallets capacity Distribution Centre at Bandar Enstek



**TALENTED PEOPLE**

Approximately 460 workforce in Malaysia and >20,000 talent with FrieslandCampina Group in 30 Countries (branches)



**STRONG RELATIONSHIPS**

5.08 million\* households annually and >500 local suppliers in Malaysia

*\*Kantar World Panel Malaysia – Household Panel, MAT December 2025*



**INTELLECTUAL CAPITAL**

Bringing to market trademarked brands and winning recipes with high nutritional value and championing issues such as dairy development and Diversity & Inclusion (D&I) through established knowledge and skills transfer platforms



**NATURAL CAPITAL**

526,220 m<sup>3</sup> water withdrawn and 154,294 GJ of energy consumed

*\*Only Manufacturing Facility at Bandar Enstek*

## OUR BUSINESS MODEL

**Material Topics**

- |   |   |
|---|---|
| <b>M1</b> Nutritious and Affordable Products      | <b>M7</b> Working Conditions – Own Workforce                |
| <b>M2</b> Product Quality and Safety              | <b>M8</b> Workplace Diversity and Inclusion – Own Workforce |
| <b>M3</b> Climate Change                          | <b>M9</b> Supply Chain Management – Social                  |
| <b>M4</b> Circular (Economy), Packaging and Waste | <b>M10</b> Supply Chain Management – Environment            |
| <b>M5</b> Responsible Water Management            | <b>M11</b> Data Security and Privacy                        |
| <b>M6</b> Product Labelling & Marketing           | <b>M12</b> Business Ethics and Integrity                    |



**EESG Risks Integrated into DLMI's Risk Management Framework**

- |   |                                       |
|---|---------------------------------------|
| ❖ Market and External                   | ❖ People Performance and Productivity |
| ❖ Supply Chain and Procurement          | ❖ Internal Policy                     |
| ❖ Product Technology and Innovation     | ❖ Fraud and Anti-Bribery              |
| ❖ Financial                             | ❖ Regulatory and Legal                |
| ❖ Water, Waste and Emissions Management |                                       |

Our Capitals...

...Enable Value-Adding Activities

# Our Value Creation Business Model



### OUR STAKEHOLDER PROPOSITIONS

#### CUSTOMER VALUE PROPOSITION

Fulfil nutritional needs and expectations, contributing to a healthy and thriving society

#### EMPLOYEE VALUE PROPOSITION

Catalyse people growth, welfare and wellbeing through principles of diversity and inclusion

#### SUPPLIER VALUE PROPOSITION

Establish a symbolic relationship to support mutual aspirations and growth

#### INVESTOR VALUE PROPOSITION

Build a sustainable business with strong resilience, positive returns and shared responsibility

#### SOCIETY VALUE PROPOSITION

Share knowledge, skills and solutions that will help farmers and communities lead thriving lives

### ACCOUNTABILITY

#### OUR INTERNAL CONTROLS

##### GOVERNANCE AND LEADERSHIP

- ❖ **Focus:** Review operational effectiveness and strategic relevance of internal controls and risk management mechanisms
- ❖ **Accountability:** Board of Directors, Management team
- ❖ **Controls:** Internal and external audits

##### KPIs AND SCORECARDS

- ❖ **Focus:** Ensure adequate measures to identify, monitor, measure, and report short to medium to long term business and people priorities and outcomes
- ❖ **Accountability:** Board of Directors, Managing Director, Management team
- ❖ **Controls:** Internal business reviews

##### CORE VALUES

- ❖ **Focus:** Promote our values where "we act with respect, we aim higher and we succeed together"
- ❖ **Accountability:** Functional teams
- ❖ **Controls:** Organisational health index and people engagement

##### KEY POLICIES

- ❖ **Focus:** Embrace COMPASS – our guide to operating in alignment with core values and business objectives, with integrity and for efficiencies beyond compliance
- ❖ **Accountability:** Functional teams
- ❖ **Controls:** Internal reviews and people engagement

### IMPACT

#### OUR FOCUS AREAS 2025

**NUTRITION**

**PEOPLE**

**PLANET**

That Create

...Value For Our Stakeholders.



SECTION 1: **OVERVIEW**

# Overview of DLMI

Established in 1963, DLMI is a subsidiary of FrieslandCampina, one of the world’s largest dairy cooperatives. Together with member dairy farmers, FrieslandCampina manages the entire value chain: from grass to glass. DLMI is a multinational company with a strong local advantage, constantly evolving to strengthen our position as the leading dairy and nutrition company in Malaysia.

**>60 Years**

of established credibility and consumer mindshare in Malaysia

**#1**

Leading Dairy Company in Malaysia by Market Value (NielsenIQ Retail Audit December 2025)

**5.08 million**

Malaysian households  
\* AC Nielsen Malaysia, MAT December 2025

**>50 Years**

of implementation of Halal Compliance System

**RM1.50 billion**

in revenue

**19.3 million**

estimated annual consumers  
\* AC Nielsen Malaysia, MAT December 2025

**2025 Top Employer in Malaysia:**

Career Development category

**KANTAR Brand Footprint 2025:**

Most Chosen Brand No#2 in Peninsular Malaysia across all categories

**Our Purpose: Nourishing Our Planet and People in Every Stage of Life**

As Malaysia’s leading dairy company, we are committed to Nourishing Our Nation with trusted, sustainable and Halal dairy nutrition for now and generations to come. We continue to support the national health agenda, whilst striving to improve the nutritional status of Malaysians.

**60.8 million**

litres of fresh milk sourced from local farms from 2010-2025

**98.7%**

consumer dairy products packaging recyclable – all materials

**242 million**

packs distributed under the School Milk Programme since 2011

Partnering with

**>200** Local Farms and  
**>450** Local Suppliers

Approximately

**460**  
(Full Time Employees in Malaysia)

**DLMI BRANDS IN MALAYSIA**

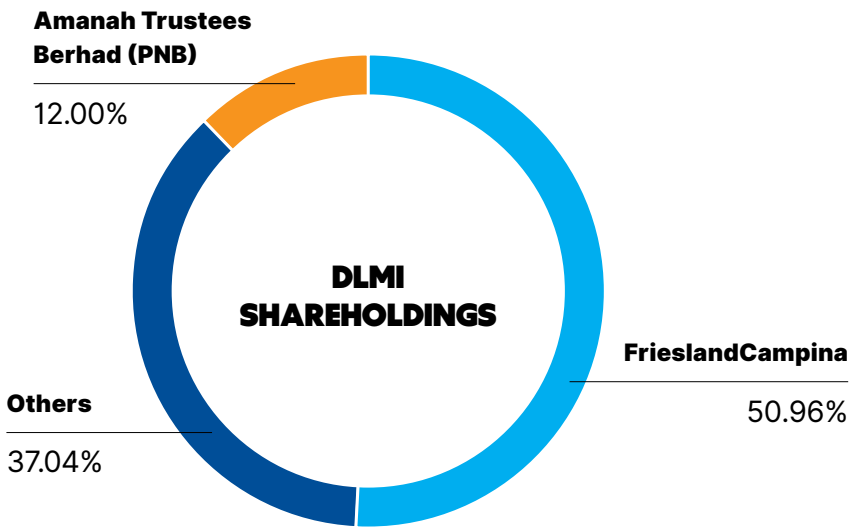


Market Value Share 2024 as per Nielsen Retail Audit December 2025

Liquid Milk DLMI  
**41.8%**

Formula & Toddler Nutrition DLMI  
**25.1%**

# Corporate Structure and DLMI Shareholdings

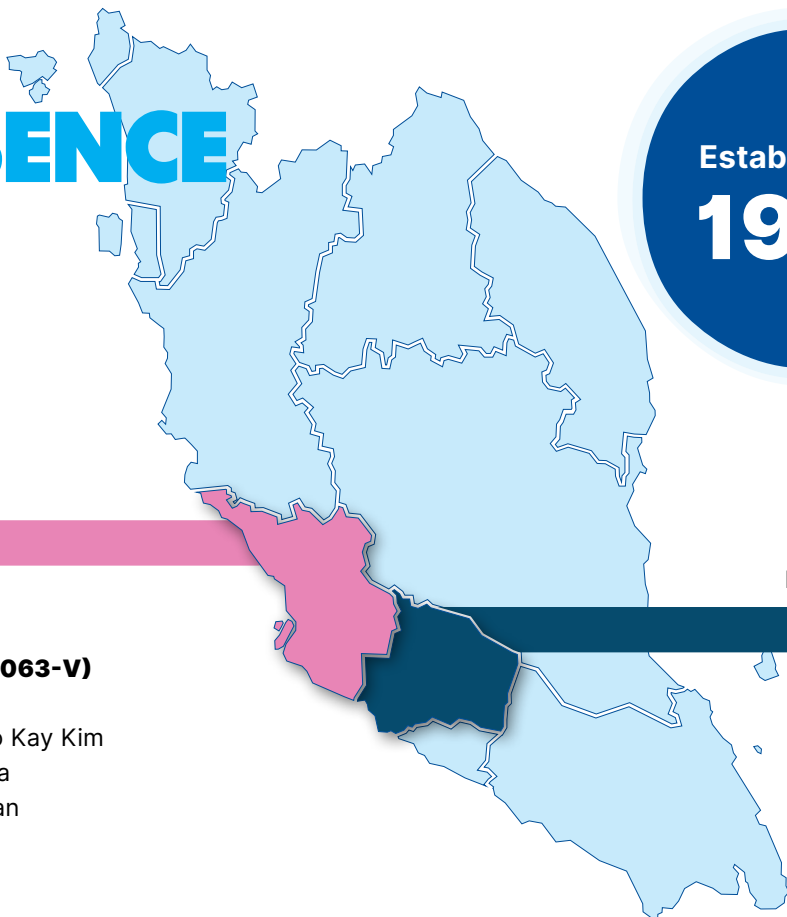


**100%**  
FrieslandCampina International Holding B.V.

**100%**  
FrieslandCampina DLMI Malaysia Holding B.V.

**50.96%**  
Dutch Lady Milk Industries Berhad

## OUR PRESENCE



Established in  
**1963**

**Headquarters**  
**Dutch Lady Milk Industries Berhad (196301000165/5063-V)**  
Level 5, Quill 9  
112 Jalan Prof. Khoo Kay Kim  
46300 Petaling Jaya  
Selangor Darul Ehsan

**DLMI@Enstek**  
PT 1585  
Persiaran Teknologi 6  
Taman Teknologi 2@Enstek  
71760 Bandar Enstek  
Negeri Sembilan Darul Khusus

**Factory**



SECTION 2: KEY HIGHLIGHTS 2025

# Performance Highlights 2025



## NUTRITION

### FC Nutritional Standards (FCNS)

96.3%

2024: 84.7%

Goal 2030: 95%

% of product sold compliant with FCNS

### Healthier Choice Logo Products (HCL)

85.7%

2024: 83%

% of eligible products certified with Healthier Choice Logo

### Product Safety and Quality

0

2024: 0

Number of mandatory product recalls or critical food safety incidents

### School Milk Programme

14.4 million Packs

74,000 Students

Beneficiaries distributed under School Milk Programme



## PEOPLE

### Health and Safety

0

2024: 0.20

Yearly Goal: 0.14

Total Recordable Frequency Rate (per 200,000 hours worked)

### Top Employer

Sole Dairy company in Malaysia to be recognised as

**Top Employer in Malaysia for 2025**

Goal 2030:

Achieve a "People-Positive and Fit-for-Purpose Workplace"

## FOUNDATION

### Data Privacy and Cybersecurity

0

2024: 0

Number of substantiated complaints concerning breaches of customer privacy and losses of customer data

### Corruption Case

0

2024: 0

Number of corruption cases



## Performance Highlights 2025



### PLANET

#### GHG emissions intensity

**0.15**



↓ **24% vs. 2024**  
Scope 1 & 2 emissions intensity  
(tCO<sub>2</sub>e per unit manufactured)

#### Energy consumption intensity

**1.18**



↓ **27% vs. 2024**  
**Goal 2030: 0.82**  
Energy consumption intensity  
(MJ per unit manufactured)

#### Water consumption intensity

**3.71**



↓ **35% vs. 2024**  
**Goal 2030: 2.38**  
Water consumption  
(m<sup>3</sup> per unit manufactured)

#### Overall recyclable packaging

**92.7%**



<b>2025:</b>	<b>2024:</b>
CD: 98.7%	CD: 93.1%
SN: 70.1%	SN: 66.2%
FCP: 95.1%	

**Goal 2030: 95%**  
Designed for recycling

### FINANCIAL HIGHLIGHTS 2025

#### Operating Profit

**RM154.74 million**

**2024:**  
RM131.39 million

#### Net Profit

**RM103.28 million**

**2024:**  
RM96.65 million

#### Revenue

**RM1.50 billion**

**2024:**  
RM1.45 billion

#### Market Value Share (NielsenIQ)

**27.1%**

**2024:**  
27.5%



SECTION 2: KEY HIGHLIGHTS 2025

# Awards and Recognition



2014

- ❖ Awarded Company of the Year 2014 by The Edge Billion Ringgit Club



2020

- ❖ Awarded Anugerah Rakan Industri 2020 by Universiti Kebangsaan Malaysia



2023

- ❖ Won 2024 Graduates' Choice Award in the FMCG Category
- ❖ Recognised by the Malaysian Dutch Business Council MISA 2024 in the Best Flexible Work Arrangements Programme Category
- ❖ Became the first-ever dairy company to be certified as the Top Employer in Malaysia



2019

- ❖ Won Gold in Putra Brand Awards
- ❖ Won The Loyalty & Engagement Award 2019 for Friso Gold
- ❖ Clinched Malaysia Media Award 2019
- ❖ Won Putra Brand Award 2019 (Gold)
- ❖ Won Marketing Excellence Award Malaysia 2019

2020

- ❖ Won The APPIES Award 2020
- ❖ Won Silver in Putra Brand Awards

2021

- ❖ Won Silver in Putra Brand Awards
- ❖ Awarded Motherhood Choice 2021- Best Premium Cow's Milk Formula
- ❖ Won The Asian Parent Award 2021- Best Growing Up Formula Stage 3 Friso

2022

- ❖ Won Gold in Putra Brand Awards
- ❖ Won KANTAR Brand Footprint 2022: Brand of the Decade & No. 1 Most Chosen Brand in the Dairy Category





## Awards and Recognition



### 2024

- ❖ Recognised as a Top Employer 2024 in the Career Development category



### 2025

- ❖ **Top Employer in Malaysia 2025**  
Accredited as a Top Employer in Malaysia 2025 for the second consecutive year by the Top Employers Institute

### 2023

- ❖ Won No. 1 Most Chosen Brand in the Dairy Category at KANTAR Brand Footprint 2024
- ❖ Won Gold award in the Beverage-Dairy Category at Putra Brand Awards 2024

### 2024

- ❖ **KANTAR BrandZ**  
Bagged the Best Creative for Meaningful Difference (Morning Campaign: 2<sup>nd</sup> Runner-Up) at Kantar BrandZ
- ❖ **KANTAR Brand Footprint 2024**  
Won the title of No. 1 Most Chosen Brand in Dairy and Top Rising Brand in Dairy at KANTAR Brand Footprint 2024
- ❖ **Putra Brand Award 2024**  
Secured the Silver award in the Beverage-Dairy Category at Putra Brand Awards 2024

### 2025

- ❖ **Brand Footprint Malaysia 2025**  
Ranked the No.1 Most Chosen Brand for Dairy in the Worldpanel by Numerator Brand Footprint Malaysia 2025
- ❖ **Putra Aria Brand Awards 2025**  
Conferred with the Bronze recognition in the Beverage - Dairy category at the Putra Aria Brand Awards 2025





SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

A. STRATEGIC REVIEW:

# Chairperson's Perspective



Dear Shareholders & Stakeholders,

2025 was a year of disciplined progression for DLMI. **As we moved forward with greater pace, the Board provided firm oversight and guided the Company** through a period of continued investment and strategic transition. We navigated the rising cost of doing business and greater sustainability investment expectations in a more demanding external environment, ensuring our focus remained on balancing short-term performance with the creation of long-term value.



The triple burden of malnutrition encompassing undernutrition, overnutrition and micronutrient deficiencies remains a persistent issue in Malaysia. In this context, the Board maintained close oversight of DLMI's strategy to deliver safe, high-quality and accessible nutrition to fulfil Malaysians' nutritional needs. Our commitment to fulfilling Malaysians' nutritional needs is anchored in strong governance, disciplined capital allocation and robust risk management.

A key focus during the year was the ramp-up of the Halal-certified, IR4.0-enabled DLMI@Enstek facility and the commissioning of the adjacent Distribution Centre. These core investments transcend operational milestones; they are instrumental in strengthening supply reliability, operational resilience and long-term efficiency. By ensuring these investments align with DLMI's long-term priorities and sustainability commitments, the Board is securing the infrastructure necessary for DLMI's next phase of growth.

## FY2025 KEY HIGHLIGHTS



Gross Profit (GP):  
**RM435.70 million**  
(7.3% growth)



Operating Profit:  
**RM154.74 million**  
(17.8% growth)



**RM32.00 million**  
distributed as interim dividends



Return on Capital:  
**27.0%**  
(FY2024: 26.2%)



Product Quality:  
**96.3%** of products meet FrieslandCampina Nutrition Standards (FCNS)



Progress across **Nutrition, People and Planet**



## Chairperson's Perspective



**DATIN SERI SUNITA  
MEI-LIN  
RAJAKUMAR**  
Chairperson

As we laid these foundations, the Board maintained a balanced approach between investing for growth and exercising prudent financial discipline. This is necessary in our pursuit of Nourishing Our Planet and People in Every Stage of Life. We evaluated opportunities to discern our priorities, ensuring capital was allocated where it could positively impact operations both today and in the years ahead.

On that note, we are pleased to observe early returns on these investments. In 2025, operational and environmental performance improved as we recorded significant reductions in emissions, energy consumption and water intensity. Our Scope 1 and Scope 2 emissions intensity reduced by 24%, energy intensity by 27% and water intensity by 35% year-on-year (YOY). These results reflect the effectiveness of DLMI's focus on executing efficiency initiatives.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Chairperson’s Perspective

The macroeconomic environment was complex throughout 2025. Protracted geopolitical tensions, cost pressures and regulatory developments continued to shape our operating landscape. While Malaysia has shown resilience, the Board remained acutely aware that conditions can change quickly.

Against this backdrop, we actively monitored DLMI’s strategic priorities across Nutrition, People and Planet to build the resilience necessary for sustained value creation. This included reviewing capital investments, monitoring sustainability progress and ensuring that risks are identified early and managed properly. Key focus areas included dairy raw material volatility, foreign exchange exposure, regulatory changes and climate-related risks.

In terms of market leadership and brand strength, the Board maintained its focus on the strategic direction of DLMI’s innovation pipeline and portfolio evolution. We reviewed the plans to strengthen our core categories and respond to changing consumer preferences through

science-backed nutrition. By prioritising long-term brand positioning over day-to-day execution, we ensure that DLMI continues to earn consumer trust and contribute to resilient financial performance well into the future.

The Board also spent time reviewing how management is driving efficiency across the business, including working capital discipline and cost management. These require consistency and follow-through and enable DLMI to navigate near-term headwinds without losing sight of our long-term ambitions.

Part of this ambition involves our Planet. Sustainability continues to be integral during Board deliberations. We reviewed progress at DLMI@Enstek, including energy use and operational processes. At the same time, we have been mindful in how we communicate progress. Emissions reductions linked to planned on-site solar installations will only be realised in 2027, after the expected commissioning in late 2026.



## Chairperson’s Perspective

We also continued to monitor progress in packaging circularity and broader efforts to reduce environmental impact across our operations. 92.7% of DLMI’s product packaging is designed for recycling or reuse.

In the People pillar, the Board reviewed initiatives to strengthen leadership capability, talent development and employee engagement to foster a safe, inclusive and engaging workplace. These are long-term enablers of performance and should be treated as such.

The Board also devoted time to evaluating our own effectiveness, succession planning and strategic foresight. Key aspects included DLMI’s updated materiality assessment and prioritisation, supply chain efficiency and decarbonisation plans in support of DLMI’s Net Climate-Neutral Dairy and Net-Zero ambitions by 2050 as well as climate scenario analysis and risk assessment to align ourselves with Malaysia’s National Sustainability Reporting Framework (NSRF).

We also oversaw the transition of Managing Director responsibilities to Veronika Winanti Wahyu Utami during the year. I would like to record our appreciation to Ramjeet Kaur Virik for her leadership and contributions, and welcome Utami as she takes the Company forward.

Looking ahead, we are cautiously optimistic. Demand for nutrition remains intact, supported by rising health consciousness and increasing awareness of nutritional needs. While the fundamentals of DLMI’s business are sound, we do not take this for granted as shifting demographic trends and persistent cost pressures present ongoing challenges.

We are cognisant that escalating conflicts on the global stage have far-reaching effects, particularly the cascading impact of energy uncertainty. In this landscape, the Board will continue to provide steady oversight and clear direction. Our role is to ensure that DLMI remains resilient, focused and equipped to deliver sustainable value across economic cycles.

Moving forward, the Board remains committed to a strategy that transcends near-term volatility. We will continue to balance financial prudence necessary to protect our current performance with the visionary investment required to secure DLMI’s long-term market leadership. By leveraging our innovation capabilities, operational excellence and commitment to sustainability, we are confident in DLMI’s ability to thrive while advancing our enduring purpose of Nourishing Our Planet and People in Every Stage of Life.





## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## A. STRATEGIC REVIEW:

# Managing Director's Report



**VERONIKA UTAMI**  
Managing Director



Dear Shareholders & Stakeholders,

2025 marked a pivotal year for DLMI as **we transitioned from infrastructure build-up to operational acceleration**. It was also my first full year as Managing Director, with a mandate to strengthen execution and position DLMI for our next phase of growth.



We remained guided by a clear principle – delivering performance with purpose. During the year, we enhanced energy efficiency, improved process controls and strengthened our readiness for more robust sustainability governance. The ramp-up of DLMI@Enstek was the catalyst for this, allowing us to deliver high-quality, accessible nutrition at scale while shifting toward a more resilient operating model that balances growth, affordability and impact.

With support from our Asia Business Group, we focused on fortifying the fundamentals of the business. This involved improving quality, expanding accessibility, building capacity and using our resources more effectively, while staying grounded in our purpose of Nourishing Our Planet and People in Every Stage of Life.



## Managing Director's Report

### FY2025 KEY HIGHLIGHTS



**3.8%** increase  
in revenue to  
**RM1.50 billion**



**17.8%** increase  
in operating profit to  
**RM154.74 million**



**24.0%** reduction  
in Scope 1 and 2 emissions intensity



**27.0%** reduction  
in energy intensity



**35.0%** reduction  
in water intensity



Commissioned our **Distribution  
Centre at DLMI@Enstek**



Recognised as  
**Employer of Choice in  
Malaysia** in 2025



**92.7%** of product packaging  
designed for recycling or reuse

### NUTRITION: NOURISHING THE NATION



Nutrition is the core of what we do. We are committed to providing nutritious, high quality, Halal and accessible dairy products to support the health and wellbeing of Malaysians across all life stages.

Beyond compliance, we aspire to shape a healthier future by offering science-backed, high-quality dairy solutions that address evolving consumer needs. The FCNS is foundational to this commitment. In 2025, 96.3% of our products met FCNS requirements. While significant, it is not the end goal. We continue to improve our products based on the latest evidence in nutrition and health, ensuring that our portfolio remains relevant and responsible. Further reading about this can be found in the Social Opportunity section of our Sustainability Report on Leading in Nutrition.

Building on this foundation, we continued to refine our life-stage formulations to meet the evolving nutritional needs of Malaysians across different demographics. We introduced innovations such as Dutch Lady Omega 3\*6, formulated with Omega 3, Omega 6 and DHA specifically for young children above one year old to support brain development; relaunched Frisomum with Lactoferrin to support immunity in pregnant mothers and their growing child; and Friso Gold Comfort Next offering specialised nutrition with Beta Palmitin and a prebiotic and probiotic mix for constipation management for children aged one to three. We also enhanced convenience and accessibility through packaging innovations, including the expansion of the Dutch Lady Sip & Seal Pack to Fresh Milk variants. This underscored our role as a trusted partner in family nutrition and reinforced our leadership in key dairy categories.

Equally important to us is accessibility. Initiatives such as the School Milk Programme and our RM1 packs continued to play a role in ensuring that nutrition is within reach, especially for underserved communities. These were complemented by consumer education and community engagement initiatives to raise awareness of dairy's role in overall wellness, supported by targeted distribution strategies that extend reach beyond traditional retail channels.





## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Managing Director's Report

**PEOPLE:**  
**STRENGTHENING OUR ORGANISATION**


People are at the heart of our ability to deliver on our promise.

**We continued investing in strengthening our culture, leadership and organisational capability as key enablers of sustained long-term growth.**



Employee wellbeing and engagement remained key priorities as we recognise their direct impact on productivity, talent retention and performance. We focused on fostering an open and transparent culture where employees feel valued and heard. This moved the needle in our Over2You Employee Engagement Score with an improvement to 76% from 74%, reflecting better alignment and communication across the organisation.

We also placed greater emphasis on psychological safety and wellbeing as these directly affect how teams perform and how the organisation grows. Our Psychological Safety Initiatives provide employees with confidential counselling with certified mental health practitioners and hybrid webinars promoting wellbeing and holistic health. Currently, 23 DLMI employees across 14 functions are certified as Psychological First Aiders, equipped to listen, respond and guide colleagues to support. This reinforces a culture where employees feel safe, valued and empowered to contribute. Our Human Resource Department (HRD) team also gave insight about psychological safety best practices at the Team Psychological Safety Conference Asia, underscoring our aspiration to contribute to thought leadership in this important area.

In a similar vein, leadership development remained a priority. We conducted structured programmes such as mentoring and executive coaching to build capabilities, strengthen accountability and prepare future leaders in line with organisational needs. At the same time, we invested in upskilling across digital, sustainability and customer-centric capabilities to ensure our workforce remains agile and future-ready. People Managers participated in the Leading People Programme to strengthen core leadership behaviour while the Coaching and Mentoring Programme provided guided development conversations and personalised support for top talents (MT+1). In parallel, the Building High-Performing Team initiative fostered trust, collaboration and shared accountability at leadership level, reinforcing a performance-driven culture.

As a result of our initiatives, DLMI was the only dairy company to be recognised as Employer of Choice in Malaysia in 2025, reflecting our sustained focus on employee wellbeing, engagement and inclusive workforce practices.

Beyond our direct workforce, we also extended our People commitment across the broader value chain. We maintained strong relationships with local dairy farmers, providing technical support, fair pricing and collaborative partnerships that support sustainable livelihoods. We worked closely with vendors and contractors to promote fair labour practices, safety standards and professional development opportunities, reinforcing our expectations for responsible conduct and shared values. These efforts contribute to a more resilient, inclusive and sustainable supply ecosystem.



# Managing Director's Report

## PLANET: DRIVING ENVIRONMENTAL PROGRESS



Environmental stewardship is a core driver of our operational excellence.

### In 2025, we focused on translating sustainability goals into direct operational gains through the IR4.0 capabilities of DLMI@Enstek.

These measures serve a dual purpose as it supports our environmental goals and contributes to performance by way of efficiencies and reduced waste.

We implemented energy-efficient systems and process improvements at DLMI@Enstek, specifically targeting up to 15% reduction in Scope 1 emissions. These technical improvements directly contributed to our 27% reduction in energy intensity. While material impacts from on-site solar and reduction in Scope 2 emissions will follow in 2027, the groundwork laid ensures we are operationally ready and can progressively develop our sustainability governance and disclosure. On-site energy generation will also help mitigate energy costs and improve energy resilience to ensure our operations can remain online even in times of grid disruption.

Similarly, our 35% decline in water intensity was driven by precision process monitoring and efficiency initiatives. Our current water management suite comprises digital monitoring, sensor-based controls and automated production systems to minimise water usage and wastage.

We upgraded two Clean-in-Place (CIP) systems to reduce downtime, chemical use and water consumption. The results demonstrate strong early momentum toward our 2030 target of 30% reduction in water use per litre of milk and reinforces our move toward a resource-resilient value chain. We also commissioned studies on water recycling and reuse systems to strengthen the business case for implementation from 2026 onwards.

At the same time, we also continued to make measurable progress towards packaging circularity. 92.7% of product packaging is either designed for recycling, reuse or composting, or made from recycled content in 2025 compared to 92.4% in 2024. Recycled packaging material reduces the need for virgin raw material and thus helps offset some of those input costs. In addition, we stepped up our Extended Producer Responsibility efforts through industry coalitions and partnerships focused on collection, recycling and recovery and optimised packaging weights and designs to use fewer resources without compromising product integrity and shelf life.

**DUTCH LADY™**

**MaxGro**

**Capai Tumbesaran Ketara dalam 12 Minggu<sup>^</sup>**

**Membekalkan 80% Nutrien Harian\***

**9EAA™ DHA**

**TINGGI\* DALAM NUTRIEN**

**NUTRIEN PENTING UNTUK TUMBUHANN**

**9 EAA**

**DHA**

**600g MAKANAN PENDIET BERGIZI**



## Managing Director's Report

### EXECUTION AND OUTLOOK

**2025 was the first full year of operations at DLMI@Enstek and marked the completion of the Distribution Centre at DLMI@Enstek. These investments have started to deliver benefits in efficiency and supply chain performance, with the Distribution Centre's 25,000-pallet capacity supporting timely and efficient product delivery nationwide.**

Our commercial performance reflects this stronger base, supported by demand in core categories and more disciplined portfolio management. Revenue grew 3.8% to RM1.50 billion with sales volume up 7.1%. Strong demand in liquid milk, continued expansion in professional channels and the success of new product launches were support factors.

We maintained leadership in key categories while strengthening brand equity through targeted campaigns and consumer engagement initiatives. Dutch Lady liquid milk reached 73% penetration and 52% awareness rate among Malaysians, affirming our position as a household brand.

Investments in integrated marketing and nutrition education initiatives such as the "Smart Brain" campaign in IFT and the "Breakfast with Nutrition" initiative in RTD reinforced the role of milk in supporting healthy growth and everyday wellbeing. These efforts, combined with disciplined pricing and portfolio management, supported our mission to keep nutritious dairy accessible.

We enter 2026 in a stronger position than a year ago and are cautiously optimistic about DLMI's prospects. The Malaysian dairy market is expected to stay resilient, driven by rising health consciousness and growing awareness of nutritional importance. Nevertheless, looking ahead, headwinds exist from dairy raw material prices and broader cost pressures arising from the West Asia conflict. This reinforces the importance of continued efficiency and cost optimisation initiatives which we are already embarking on.

**Demographic trends and changing consumer expectations will continue to shape the market. Innovation and execution will be key in driving positive performance. Our priorities remain unchanged. We will continue to strengthen our portfolio, improve productivity and efficiency and invest where it matters.**

We are committed to demonstrating that strong financial performance and positive societal impact go hand in hand, underpinned by a more resilient operating model as we continue delivering value to all stakeholders.



# Nutrisi No.1\*

## Sokong Kekuatan Badan

**WAJAH  
BAHARU**



**Tinggi Kalsium  
& Vitamin D<sub>3</sub>,  
Protein**

\*Dutch Lady Milk Industries Bhd calculation based in part on data reported by NIQ through its Retail Index Service for Liquid Milk category, for the MAT period ending June 2025 for Total Peninsular Malaysia - East Malaysia Modern Trade. (Copyright © 2025, NIQ Malaysia)

www.dutchlady.com.my  
DUTCH LADY MILK INDUSTRIES BERHAD (186310100165/5043-VJ) (adalah sebahagian daripada FrieslandCampina)  
PT 1585, Persiaran Teknologi 6, Taman Teknologi 2@ Enstek, 71600 Bandar Enstek, Negeri Sembilan Darul Khusus, Malaysia



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

A. STRATEGIC REVIEW:

# Finance Director's Analysis



Dear Shareholders & Stakeholders,

2025 was characterised by continued global uncertainty and volatility. **Geopolitical developments, commodity price movements and shifting monetary and trade policies** shaped the operating environment and influenced economic sentiments.



Despite this, Malaysia remained relatively resilient. Robust domestic demand and stable economic conditions enabled the nation to emerge as one of Southeast Asia's faster growing economies.

Against this backdrop, DLMI delivered a year of solid financial performance. This was supported by disciplined execution, cost management and improved operational efficiency.



## Finance Director's Analysis

### FY2025 KEY HIGHLIGHTS



**3.8%** increase in revenue to  
**RM1.50 billion.**



**7.3%** increase in GP to  
**RM435.70 million,**



**29.0%** GP margin  
(FY2024: 28.1%).



**17.8%** increase  
in operating profit to  
**RM154.74 million.**



**17.3%** increase  
in profit before taxation (PBT) to  
**RM146.67 million.**



**6.9%** increase  
in net profit to  
**RM103.28 million.**



**88.5%** increase  
in cash generated from operations to  
**RM159.95 million.**



**93.7%** increase  
in cash position to  
**RM92.57 million.**

### PERFORMANCE REVIEW

Our sales volume growth of 7.1% reflects sustained demand across our portfolio and effectiveness of our strategic initiatives and brand strength.

Volume growth translated to GP growth as well, with an increase of 7.3% YOY to RM435.70 million. This was driven by improved efficiency unlocked by our IR4.0-compliant DLMI@ Enstek, portfolio management and favourable exchange movements. These were partially offset by higher dairy raw material costs. As a whole, our GP margin improved to 29.0% from 28.1% in FY2024.

Operating profit demonstrated continued momentum and improved significantly by 17.8% to RM154.74 million from RM131.39 million the previous year. This was supported by better cost discipline and the absence of one-off transition costs associated with DLMI@Enstek incurred in FY2024, including the cessation of accelerated depreciation following the closure of our legacy Petaling Jaya facility in October 2024.

Overall, these factors reflect stronger underlying fundamentals and performance. PBT increased to RM146.67 million and PBT margin improved to 9.8% from 8.7% in FY2024, signalling sound underlying business fundamentals. Net profit reached RM103.28 million, an increase of 6.9% YOY, which was partially offset by higher tax expenses.

Cash flow from operations strengthened significantly by 88.5% to RM159.95 million from RM84.84 million previously. This reflected topline growth, strong working capital management and reduced capital expenditure following completion of major investments.



## Finance Director's Analysis

### COST ENVIRONMENT

The cost environment remained challenging in FY2025. Dairy commodity prices were volatile and broader input costs remained elevated. Skimmed milk powder (SMP) and Anhydrous Milk Fat (AMF) experienced elevated mean levels compared to FY2024.

We mitigated these pressures through procurement discipline, operational efficiencies and supply chain optimisation. We also leveraged strategic procurement advantages enabled by being part of the FrieslandCampina (FC) network. Investments in automation and logistics efficiency at DLMI@Enstek and our new Distribution Centre also contributed to long-term cost containment and value creation.

Currency movements were another factor impacting performance. The ringgit appreciated 9.4% against the greenback over the year from 4.48 to 4.06. This provided some relief on imported input costs over time, although it introduced short-term volatility through hedging revaluations.

Other cost pressures were managed through productivity initiatives. The updated Sales and Services Tax (SST) which took effect on 1 July 2025 had limited impact on our existing cost structure. The increase in national minimum wage to RM1,700, mandatory Employees Provident Fund contributions for non-citizen employees and higher electricity tariffs exerted upward pressure on overheads. We accelerated our efforts under FC's global Performance+ Programme, focusing on production and supply chain strategies, to realise cost savings to mitigate inflationary pressures.

### FINANCIAL POSITION AND CASH FLOW

Our capital expenditure (capex) was significantly lower in FY2025 following the completion of major investments at DLMI@Enstek and the Distribution Centre compared to the peak investment phase. We added RM37.13 million in property, plant and equipment compared to RM135.00 million in 2024. Construction of our Bandar Enstek facilities was funded via internally generated cash while we maintained access to overdraft facilities and a USD35.00 million (RM157.5 million) intercompany credit facility, of which USD22.10 million (RM90.63 million) had been drawn down.

Our working capital improved, supported by rebalancing of inventory levels and stronger receivables management. Our inventories reduced to RM219.49 million from RM236.76 million, arising from efficiency gains and the discontinuation of certain non-core products. Trade and other receivables decreased by RM13.50 million

to RM109.19 million as we kept a strong focus on cash collection. Payables reduced significantly by RM106.24 million to RM381.92 million, largely due to the reduction of capex payable related to DLMI@Enstek.

Cash generation remained firm throughout 2025, supporting operational requirements, capex and shareholder distributions. The completion of the DLMI@Enstek Project reduced capex intensity during the year, improving cash flow. We maintained prudent financial management with strong working capital discipline, ensuring flexibility to respond to market developments and pursue strategic opportunities. Cash generated from operations increased significantly to RM159.95 million from RM84.84 million in 2024, reflecting better profitability as well as strong working capital discipline. DLMI ended the year with a cash balance of RM92.57 million, up from RM47.80 million, providing flexibility going forward.



## Finance Director's Analysis

### SHARING VALUE WITH SHAREHOLDERS AND OUTLOOK

**Consistent with our purpose of Nourishing Our Planet and People in Every Stage of Life, we shared value created with our loyal shareholders after allocating capital for strategic investments and operational needs.**

DLMI paid dividends of RM32.00 million via two tranches of single tier interim dividends of RM0.25 per ordinary share each in FY2025, reflecting our confidence in the Company's fundamentals and prospects.

Return on capital remained and grew to 27.0% in 2025 from 26.2% in 2024, reflecting strong operating results, while basic earnings per share recorded a substantial increase, underlining our commitment to delivering sustainable value to shareholders.

**Looking ahead, the environment remains uncertain. Commodity price volatility, energy costs and regulatory developments will continue to require close attention. We recognise that external pressures, including potential carbon tax measures, energy price dynamics such as that caused by the closure of the Strait of Hormuz and evolving regulatory requirements on food safety, nutrition and sustainability can affect our operations. At the same time, a stronger currency and stable demand provide some support.**

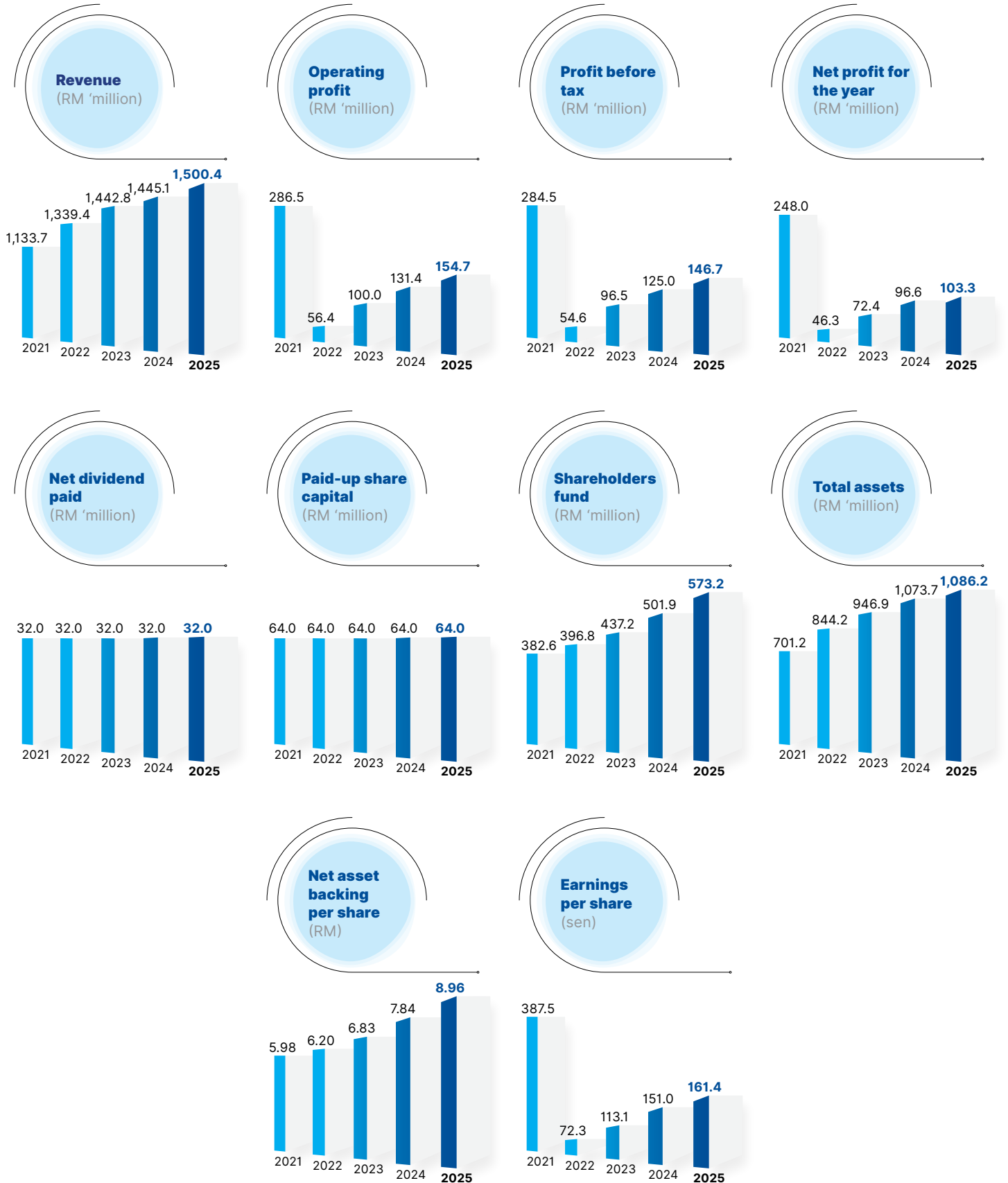
Our approach remains consistent. We will maintain financial discipline, manage costs carefully and allocate capital where it supports long-term value creation. Supported by a strengthened operational platform, we are well-positioned to navigate uncertainties and deliver sustainable financial performance over the long term.

Our focus is not just on growth but on the quality and sustainability of that growth. We remain confident that our strategic focus areas in nutrition leadership, operational excellence, sustainability and stakeholder value will continue to underpin DLMI's ability to navigate uncertainty and deliver sustainable performance over the long term.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# 5-Year Financial Summary



# Value Added Statement and Value Distributed

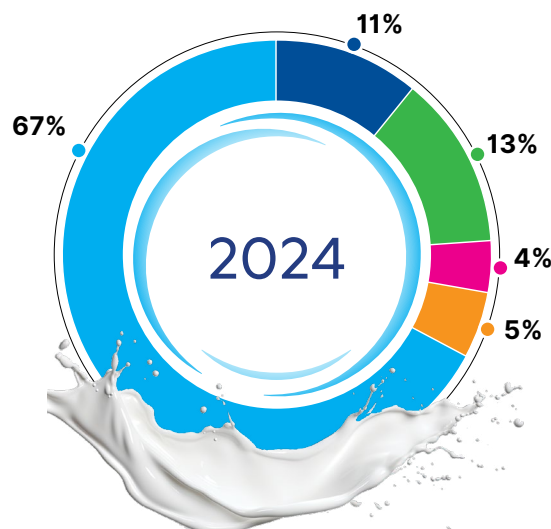
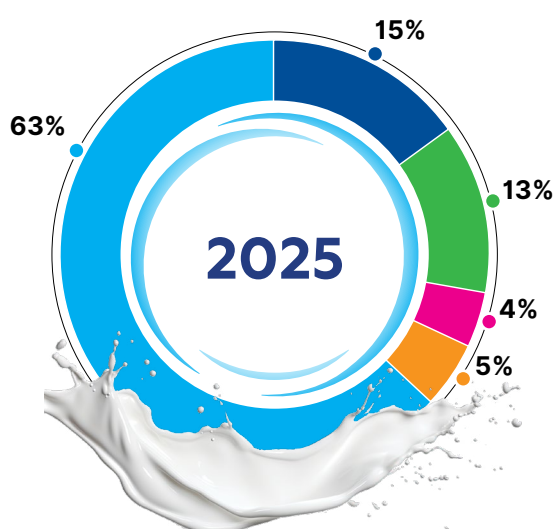
## VALUE ADDED STATEMENT

In RM million	FY2025	FY2024
Revenue*	1,500	1,445
Operating expenses excluding directors and employee expenses, depreciation and amortisation, spends on local suppliers and societal contributions*	(682)	(683)
Other operating income, other gains and losses and finance income	(17)	(2)
<b>Total</b>	<b>802</b>	<b>760</b>

## VALUE DISTRIBUTED

In RM million	FY2025	FY2024
Directors and employees	103	99
Government and society*	34	30
Providers of capital	40	39
Dividends	32	32
Finance costs	8	7
Local suppliers	503	509
Reinvestment	121	82
<b>Total</b>	<b>802</b>	<b>760</b>

\* Income tax and CSR contribution



● Directors and employees    
 ● Government and society\*    
 ● Providers of capital    
 ● Local suppliers    
 ● Reinvestment



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## B. MARKET AND PRODUCT REVIEW

# Economic Landscape and Outlook

Malaysia's economy outperformed consensus in 2025<sup>1</sup>, driven by strengthening domestic demand and a stable operating environment. Low unemployment of 2.9%, stable headline inflation of 1.4%<sup>2</sup> and expanded government assistance initiatives including increased cash aid and targeted subsidies supported consumer confidence and sustained spending. This momentum was reflected in steady core inflation of 2.0% amid firm demand, providing a solid foundation for economic activity.

Against this backdrop, DLMI continued to demonstrate resilience and consistency, supported by disciplined execution and sound governance. The company navigated cost volatility and market shifts through prudent capital management, operational agility and a resilient supply chain. This enabled DLMI to deliver above-average performance while staying committed to our purpose of Nourishing Our Planet and People in Every Stage of Life.



## THE GLOBAL ECONOMY

Significant policy shifts, rising protectionism, and elevated uncertainty were the hallmark features of global economic conditions throughout the year. The introduction of higher tariffs weighed global growth prospects, although subsequent adjustments and partial rollbacks moderated some of the immediate impacts. Ongoing uncertainty surrounding trade policy, fiscal sustainability, labour mobility and geopolitical developments continued to influence global confidence, investment decisions and cross-border trade<sup>3</sup>.

Growth momentum showed early resilience in 2025, supported by front-loading of trade and investment activities ahead of tariff charges, inventory adjustments and still-solid labour market conditions in several major economies. As these temporary effects unwound, signs of a moderate global slowdown became more evident. Labour markets began to soften, trade flows normalised and the pass-through of tariff increases to consumer prices, particularly in the United States, became more apparent. Tighter immigration policies in some advanced economies also constrained labour supply, with implications for potential output and longer-term growth.



## Economic Landscape and Outlook



The IMF projected a moderation of global growth from 3.3% in 2024 to 3.2% in 2025, further down to 3.1% in 2026<sup>4</sup>, reflecting continued headwinds from policy uncertainty and trade decoupling. Growth in advanced economies is expected to remain subdued at 1.5%-1.6% over the next two years, while emerging market and developing economies are forecast to grow slightly above 4.0%. Global inflation is projected to ease further, declining from about 5.8% in 2024 to 4.2% in 2025 and 3.7% in 2026, albeit unevenly across regions and world trade growth is expected to be modest amid persistent trade fragmentation.

<sup>1</sup> <https://theedgemaalaysia.com/node/789442>

<sup>2</sup> [https://www.bnm.gov.my/-/qb25q4\\_en\\_pr](https://www.bnm.gov.my/-/qb25q4_en_pr)

<sup>3</sup> <https://www.imf.org/en/publications/weo/issues/2025/10/14/world-economic-outlook-october-2025>

<sup>4</sup> <https://www.imf.org/-/media/files/publications/weo/2025/october/english/text.pdf>

<sup>5</sup> <https://www.gep.com/blog/mind/global-dairy-market-2025-tariff-disruptions-trade-tensions#:~:text=The%20global%20dairy%20market%20in,are%20all%20feeling%20the%20impact>

<sup>6</sup> <https://markets.financialcontent.com/wral/article/marketminute-2025-11-13-dairy-deluge-soaring-milk-production-threatens-price-collapse-as-supply-outpaces-demand>

<sup>7</sup> <https://dairynews.today/news/the-expanding-horizons-of-asia-pacific-s-dairy-market.html>

### Global Dairy Industry Insights

The global dairy industry remained volatile in 2025, with an initial period of margin pressure from elevated input costs and soft pricing<sup>5</sup> transitioning into a phase of oversupply, with production rapidly outpacing demand<sup>6</sup>. A greater number of cows in several key exporting regions, ongoing herd productivity gains and improved yield per cow drove increased supply, exerting sustained downward pressure on dairy commodity prices as the industry digested the abundance of milk.

This occurred alongside ongoing demand growth in Asia-Pacific dairy and dairy-ingredient consumption<sup>7</sup>, highlighting a complex market environment in which global oversupply and weaker international benchmarks coexisted with continued regional consumption expansion.



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Economic Landscape and Outlook

## THE MALAYSIAN ECONOMY

Malaysia's economy demonstrated continued resilience in 2025, supported by firm domestic demand and a stable macroeconomic environment. Gross domestic product (GDP) expanded 5.2% YOY, underpinned by domestic demand, sustained investment activity and steady credit growth<sup>8</sup>. Low and stable inflation helped preserve household purchasing power, with the inflation at 1.6% in December 2025<sup>9</sup>, supporting consumer spending and contributing to overall financial stability, even as targeted subsidy rationalisation and wage pressures exerted some upward price pressures. Consumer expenditure is projected to rise about 4.1% in 2026<sup>10</sup>.

Externally, Malaysia further strengthened its economic position in 2025, aided by favourable investor sentiment and capital flows<sup>11</sup>. This included new opportunities in technology-intensive sectors such as the implementation of Industry 4.0 technologies in manufacturing, in line with facilities such as our state-of-the-art IR4.0-enabled DLMI@Enstek.

The ringgit was Asia's best performing currency this year against its regional peers<sup>12</sup>, reflecting confidence in the nation's macroeconomic fundamentals and policy framework. At the same time, regulatory and policy developments, including adjustments to the SST continued to shape the operating landscape, influencing business costs and consumption dynamics.

<sup>8</sup> [https://www.bnm.gov.my/-/qb25q3\\_en\\_pr](https://www.bnm.gov.my/-/qb25q3_en_pr)

<sup>9</sup> <https://www.dosm.gov.my/portal-main/release-content/gross-domestic-product-q42025>

<sup>10</sup> <https://bernama.com/tv/news.php?id=2450471>

<sup>11</sup> <https://www.businesstoday.com.my/2025/12/15/malaysia-heads-into-2026-on-renewed-investor-confidence>

<sup>12</sup> <https://theedgemaalaysia.com/node/791041>

<sup>13</sup> <https://www.gmiresearch.com/report/malaysia-dairy-market/#:~:text=Malaysia%20Dairy%20Market%20Size%20&%20Insights,at%20enhancing%20domestic%20milk%20production>

<sup>14</sup> <https://www.dosm.gov.my/portal-main/release-content/household-income-survey-report--malaysia--states-2024#:~:text=Household%20gross%20income,RM13%2C985%2C%20followed%20by%20W.P.>

<sup>15</sup> <https://codeblue.galencentre.org/2025/04/post-covid-majority-malaysians-prioritise-health-active-lifestyles-poll/>

<sup>16</sup> <https://www.therakyatpost.com/news/malaysia/2024/05/15/ai-set-to-moooo-ve-cattle-farming-forward-in-malaysia/>

<sup>17</sup> <https://www.bernama.com/en/news.php?id=2278049>

## The Malaysian Dairy Industry in 2025

The Malaysian dairy industry is poised to expand at compound annual growth rate (CAGR) of 7.5% in market value from 2025 to 2032<sup>13</sup>. Growth will be supported by rising disposable incomes<sup>14</sup>, evolving consumer lifestyles and increasing health awareness among the *rakyat*<sup>15</sup>, including a greater focus on nutrition and active living.

In 2025, the industry maintained its growth momentum, supported by ongoing Government initiatives aimed at strengthening domestic milk production in line with national objectives to improve milk self-sufficiency, which continued to contribute to overall industry development.

Domestic milk self-sufficiency remains a strategic priority, guided by national policy frameworks such as the National Agrofood Policy 2021–2030 (NAP 2.0) and the 12<sup>th</sup> Malaysia Plan (12MP). Key initiatives include plans to increase the national cattle population to around three million by 2040 and to cultivate domestic grain corn for animal feed, reducing import reliance<sup>16</sup>. These measures underscore Malaysia's long-term food security ambitions and aspirations to significantly raise, though not yet fully achieved, milk self-sufficiency by 2030.

Amid this landscape, industry developments during the year reflected continued innovation across the dairy value chain, with investments in automation, efficiency improvements and quality enhancement initiatives<sup>17</sup>. These efforts ranging from the adoption of automated milking systems to improved logistics capabilities bolstered supply chain resilience and product quality.

Nevertheless, the industry continued to navigate external challenges, including international milk price volatility and forex fluctuations, which affect input costs and retail pricing dynamics. In addition, rising consumer interest in nutritious and value-for-money food and beverage alternatives, driven by evolving dietary preferences and lifestyle choices, presented increasing competitive pressure on traditional dairy products.



## Economic Landscape and Outlook

### Impact on DLMI

Malaysia's dairy industry's growth in 2025 continued to support demand for shelf-stable products, with the UHT milk segment growing steadily amid evolving consumption patterns and lifestyle shifts. Consumers' preference for convenient, longer-shelf-life products, combined with broad distribution and affordability considerations, sustained demand in this category, particularly in urban and semi-urban areas.

Meanwhile, the IFT segment faced ongoing structural headwinds, including lower birth rates and earlier transitions into adjacent nutrition categories<sup>18</sup>. These trends intensified competition within the segment. DLMI focused on innovation including specialty formats in Friso Gold and improved packaging such as the XL packs in IFT. This was supported by disciplined resource allocation to maintain market leadership and profitability, alongside sustained investment in brand equity and product innovation to sustain market share and drive growth in core product categories.

While macro and commodity volatility continued to influence operations, DLMI's proactive approach in prioritising supply chain agility, disciplined cost management and operational excellence enabled the company to maintain business stability and better capitalise on growth opportunities in resilient and emerging segments.

### FOREX TRENDS

Globally, forex markets were shaped by broader geopolitical developments and policy shifts in major economies, including changes in US Monetary Policy and ongoing trade tensions. Forex fluctuations continued to influence cost structures and pricing strategies, requiring agile financial practices and effective mitigation measures to manage input costs.

The Malaysian ringgit was widely reported as the strongest-performing currency in Asia in 2025, rallying by nearly 10.0% against the USD<sup>19</sup>. This performance was supported by a combination of domestic economic resilience and easing external volatility. The ringgit's appreciation reflected investor confidence in Malaysia's macroeconomic fundamentals and stable policy environment, creating a favourable backdrop for trade and investment activities. The United States Federal Reserve's interest rate cuts also provided support for the local currency, with the ringgit ending the year at around 4.06 against the greenback<sup>20</sup>, its strongest level in almost five years<sup>21</sup>.

### Impact on DLMI

The input costs of Dairy Raw materials increased sharply against the previous year, especially for milk fat components. The strengthening ringgit had a softening effect on USD-denominated commodity prices, although the positive effect has been lagging slightly due to revaluation effects of currency hedges.

In navigating these dynamics, DLMI implemented targeted measures to mitigate currency risk and maintain operational stability and competitiveness. These included close monitoring of exchange rates, active management of hedge positions and adopting proactive financial management practices. Further financial management strategy can be read in our Finance Director's Analysis.

<sup>18</sup> DLMI Investor Relations Meeting Deck 22 Sep 2025

<sup>19</sup> <https://theedgemalaysia.com/node/787431>

<sup>20</sup> [https://www.bnm.gov.my/exchange-rates?p\\_p\\_id=bnm\\_exchange\\_rate\\_display\\_portlet&p\\_p\\_lifecycle=0&p\\_p\\_state=normal&p\\_p\\_mode=view&bnm\\_exchange\\_rate\\_display\\_portlet\\_monthStart=11&bnm\\_exchange\\_rate\\_display\\_portlet\\_yearStart=2025&bnm\\_exchange\\_rate\\_display\\_portlet\\_monthEnd=11&bnm\\_exchange\\_rate\\_display\\_portlet\\_yearEnd=2025&bnm\\_exchange\\_rate\\_display\\_portlet\\_sessionTime=1700&bnm\\_exchange\\_rate\\_display\\_portlet\\_rateType=MR&bnm\\_exchange\\_rate\\_display\\_portlet\\_quotation=rm](https://www.bnm.gov.my/exchange-rates?p_p_id=bnm_exchange_rate_display_portlet&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&bnm_exchange_rate_display_portlet_monthStart=11&bnm_exchange_rate_display_portlet_yearStart=2025&bnm_exchange_rate_display_portlet_monthEnd=11&bnm_exchange_rate_display_portlet_yearEnd=2025&bnm_exchange_rate_display_portlet_sessionTime=1700&bnm_exchange_rate_display_portlet_rateType=MR&bnm_exchange_rate_display_portlet_quotation=rm)

<sup>21</sup> <https://www.idnfinancials.com/news/59845/ringgit-is-strongest-in-asia-driven-by-malaysias-economic-fundamental#:~:text=The%20Malaysian%20currency%20strengthened%20by,level%20in%20almost%20five%20years.>



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Economic Landscape and Outlook

## SUPPLY CHAIN RESILIENCE

Geopolitical tensions, trade policy shifts and commodity market volatility continued to strain global supply chains in 2025. Ongoing and newly adjusted tariff measures, particularly among major economies, reshaped trade flows and prompted companies to revise sourcing strategies and logistics planning. This highlighted the need for businesses to remain agile to mitigate adverse impacts on operations.

A large majority of companies in a 2025 McKinsey survey indicated that their supply chains were affected by recent tariff and trade policy changes<sup>22</sup>, necessitating an active deployment of resilience measures. A 2025 Gartner survey found that only around 29% of supply chain organisations reported having the capabilities needed to deliver on future performance<sup>23</sup>, highlighting resilience gaps. In addition, a 2025 Maersk survey found that nearly 4 in 5 supply chain leaders anticipate further disruptions over the next few years, driven by geopolitical dynamics, trade tariffs and regulatory uncertainty<sup>24</sup>. The adoption of AI analytics, real-time monitoring tools and alternative sourcing strategies has increasingly become an essential component in maintaining operational continuity and building long-term resilience.

## Impact on DLMI

DLMI@Enstek incorporates IR4.0 technologies including automation, Internet of Things (IoT), cloud computing, and big data analytics. These capabilities allow real-time data exchange across our value chain, improving production accuracy, enhancing operational efficiency and strengthening supply chain resilience. The facility, which is fully integrated with a modern distribution centre, supports scalable production and streamlined logistics, positioning DLMI to respond effectively to evolving market demands.



<sup>22</sup> <https://www.mckinsey.com/capabilities/operations/our-insights/supply-chain-risk-survey>

<sup>23</sup> <https://www.gartner.com/en/newsroom/press-releases/2025-02-18-gartner-survey-shows-only-29-percent-of-supply-chain-organizations-have-built-necessary-capabilities-to-deliver-on-future-performance>

<sup>24</sup> <https://www.maersk.com/news/articles/2025/11/11/maersk-survey-4-in-5-supply-chain-leaders-expect-disruptions-to-continue>



## Economic Landscape and Outlook

### KEY MARKET TRENDS

#### Consumer Dairy Preferences



Malaysian consumer demand for dairy products in 2025 was buoyed by ongoing urbanisation, rising incomes and shifting dietary patterns that increasingly incorporate Western-style foods and nutrition-rich dairy options<sup>25</sup>. These trends contributed to higher uptake of functional milk and dairy-based products across urban and peri-urban areas.

There has been growing interest in functional dairy products, such as fortified milk and yogurt drinks enriched with DHA, vitamins and prebiotics, with low-sugar and protein-enriched variants gaining prominence. Consumers are increasingly seeking products that support gut health, immunity and active lifestyles, reflecting a broader shift toward health-conscious consumption.

Dairy alternatives such as soy, almond and oat have also gained wider visibility<sup>26</sup>, although category performance in 2025 was mixed. This reinforces the importance of innovation, portfolio diversification and clear nutritional positioning within the dairy category. DLMI's response has centred on expanding value-added offerings, strengthening nutrition-led propositions and deepening consumer engagement around balanced nutrition, supporting strong relevance within an increasingly wellness-driven market.

#### Regulatory Landscape



In 2025, the Ministry of Health continued the process of updating the Food Regulations 1985 concerning the definition and specifications of milk and raw milk<sup>27</sup>. The proposed changes include stricter requirements that milk products must not contain any drug residues or added nutrients, as well as new restrictions on the use of the term "fresh" on packaging for recombined or reconstituted milk.

These regulatory developments are generally supportive for producers that emphasise high product standards and labelling transparency. DLMI continues advocating for high standards of labelling transparency, ensuring that product packaging provides clear, accurate and comprehensive nutritional information to support informed consumer decisions beyond just regulatory compliance.

#### Market Accessibility and Government Aid



The one-off cash assistance under the 2025 Penghargaan Sumbangan Asas Rahmah (Penghargaan SARA) initiative provided an additional RM100 to Malaysians aged 18 and above, complementing existing SARA programme, which is an extension of the broader Sumbangan Tunai Rahmah (STR) framework. This aid helped stimulate consumption of basic food and beverage products, including essential items such as ready-to-drink (RTD) liquid milk and IFT products, encouraging households to maintain a balanced diet.

Enhanced access to key nutrients aligns with DLMI's purpose of Nourishing Our Planet and People in Every Stage of Life. In this instance, while Penghargaan SARA benefitted all Malaysian households, it was particularly a boon for lower-income households to access additional nutrition. The programme also helped sustain demand for dairy products, reinforcing ongoing trends towards health-conscious and functional dairy consumption.

Furthermore, DLMI in collaboration with the Ministry of Education (MOE) and Yayasan Didik Negara launched the Transforming Schools, Nourishing Minds (TSNM) programme at SMK Putrajaya Presint 8(1) in August 2025. This milestone event was officially launched by a Senior MOE Official alongside FrieslandCampina's CEO and FrieslandCampina Asia's President. While the current phase is active through 2029, TSNM is envisioned as a continuous, long-term initiative dedicated to ensuring that affordable, nutritious milk remains a permanent fixture in Malaysian schools. Central to this commitment is our "Adopt-a-School" initiative which aligns with the MADANI Government's call for multinational corporations to actively support local schools. DLMI is committed to adopting one school in every state where the TSNM programme is implemented, including upgrading classrooms with digital equipment and other facilities to enhance the comfort and learning environment for students and teachers. By providing nutritious DLMI milk at subsidised prices directly within schools, we continue to deliver the critical nutrition essential for healthy growth and brain development, such as through the innovative Dutch Lady Omega 3\*6 milk launched in November 2025. Ultimately, DLMI aims to support Malaysian children in building a strong body and mind, seamlessly integrating essential nutrition into their daily school life and education.

<sup>25</sup> <https://the-shiv.com/dairy-in-malaysia>

<sup>26</sup> <https://www.globenewswire.com/news-release/2025/11/27/3195734/0/en/Dairy-Alternatives-Market-Set-to-Surpass-USD-108-91-Billion-by-2034-Driven-by-Health-Trends-and-Consumer-Shifts.html>

<sup>27</sup> <https://foodcomplianceinternational.com/industry-insight/news/4330-ministry-of-health-presents-draft-amendment-to-modify-the-regulation-on-milk-and-dairy-products>



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Economic Landscape and Outlook

## Urban Convenience



Urban micro-markets and busy lifestyles are driving strong demand for single-serve and RTD dairy formats. Smaller households, shorter mealtimes and on-the-go consumption habits are shaping purchasing behaviour, creating opportunities for convenient and practical dairy products.

In anticipation of these evolving consumer needs, DLMI introduced new convenient formats, including a 300ml “Sip & Seal” pack. First launched in November 2024, “Sip & Seal” was expanded in August 2025 to include fresh milk, offering a portion-controlled, easy-to-carry option. These innovations demonstrate our commitment and ability to meet consumer preferences and capture emerging market opportunities. They also support convenience-driven consumption patterns while optimising distribution efficiency, ensuring that Malaysians can easily access high-quality dairy products.

## Overall impact on DLMI



The combination of changing consumer preferences, regulatory developments, government aid initiatives and growing demand for convenience-driven formats shaped the Malaysian dairy market in 2025, creating a dynamic environment that emphasised nutrition and accessibility. This underscores the importance of innovation, clear nutritional positioning and product diversification within the dairy sector.

DLMI's strategic initiatives have translated into strengthened market relevance, enhanced customer trust and continued support for Malaysia's nutrition and self-sufficiency aspirations. Looking ahead, DLMI is well-positioned to leverage market trends by balancing innovation, accessibility and consumer engagement to sustain growth and reinforce its leadership in the Malaysian dairy landscape.

## OUTLOOK

**Malaysia's economy is projected to expand between 4.0% and 4.5% in 2026<sup>28</sup>, driven by steady domestic demand, investment activity and household spending, supported by continued employment and wage growth.**

The Government maintained this forecast after considering various factors and risks that may affect the country's economic performance, namely global geopolitical challenges and external economic uncertainties<sup>29</sup>.

While this positive macroeconomic backdrop provides opportunities for growth, Malaysia's most pressing challenge heading into 2026 will be firm-level productivity and competitiveness.

The next phase of economic growth will depend on innovation and resilience, as greater importance is placed on strategic execution at the company level<sup>30</sup>.

This environment provides a strong foundation for DLMI to continue innovating and pursuing operational excellence through strategic growth initiatives. Headwinds remain from global market volatility, including an oversupply in the international dairy sector which pressures commodity prices, input costs and supply chain efficiency. These present both opportunities and risks, with the former potentially being the relative stabilisation of dairy raw materials prices.

Dampening matters is the energy crisis stemming from the West Asia conflict. It has driven oil prices up, disrupting supply chains and pushing fuel costs higher worldwide. Surging energy costs may also trigger upward revisions in Malaysia's electricity tariffs, tightening margins further. These can have a ripple effect on costs and squeeze profitability.

<sup>28</sup> [https://www.bnm.gov.my/documents/20124/19910400/qb25q3\\_transcript.pdf](https://www.bnm.gov.my/documents/20124/19910400/qb25q3_transcript.pdf)

<sup>29</sup> <https://theedgemaalaysia.com/node/795993>

<sup>30</sup> [https://www.bernama.com/en/news.php/bfokus/general/target='\\_blank'?id=2502543](https://www.bernama.com/en/news.php/bfokus/general/target='_blank'?id=2502543)



## Economic Landscape and Outlook

### Domestic Dairy and Self-Sufficiency

The company is positioned to reap the full benefits of DLMI@Enstek once it reaches full capacity utilisation and achieves long-term cost efficiency targets. We will continue working closely with local dairy farmers, providing access to technology, training and resources to enhance milk yield and quality. At the same time, we will sustain proactive engagements with the authorities to ensure compliance, enhance milk quality and uphold transparency in strengthening the domestic dairy ecosystem. These efforts are critical to supporting Malaysia's fresh milk self-sufficiency target of 100% by 2030 under ongoing programmes introduced during the 12MP and included in the 13MP. Together, these initiatives complement our broader strategy to strengthen the domestic supply chain and uphold high standards in food safety and nutrition in line with evolving regulatory developments.

### SARA, Nutrition Programmes and Demand

We remain steadfast in upholding our purpose of Nourishing Our Nation, providing Malaysians with accessible nutrients and supporting ongoing initiatives like the Adopt-a-School and Subsidised Milk programmes that ensure affordable dairy and foster the right dietary habits to battle malnutrition among students<sup>31</sup>. The second round of the one-off SARA RM100 credit, disbursed on 9 February 2026 to adults aged 18 and above is expected to benefit the industry and encourage purchase of dairy products for a balanced diet.

On the topic of diet, consumer health-consciousness is anticipated to continue shaping market demand. To this end, we leverage data-driven insights to expand functional, value-added and convenient dairy offerings that address diverse lifestyles and nutrition needs. We also look to offset pressure from lower birth rates by leaning more heavily on the nutritional benefits of our IFT category, focusing on fortified formulations and age appropriate nutrition. By aligning innovation with health-led trends, we can deepen consumer engagement, reinforce brand relevance and capture growth in emerging categories such as the professional food service segment.

### Technology and Sustainability

Technology and innovation are poised to drive DLMI's growth in 2026. The accelerated adoption of IR4.0 solutions, including automation, IoT-enabled monitoring, predictive analytics and digitalised logistics, will enable us to continue enhancing operational efficiency, ensuring product consistency and improving supply chain agility. These allow us to respond rapidly to market shifts, optimise costs and maintain a competitive edge in a dynamic market.

Sustainability remains a core strategic focus, embedded across our operations. Our initiatives in energy efficiency, water stewardship and recyclable packaging support responsible operations while aligning with growing consumer and regulatory expectations. DLMI strengthens resilience, enhances social impact and reduces its environmental footprint by integrating sustainability with technology and operational innovation. This approach enables us to build internal capabilities and continuously improve sustainability performance, while remaining agile and aligned with long-term global ambitions.

Overall, 2026 represents a year of strategic evolution for DLMI. We remain cautiously optimistic about delivering another year of growth, supported by the strength of our brands and our strategic position as Malaysia's national leader in dairy nutrition in an increasingly health-conscious society. Stable consumer demand and long-term earnings growth from efficiency enhancements will also propel our prospects.

By combining Malaysia's economic tailwinds with technology- and data-driven operations, sustainability initiatives, disciplined cost management and consumer-centric innovation, we are well-positioned to strengthen market leadership, to deliver long-term shareholder value and contribute meaningfully to Malaysia's journey towards a more resilient and self-sufficient dairy industry.

<sup>31</sup> DLMI Investor Briefing Q3 2025



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## B. MARKET AND PRODUCT REVIEW

# Key Risks and Mitigation

DLMI operates in a dynamic environment shaped by shifting consumer needs, market competition, global supply conditions, regulatory developments and broader economic trends. As part of the FrieslandCampina group, DLMI is exposed to a wide range of risks across our operations, markets and value chain.

The Management Team, supported by DLMI's Enterprise Risk Assessment (ERA) function and FrieslandCampina's global frameworks, identifies, assesses and monitors risks based on their potential impact on the business. These risks are grouped into three categories: strategic, operational and compliance. Mitigation measures are designed to protect business continuity, safeguard product integrity and support long-term performance.



## STRATEGIC RISKS

Strategic risks relate to external market forces and long-term shifts that may affect DLMI's growth ambitions, competitive position and portfolio relevance.



## OPERATIONAL RISKS

Operational risks relate to the daily functioning of the organisation and may impact production continuity, product quality and safety, sustainability performance, supply stability, system reliability and workforce productivity.



## COMPLIANCE RISKS

Compliance risks relate to adherence to laws, regulations, internal policies and ethical standards, including governance, fraud, corruption and regulatory obligations.

The following section outlines DLMI's key risks within each category, including a high-level description, potential impact on enterprise value and the actions in place to mitigate each risk. As risks are interconnected, multiple risks may materialise simultaneously and amplify one another. These risks also align with FrieslandCampina's global risk landscape.



## Key Risks and Mitigation



### R1 Economic and Geopolitical Environment

#### Risk Description

Volatility in global and local economic conditions, geopolitical tensions, changes in trade policies, inflationary pressures and shifts in government regulation may impact demand, supply costs and business continuity.

#### Impact of Risks on Enterprise Value

This risk may lead to increased costs, margin pressure, supply disruptions and lower consumer demand, affecting DLMI's financial performance and business continuity.

#### Mitigation Action and Opportunities

- ❖ Monitor macroeconomic and geopolitical developments to anticipate business impacts.
- ❖ Implement pricing, affordability and portfolio strategies to maintain competitiveness.
- ❖ Strengthen cost discipline, scenario modelling and financial risk management.
- ❖ Engage with regulators, industry bodies and FrieslandCampina to maintain market readiness.

#### Measures of Enterprise Value

- ❖ Revenue and margin stability
- ❖ Cost of goods and profitability
- ❖ Market share resilience



### R2 Innovation, Consumer and Market Dynamics

#### Risk Description

Evolving consumer preferences, competitive activity, promotional intensity and shifts in nutritional expectations may affect product relevance and market share.

#### Impact of Risks on Enterprise Value

This risk may reduce product relevance and competitiveness, leading to slower growth, loss of market share and weaker commercial performance.

#### Mitigation Action and Opportunities

- ❖ Strengthen R&D and accelerate development of products that meet nutritional and affordability needs.
- ❖ Use market analytics, consumer insights and trend monitoring to inform portfolio decisions.
- ❖ Enhance brand building, customer partnerships and go-to-market strategies.
- ❖ Leverage FrieslandCampina's innovation capabilities and global best practices.

#### Measures of Enterprise Value

- ❖ Sales growth
- ❖ Market share
- ❖ Brand health and equity



### R3 Milk Supply and Ingredient Availability

#### Risk Description

Fluctuations in global milk production, raw milk availability, ingredient quality, import restrictions and commodity price volatility may affect production continuity and cost structure.

#### Impact of Risks on Enterprise Value

This risk may result in volatile input costs, supply shortages and quality inconsistencies, impacting production continuity and margin stability.

#### Mitigation Action and Opportunities

- ❖ Diversify sourcing channels and maintain strong supplier relationships.
- ❖ Monitor global dairy markets, production cycles and commodity indices.
- ❖ Implement forward planning, inventory strategies and cost hedging where applicable.
- ❖ Align with FrieslandCampina's milk purchase and quality frameworks.

#### Measures of Enterprise Value

- ❖ Input cost stability
- ❖ Production continuity
- ❖ Quality consistency
- ❖ Margin resilience



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Key Risks and Mitigation

## R4 Product Quality and Food Safety

**Risk Description** | **Impact of Risks on Enterprise Value**

Non-compliance with food safety standards, product contamination or process deviations may compromise consumer health, regulatory compliance and brand trust. | This risk may lead to regulatory actions, product recalls, operational disruptions and loss of consumer trust, significantly affecting DLMI's reputation and brand value.

Mitigation Action and Opportunities	Measures of Enterprise Value
<ul style="list-style-type: none"> <li>❖ Adhere to stringent quality standards, including HACCP, FSSC 22000, QMS and FrieslandCampina global policies.</li> <li>❖ Strengthen Halal Assurance System (HAS), ensure full compliance with JAKIM requirements and maintain internal Halal Committee oversight.</li> <li>❖ Conduct rigorous testing, monitoring and verification across the production lifecycle.</li> <li>❖ Strengthen traceability, recall readiness and supplier quality audits.</li> <li>❖ Continuously train employees on hygiene, safety and quality protocols.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Compliance with food safety standards</li> <li>❖ Number of incidents or recalls</li> <li>❖ Brand trust and reputation</li> <li>❖ Customer satisfaction</li> </ul>

## R5 Environmental, Social and Governance (including Climate Change)

**Risk Description** | **Impact of Risks on Enterprise Value**

Increasing expectations around sustainability performance, climate transition requirements, environmental regulations and societal impacts may pressure operating costs and long-term resilience. | This risk may increase operational and compliance costs, expose the business to climate-related disruptions and affect long-term resilience and stakeholder confidence.

Mitigation Action and Opportunities	Measures of Enterprise Value
<ul style="list-style-type: none"> <li>❖ Improve energy, water and waste efficiency through operational excellence and technology.</li> <li>❖ Strengthen ESG governance frameworks aligned with NSRF and FrieslandCampina sustainability policies.</li> <li>❖ Conduct climate risk assessments, scenario testing and long-term resilience planning.</li> <li>❖ Monitor climate-related risks and develop a long-term carbon reduction roadmap.</li> <li>❖ Engage suppliers and partners on responsible sourcing and ESG compliance.</li> <li>❖ Specific taskforces focused on standardising processes and the reliability of data sources.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Environmental footprint (carbon, energy, water, waste)</li> <li>❖ Sustainability compliance</li> <li>❖ Operating efficiency</li> <li>❖ Long-term resilience and license to operate</li> </ul>

## R6 People Performance and Organisational Productivity

**Risk Description** | **Impact of Risks on Enterprise Value**

Low engagement, capability gaps, talent attrition, or cultural misalignment may reduce organisational effectiveness and hinder business performance. | This risk may lower productivity, weaken capability, increase attrition and slow operational execution, impacting DLMI's ability to deliver business results.

Mitigation Action and Opportunities	Measures of Enterprise Value
<ul style="list-style-type: none"> <li>❖ Invest in leadership development, technical capability building and upskilling.</li> <li>❖ Strengthen wellbeing, engagement and culture programmes (e.g. Body.Mind.Soul, Compass, Speak Up).</li> <li>❖ Drive succession planning and talent pipeline development.</li> <li>❖ Promote a values-driven performance culture and psychological safety.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Employee productivity and capability</li> <li>❖ Engagement and retention</li> <li>❖ Operational effectiveness</li> </ul>



## Key Risks and Mitigation



### R7 Digital, Data and Cybersecurity

#### Risk Description

Cyber threats, system failures, data breaches or technology disruptions may impact business continuity, data integrity and operational security.

#### Impact of Risks on Enterprise Value

This risk may cause system outages, data breaches and business disruptions, leading to financial loss, compliance consequences and reduced stakeholder trust.

#### Mitigation Action and Opportunities

- ❖ Strengthen IT governance, cybersecurity controls and digital infrastructure.
- ❖ Conduct regular penetration tests, system monitoring and data protection reviews.
- ❖ Implement robust backup, redundancy and disaster recovery procedures.
- ❖ Align to FrieslandCampina’s global digital and cybersecurity standards.

#### Measures of Enterprise Value

- ❖ System uptime and reliability
- ❖ Cyber incident prevention
- ❖ Data protection compliance
- ❖ Business continuity



### R8 Supply Chain and Sourcing

#### Risk Description

Disruptions in logistics, procurement constraints, supplier performance issues or rising transportation costs may affect supply continuity and cost structure.

#### Impact of Risks on Enterprise Value

This risk may lead to procurement delays, higher material costs and service level disruptions, affecting production reliability and cost efficiency.

#### Mitigation Action and Opportunities

- ❖ Maintain diversified supplier networks and multiple sourcing options.
- ❖ Strengthen supplier assessment, EES&G due diligence and performance monitoring.
- ❖ Improve planning accuracy, inventory resilience and logistics optimisation.
- ❖ Collaborate with FrieslandCampina global teams for procurement synergies.

#### Measures of Enterprise Value

- ❖ Supply continuity and service levels
- ❖ Procurement efficiency
- ❖ Cost of materials
- ❖ On-time delivery and logistics performance



### R9 Compliance, Legal and Ethical Conduct

#### Risk Description

Non-compliance with legal, regulatory or ethical obligations including fraud, corruption or governance breaches may expose the organisation to penalties and reputational harm.

#### Impact of Risks on Enterprise Value

This risk may result in legal penalties, regulatory non-compliance, loss of reputation and erosion of stakeholder trust.

#### Mitigation Action and Opportunities

- ❖ Strengthen internal controls, anti-fraud systems and Code of Conduct enforcement.
- ❖ Conduct regular compliance audits, policy reviews and risk assessments.
- ❖ Provide training on ethical behaviour, governance requirements and Speak Up channels.
- ❖ Engage proactively with regulators and align with FrieslandCampina legal frameworks.

#### Measures of Enterprise Value

- ❖ Internal control effectiveness
- ❖ Incident and breach reduction
- ❖ Reputation and stakeholder trust



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## B. MARKET AND PRODUCT REVIEW

# Our Products and Winning Brands

**DLMI's focus in 2025 has been to "Make Growth Happen" by driving our core offerings that deliver real value to consumers, both in terms of nutrition and affordability.**

We continued efforts to drive local fresh milk while introducing innovative products such as the new Dutch Lady Omega 3\*6, a RTD milk formulated to support children's brain development and the new Friso Gold Comfort Next, a specialised formula for managing constipation in children.

We promoted our fortified, nutritionally balanced products through relevant occasions and festive seasons. Notably, our "Make Breakfast Happen. Make Life Happen" campaign continued to raise awareness on the importance of nutrition-rich dairy in modern diets, while addressing the ongoing challenge of malnutrition in Malaysia.

Overall, our approaches and initiatives in 2025 reinforced our commitment to:

- ❖ Nourishing Our Nation i.e. fulfilling the nutritional needs of Malaysians;
- ❖ Designing for recycling i.e. gradually eliminating plastic in packaging and make all packaging recyclable; and
- ❖ Catalysing local sourcing and fresh milk supply chain.

## 2025 PERFORMANCE IN PERSPECTIVE

We continued to progress on Nourishing Our Nation despite market uncertainty and inflationary pressures in 2025, complicated by broader geopolitical tension. We focused on delivering value through nutritious milk products tailored to diverse consumer lifestyles and life stages, including innovative formats and flavours. Our targeted communications aimed to raise awareness, encourage milk consumption, promote responsible choices, and address malnutrition in Malaysia.

Through our efforts, we grew our sales value (+3.9%) and maintained commanding position as Malaysia's market leader in the dairy category with 27.1% market value share<sup>^</sup>. We also continued to be the No. 1 Most Chosen Dairy Brand in Malaysia, nourishing 5.08 million Malaysian households\* annually.

DLMI's dedicated food service business, operating under FrieslandCampina Professional (FCP) Business Group, achieved positive results in 2025 despite significant challenges. Demand from existing QSR customers remained soft due to lingering geopolitical issues. Nevertheless, our unwavering commitment to FCP's purpose of "Nourishing the Heroes of Food" drove our success.

FCP focuses on providing an unparalleled experience to professional operators, with a strong emphasis on close collaboration with chefs and baristas. This collaboration aims to deliver fit-for-purpose, convenient-to-use dairy products that inspire creativity and keep pace with the latest market trends. By maintaining this partnership, we enable professionals to concentrate on serving the finest food and beverages to their customers.

## Our Products and Winning Brands

### PRODUCT HIGHLIGHTS:

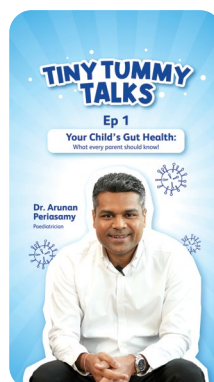
DLMI strengthened our leadership position in the total IFT nutrition category with 25.1% value share for both **Dutch Lady and Friso Gold**. Despite a declining category value of -2.9% vs. last year due to lower birth and consumption rates, Dutch Lady IFT grew value share<sup>^</sup> to 19.5% (+0.1pp). This is due to the consumer activities on-air, on-ground and in-trade when Dutch Lady launched its ‘Hidupkan

Dunia Si Manja’ campaign which anchored on imaginative, unstructured play supported by nutrition as the key to developing a ‘Minda Cergas’ (active mind). We continued our focus on **Dutch Lady MaxGro** to support the optimal growth of Malaysian children in our efforts to minimise the stunting issue faced in Malaysia.



**Friso Gold** increased its share<sup>^</sup> to 17.4% (+0.9pp) within the declining premium IFT segment through stronger functional communications to drive the importance of gut health. The campaign “Every good thing starts at the gut” was amplified via digital platforms, key influencers as well as doctors to reinforce the link between good gut health and benefits such as improved focus, appetite and overall well-being of the child. In-store, we strengthened

our message reminding moms to ‘Build strong guts. Better digestion’. Expanded on-ground activations and increased Nutri Advisor engagement drove brand awareness, trials and adoption. In November, we further strengthened specialty portfolio with the launch of **Frisolac CM and Friso Gold Comfort Next** formulated with Beta-Palmitin to help management of constipation.



**DUTCH LADY** SECTION 3: **MANAGEMENT DISCUSSION AND ANALYSIS**

## Our Products and Winning Brands

**Dutch Lady** maintained our leadership position within the liquid milk segment with a 41.8% value share<sup>^</sup> with value growth at +4.3% despite the discontinuation of sterilised milk in 2H 2024 and increased competition. This performance was driven by our hero focused assortment within the right channels, the launch of the innovative UHT300ml and impactful consumer-centric campaigns such as Ramadan, Morning and Chilled Campaigns.

**Dutch Lady Professional and Debic brands** experienced remarkable volume growth. This can be attributed to our strategic emphasis on expanding market penetration, particularly among Bakery and Coffee & Tea operators. By prioritising securing large key accounts and enhancing numeric coverage via our route-to-market partners, we significantly widened our reach and brand presence.



Building on our commitment to innovation and meeting evolving customer needs, we launched **Dutch Lady Professional Barista Milk**, co-created with baristas for baristas. This addition to our Coffee & Tea portfolio diversifies our offerings to meet specific channel requirements and reinforces our position as the preferred dairy partner for professionals.

Through strategic planning, innovation and close collaboration, we have navigated market challenges and continue to thrive, underscoring our dedication to delivering excellence to our professional partners.



\* Source: Kantar World Panel Malaysia – Household Panel, MAT December 2025  
<sup>^</sup> Source: AC Nielsen Malaysia, MAT December 2025



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## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## C. ESG REVIEW

# Sustainability Statement

## STATEMENT FROM THE MANAGING DIRECTOR



Sustainability is integral to how Dutch Lady Milk Industries Berhad (DLMI) **creates long-term value** and delivers on our purpose of **Nourishing Our Planet and People in Every Stage of Life**. As a leading dairy and nutrition company in Malaysia, our ability to grow responsibly depends on effectively managing environmental and social risks while continuing to provide safe, nutritious and affordable products to Malaysians.



**We embedded sustainability more deliberately into business and operational decision making in 2025 as we completed our DLMI@Enstek transition and strengthened the foundations of a more resilient operating model. This milestone year enabled us to enhance energy efficiency, improve process controls and advance our readiness for more robust sustainability governance and reporting. For DLMI, sustainability means delivering enduring value to stakeholders by addressing the triple burden of malnutrition, while managing our environmental footprint and strengthening long-term business resilience.**

Reflecting early benefits of our operational optimisation initiatives at DLMI@Enstek, our energy consumption per tonne reduced by 27.6% in 2025 compared to 2024. We also made measurable progress in identified areas such as packaging circularity. Approximately 92.7% of our portfolio is now designed for recycling, supporting national and industry efforts to reduce packaging waste. We also advanced our water stewardship efforts through improved monitoring and efficiency initiatives, in line with our 2030 water intensity reduction targets.

We deepened our understanding of climate-related risks as well through structured scenario analysis, assessing climate scenarios across key transition and physical risk dimensions to strengthen medium- and long-term resilience planning. This enabled us to strengthen our identification and assessment of climate-related risks and opportunities and integrate climate risk considerations into strategic and operational decision-making processes, supporting alignment with investor expectations and the National Sustainability Reporting Framework (NSRF).

**VERONIKA UTAMI**  
Managing Director



## Sustainability Statement



### OUR SUSTAINABILITY FOCUS IN 2025 CENTRED ON FOUR PRIORITY AREAS:



**Strengthening** climate resilience and energy efficiency across our operations.



**Advancing** circular packaging and responsible resource management.



**Improving** access to nutritious and affordable dairy products for Malaysians across life stages.



**Strengthening** governance and in alignment with the National Sustainability Reporting Framework (NSRF), which adopts the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) as its baseline.

As a nutrition provider, DLMI has a responsibility that extends beyond just our operations. Our sustainability agenda is closely linked to addressing the national challenge of the triple burden of malnutrition. Through product reformulation, innovation and affordability initiatives, we continue supporting access to quality, Halal nutrition for households across income groups, in line with national health priorities.

Governance is a critical enabler of our sustainability journey. The Board oversees sustainability matters while management is responsible for execution and integration into strategy, risk management and operational planning. In 2025, we also bolstered internal data governance, controls and validation processes to support more decision-useful and reliable sustainability disclosures.

This Sustainability Report marks our first year aligning with the IFRS Sustainability Disclosure Standards. It is a significant step forward in enhancing transparency, subject to data availability and ongoing improvements, consistency and comparability for stakeholders. As our reporting capabilities continue to mature, we are also progressing our readiness for greater assurance over sustainability information as part of our continuous improvement journey.

**Sustainability will remain central to DLMI’s strategy and long-term resilience. By embedding responsible practices into our daily operations and long-term planning, we aim to deliver enduring value to stakeholders while contributing positively to Malaysian society and the environment.**



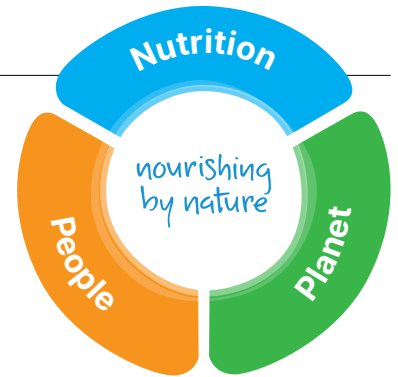
SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## OUR SUSTAINABILITY FRAMEWORK




Our sustainability framework is anchored in our purpose of Nourishing Our Planet and People in Every Stage of Life. It is structured across three core pillars — Nutrition, People and Planet — supported by strong governance as the foundation.

This framework guides our focus on delivering nutritious, safe and affordable nutrition, empowering our people and value chain and reducing our environmental footprint, while driving long-term resilience and value creation.



**Nourishing Our Planet and People in Every Stage of Life**

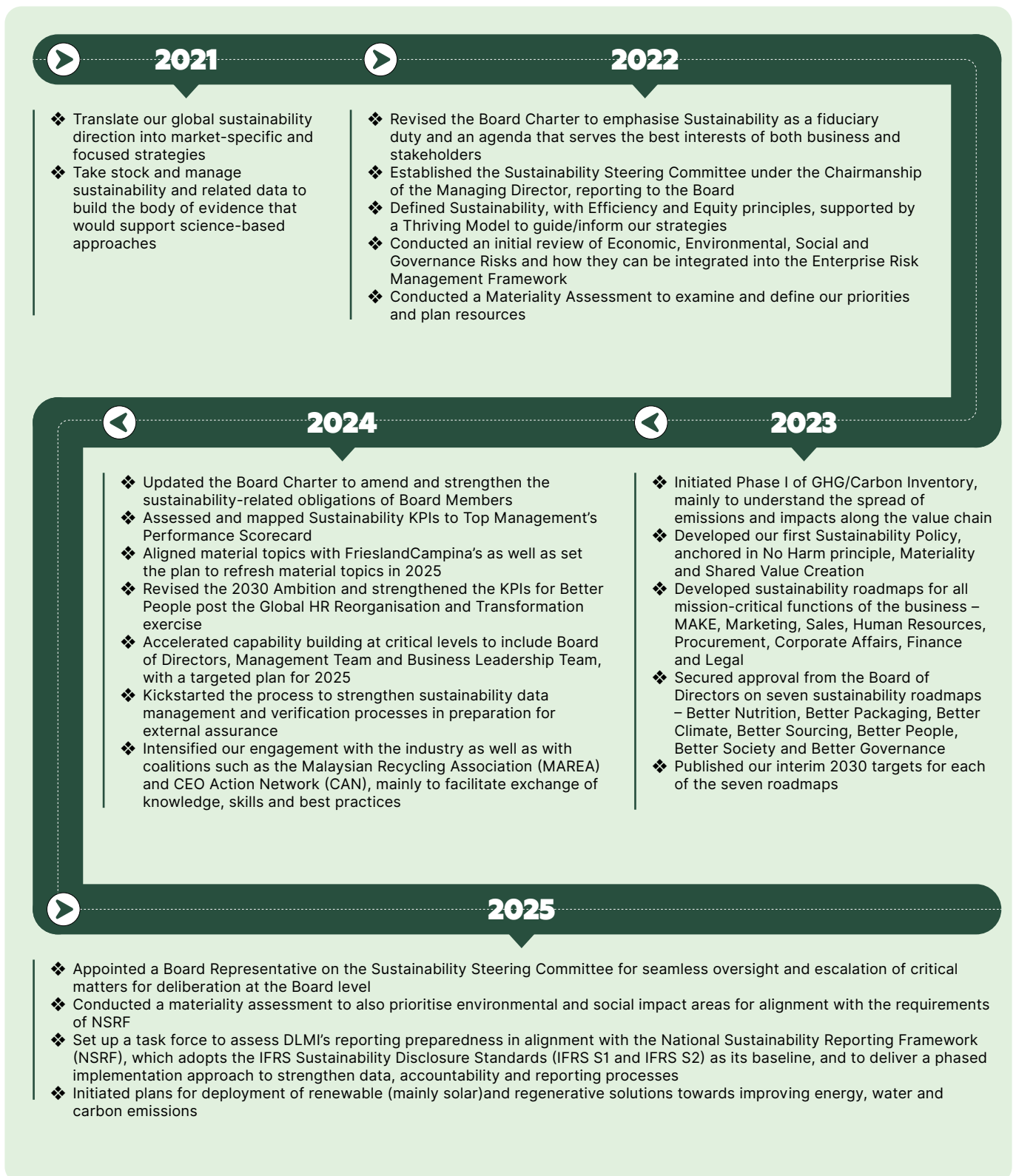


 <b>NUTRITION</b>	 <b>PEOPLE</b>	 <b>PLANET</b>
<p><b>Objective 1:</b> Deliver nutritious and affordable dairy nutrition, underpinned by robust quality, halal, safety and transparency practices that strengthen consumer trust.</p> <p><b>Key Targets</b></p> <ul style="list-style-type: none"> <li>❖ 95% of total product volume sold to meet FCNS by 2030</li> <li>❖ 0 Quality Incidents annually</li> <li>❖ 100% Self Sufficiency Level (SSL) for Fresh Domestic Milk by 2030</li> </ul>	<p><b>Objective 2:</b> Foster a safe, inclusive and engaged workforce, while promoting responsible and ethical labour practices across DLMI's operations and supply chain.</p> <p><b>Key Targets</b></p> <ul style="list-style-type: none"> <li>❖ Achieve a "People-Positive and Fit-for-Purpose Workplace" by 2030</li> <li>❖ Top Quartile Score on Top Employer by 2030</li> <li>❖ 0 Safety Incidents annually</li> </ul>	<p><b>Objective 3:</b> Reduce DLMI's environmental footprint and strengthen climate resilience by addressing climate, resource use and waste impacts across DLMI's operations and value chain.</p> <p><b>Key Targets</b></p> <ul style="list-style-type: none"> <li>❖ 30% reduction of energy and water intensity by 2030 vs. 2022 baseline</li> <li>❖ 95% of packaging materials designed for recycling or reuse by 2030 &amp; 30% of packaging volume equivalent collected for recycling by 2030</li> </ul>
<p><b>Material topic alignment</b></p> <ul style="list-style-type: none"> <li>M1 Nutritious and Affordable Products</li> <li>M2 Product Quality and Safety</li> <li>M6 Product Labelling &amp; Marketing</li> </ul>	<p><b>Material topic alignment</b></p> <ul style="list-style-type: none"> <li>M7 Working Conditions - Own Workforce</li> <li>M8 Workplace Diversity &amp; Inclusion - Own Workforce</li> </ul>	<p><b>Material topic alignment</b></p> <ul style="list-style-type: none"> <li>M3 Climate Change</li> <li>M5 Responsible Water Management</li> <li>M4 Circular (Economy), Packaging and Waste</li> <li>M10 Supply Chain Management (Environment)</li> </ul>
<p><b>FOUNDATION: GOVERNANCE</b></p>		
<p><b>Objective 4:</b> Embed strong governance, ethical conduct and data integrity to support credible strategic outcomes</p>	<p><b>Key Targets</b></p> <ul style="list-style-type: none"> <li>❖ AA1000 principles alignment by 2030</li> <li>❖ 0 substantiated corruption and data privacy cases annually</li> </ul>	<p><b>Material topic alignment</b></p> <ul style="list-style-type: none"> <li>M11 Data Security and Privacy</li> <li>M12 Business Ethics and Integrity</li> </ul>



# Sustainability Statement

## OUR SUSTAINABILITY JOURNEY & MILESTONES





## Sustainability Statement

### ABOUT SUSTAINABILITY REPORT

#### Compliance with IFRS Sustainability Disclosure Standards

This Sustainability Report for the financial year ended 31 December 2025 (FY2025) is DLMI's maiden report prepared in accordance with the IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB), in line with Bursa Malaysia's Main Market Listing Requirements and the NSRF. We applied the following standards:

- ❖ IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information\*
- ❖ IFRS S2 - Climate-related Disclosures\*

(\*There are no other IFRS Sustainability Disclosure Standards issued by the ISSB as at 31 December 2025.)

Considering that this is our first IFRS Sustainability Disclosure Standards-aligned reporting cycle, we have applied the following allowable transition reliefs:

- ❖ Relief from disclosing comparative information where it is collected and/or disclosed in prior year(s)
- ❖ Relief from disclosing Scope 3 greenhouse gas (GHG) emissions

Additionally, in assessing various sustainability-related risks and opportunities that are material to the Company's operations and on enhancing the relevance and decision-usefulness of the disclosures to our stakeholders, we have referred to and considered the relevant disclosure topics under the Sustainability Accounting Standards Board (SASB) Standards, specifically:

- ❖ Meat, Poultry & Dairy
- ❖ Processed Foods
- ❖ Non-Alcoholic Beverages

We remain committed to progressively build our internal capacities, systems and processes to continually improve the scope and quality of our sustainability-related financial disclosures.

#### Connectivity with Financial Statements

This Sustainability Report should be read in conjunction with DLMI's financial statements, prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), IFRS Accounting Standards and the Malaysian Companies Act 2016 requirements.

This report covers FY2025, in line with DLMI's financial reporting period. Additionally, the sustainability-related financial disclosures cover the same reporting entity as the Company's financial statements. The Company has assessed both its operations and value chain in preparing these disclosures.

DLMI defines time horizons used for assessing these risks and opportunities in alignment with our Enterprise Risk Assessment (ERA) and strategic planning cycles, as follows:

- ❖ Short term: 0 to 12 months
- ❖ Medium term: 1 to 5 years
- ❖ Long term: Beyond 5 years

The presentation currency of DLMI's sustainability-related financial disclosures is Ringgit Malaysia (RM), which aligns with the presentation currency used in the Company's financial statements.

Projections are used in communicating sustainability-related financial outcomes and impact based on the Company's best estimates under defined climate scenarios as at 31 December 2025. These forward-looking statements are subject to inherent uncertainty and will be reassessed annually as part of DLMI's Enterprise Risk Assessment (ERA) process. Information presented herein reflects DLMI's assessment under current conditions and does not constitute a permanent inclusion and may be revised as circumstances change. Assumptions on climate scenarios and other material sustainability matters that have been included in this statement are not static. They may evolve and continuously change to reflect the dynamic business environment/priorities/influences, available information at the reporting date, and DLMI's own facts, circumstances, and exposure to risk.



## Sustainability Statement

### Company's Business: Committed to Nourishing the Nation in a Sustainable Manner

DLMI's purpose as a leading dairy company in Malaysia is about Nourishing Our Planet and People in Every Stage of Life. It is our core responsibility to fulfil the nutritional needs of the nation while addressing the triple burden of malnutrition, especially amongst growing children. Our product strategy centres on bringing to market innovative products that are adequately fortified with nutrients and ensuring such products are accessible and affordable. This directly creates positive social impact; concurrently, as a responsible business, we aim to minimise our environmental footprint and progress towards our climate-neutral ambition over the long term.

#### FOCUSING ON HEALTHY NUTRITION:

The Company's primary business activity is the manufacture, import and distribution of nutritious, Halal and affordable dairy products for consumers in Malaysia. These include ready-to-drink (RTD) milk, growing-up milk, formulated milk powders and professional dairy solutions for foodservice.

DLMI operates as part of the FrieslandCampina (FC) network, leveraging global research and development (R&D) and supply capabilities while tailoring nutrition offerings to local needs. In 2025, DLMI completed our transition to the new IR4.0-enabled manufacturing facility, DLMI@Enstek, enhancing production efficiency and supporting our long-term sustainability ambitions.

In addition to locally manufactured liquid milk products, DLMI also distributes imported powdered products (e.g. Friso Gold) from affiliated entities within the FC group, allowing for a diversified dairy portfolio.

#### AIMING FOR NET CLIMATE-NEUTRAL DAIRY:

DLMI adopts FrieslandCampina's 2050 climate ambition of achieving net climate-neutral operations across Scope 1, 2 and 3 emissions. This is defined as reducing fossil-based emissions across our operations and value chain, and addressing biogenic emissions from agricultural sources such as dairy farming as far as possible. Residual emissions will be managed over time through appropriate removal or compensation mechanisms.

Our sustainability policy and roadmaps provide the framework to continually build capabilities, capacity and awareness to drive measurable sustainability performance. Our strategies are anchored on three key principles:

- ❖ **No Harm (At-source Interventions):** Our first consideration is to avoid harm to people and the environment by ensuring compliance with regulatory requirements, maintaining product safety and quality standards, and minimising adverse environmental impacts such as emissions, waste and water usage. This is followed by reducing impacts at source through planned operational and value chain interventions. Removal or compensation mechanisms are considered only for residual emissions after reduction efforts have been maximised.
- ❖ **Materiality (Balanced Risk Perspectives):** We take a balanced view of risks by prioritising the most material aspects from both business and stakeholder perspectives. This enables us to assess and manage sustainability-related risks and opportunities across short-, medium- and long-term time horizons.
- ❖ **Value (Focus on Efficiency & Equity):** We prioritise mitigation efforts that enhance operational efficiency and promote inclusive learning and growth. Investments are directed towards initiatives that deliver measurable emissions reduction, improve resource efficiency and create tangible value for both the business and our stakeholders.

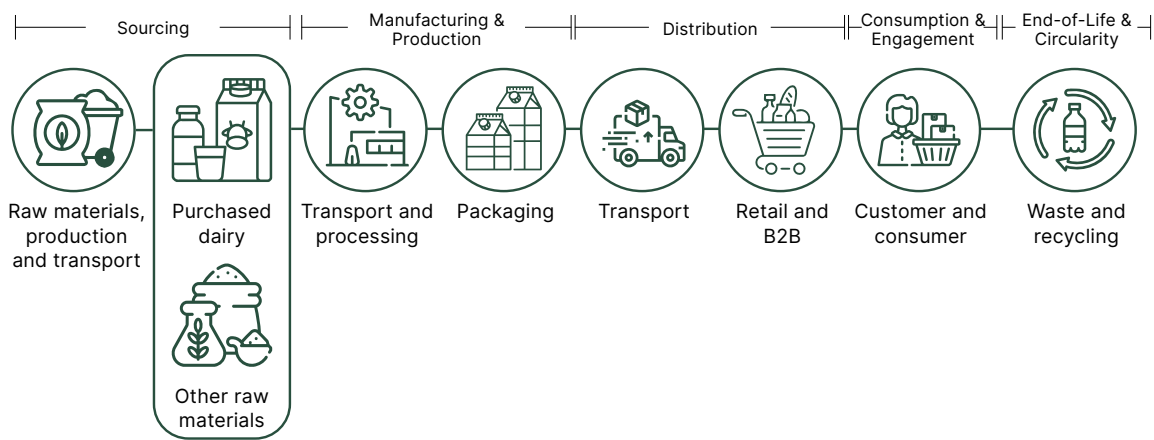


SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## CHANNELING MOST EFFORTS IN HIGH IMPACT AREAS

Our value chain actors are critical in delivering quality, Halal, affordable and nutritious dairy products while creating sustainable value for all stakeholders. Our value chain spans from sustainable sourcing to responsible consumption and circularity.



**Value Chain Stage:**

Sourcing of Raw Materials

**Impact:**

Medium to High

Involves the sourcing of local raw milk, primary raw materials, agricultural commodities and secondary raw materials that form the base of our dairy production.

Our sourcing footprint includes local dairy farmers and international suppliers, supported by FC’s supply network across Europe, Greater Asia, the U.S. and Oceania.

Engagements with suppliers and government agencies are important in ensuring quality, food safety and continuous improvement in farming and raw materials management practices.

**Our Key Strategies**

- ❖ Collaborate with government agencies such as the Department of Veterinary Services (DVS) to support capability-building for local dairy farmers, quality assurance, animal health standards and continuous improvements in farming practices.
- ❖ Strengthen supplier and farmer partnerships, to promote sustainable sourcing and responsible agricultural practices.
- ❖ Diversify the supplier base to enhance resilience and support Scope 3 measurement and reduction efforts.
- ❖ Prioritise responsibly sourced agricultural commodities and maintain compliance with food safety, traceability and ethical standards.

**Our Progress**

- ❖ DLMI is the largest purchaser of fresh local milk in Malaysia, purchasing 5,239,263 litres of locally sourced raw milk in 2025.
- ❖ Imported milk ingredients sourced through FC comply with FC’s global sustainability, traceability and quality frameworks.
- ❖ 100% of our raw milk vendors undergo due diligence audits by our dairy development team.
- ❖ 100% of Palm Oil and Cocoa sourced are certified to recognised sustainability standards.
- ❖ 99.7% of food manufacturing suppliers maintain GFSI-recognised certifications, ensuring strong food safety assurance.
- ❖ Top ~80% of procurement spend suppliers have been mapped and assessed through DLMI’s sustainability due diligence process.



# Sustainability Statement

**Value Chain Stage:**

**Manufacturing & Production**

**Impact:**

Medium to High

Involves processing, manufacturing and packaging a wide portfolio of dairy products at our IR4.0-enabled Halal-certified manufacturing facility, DLMI@Enstek.

Activities include receiving and testing raw materials, processing and formation, packaging and ensuring compliance with food safety, Halal, nutritional and regulatory requirements.

R&D activities support innovation in product formulation, nutritional enhancement and portfolio development to meet evolving consumer needs.

Quality management and traceability systems oversee consistency, safety and integration across all production lines. Employees have access to the Speak Up grievance mechanism, supported by structured training, ongoing monitoring and clear corrective action processes. Labour practices are overseen through Sedex Members Ethical Trade Audit (SMETA) audits and FC's global human rights due diligence framework, including International Labour Organization forced labour indicators and Migrant Worker Policy.

**Our Key Strategies**

- ❖ Monitor and manage the use of resources, including energy and water, to reduce emissions, waste and overall resource intensity.
- ❖ Deploy resource-efficient technologies and advanced manufacturing processes to enhance resilience and operational efficiency.
- ❖ Prioritise product quality, safety and nutritional value at all stages of production, aligned with regulatory and global standards.
- ❖ Improve practices continuously to optimise production performance and minimise wastage.

**Our Progress**

- ❖ FSSC 22000- and Halal-certified DLMI@Enstek incorporated with IR4.0 technologies.
- ❖ Establishing traceability, testing and quality assurance processes across all production lines.
- ❖ Strong R&D pipeline of nutrient-dense, fortified and Healthier Choice products.
- ❖ Planning and ongoing efforts to optimise energy, water, waste and production efficiencies.

**Value Chain Stage:**

**Distribution**

**Impact:**

Low to Medium

Involves the storage, handling and distribution of finished goods through modern trade, general trade, e-commerce and institutional channels to ensure nationwide product availability.

Activities include inventory management, warehousing, transportation and coordination with retailers, distributors, schools and government-linked programmes across the nationwide distribution network.

The Distribution Centre at DLMI@Enstek functions as a centralised hub supporting order fulfilment, dispatch planning and controlled storage conditions.

**Our Key Strategies**

- ❖ Optimise warehouse layout and space utilisation to improve storage efficiency and material flow.
- ❖ Implement advanced inventory management systems to enhance automation, demand forecasting, stock visibility and order accuracy.
- ❖ Leverage digital and tracking technologies to support decision making and optimise resource allocation to reduce operational errors.
- ❖ Invest in safety, capability-building and productivity programmes to support operational excellence.
- ❖ Adopt lean practices to minimise wastage through standardised procedures, efficient turnaround, returns management and strong distributor partnerships.
- ❖ Strengthen distributor alignment through clear handling standards, onboarding requirements and ongoing engagement to ensure consistent execution across the distribution network.

**Our Progress**

- ❖ Nationwide distribution coverage with modern trade, general trade, institutional channels and e-commerce partners.
- ❖ Distribution Centre at DLMI@Enstek operates with centralised storage, improved process controls and energy-efficient infrastructure.
- ❖ Robust systems in place supporting inventory accuracy, stock visibility and order fulfilment.
- ❖ Continuous enhancements to warehouse layout, material flow and digitalisation initiatives to improve distribution efficiency.
- ❖ Regular safety and productivity training programmes are conducted for warehouse and distribution teams.
- ❖ Distributors are guided on standard operating procedures and quality requirements covering product handling, storage and delivery practices to preserve product integrity across the distribution network.
- ❖ Ongoing engagement and capability-building initiatives with distributors to reinforce compliance with food safety, handling standards and operational expectations.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

**Value Chain Stage:**

Consumption and Engagement

**Impact:**

Medium to High

Involves how consumers interact with our products, including product use, packaging disposal and engagement with DLMI through various communication channels.

Activities include providing consumption and disposal guidance, managing consumer feedback and grievances and monitoring satisfaction to ensure product relevance.

Engagement platforms such as social media, product hotlines and targeted campaigns support two-way communication with consumers.

**Our Key Strategies**

- ❖ Understand evolving consumer preferences related to affordability, accessibility, taste and nutrition to guide product improvement.
- ❖ Raise awareness on responsible consumption, focusing on packaging disposal and waste management practices.
- ❖ Analyse insights from consumer feedback, surveys and careline interactions to enhance product quality, experience and service delivery.

**Our Progress**

- ❖ Active consumer engagement through social media channels, surveys and targeted communication platforms provide insights into consumer expectations.
- ❖ Dedicated 24/7 Careline in place to respond to consumer enquiries, grievances and product-related issues.
- ❖ Regular monitoring of consumer sentiment and satisfaction to support product relevance and continuous improvement.
- ❖ Ongoing education initiatives implemented via packaging, campaigns and digital touch points to promote responsible consumption practices.

**Value Chain Stage:**

End-of-Life and Circularity

**Impact:**

Medium to High

Involves the management of packaging end-of-life, including recyclability, recovery, reuse and the transition toward circular packaging systems.

Activities include designing packaging for recycling or reuse, promoting responsible disposal behaviour among consumers and collaborating with industry players, recyclers and regulators to strengthen the recycling ecosystem.

DLMI participates in national and industry collaborations such as the Malaysian Recycling Alliance (MAREA) to support improved waste collection, material recovery and circular packaging innovation.

**Our Key Strategies**

- ❖ Invest in packaging solutions designed for recycling or reuse, aligned with DLMI's 2030 ambition of achieving 95% recyclable materials.
- ❖ Accelerate R&D to innovate future-fit packaging and reduce or eliminate environmentally harmful materials.
- ❖ Champion pilot initiatives, industry collaborations and policy engagement to improve post-consumer waste collection, recycling rates and circularity outcomes.
- ❖ Leverage DLMI's role as a founding member of MAREA to advance national recycling capabilities and build circular value chains.

**Our Progress**

- ❖ Ongoing material optimisation and design for recycling initiatives across key SKUs to improve packaging recyclability.
- ❖ 92.7% of DLMI's portfolio in 2025 is designed for recycling.
- ❖ Active participation in MAREA on policy dialogues, industry working groups and circular economy programmes.
- ❖ Consumer education efforts implemented via packaging labels, digital content and campaigns on responsible disposal and recycling.
- ❖ R&D projects exploring alternative materials and packaging redesigns to support DLMI's 2030 recyclable packaging ambition.



## Sustainability Statement

### Reporting Boundary

Reporting boundaries (excluding GHG emissions)

#### Reporting entity:

The sustainability-related financial disclosures cover the same reporting entity as the financial statements of the Company.

#### Value chain:

The Company has activities, resources and relationships that form part of its value chain. These have been considered in assessing the sustainability-related risks and opportunities of the Company. This includes upstream and downstream relationships such as ingredient sourcing partners, manufacturing service providers within the FC network, distributors and customers. The value chain-related impacts are disclosed where relevant, particularly in our narratives and forward-looking strategies.

Reporting boundaries for GHG emissions

The Company uses the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (the GHG Protocol) to measure its GHG emissions unless otherwise stated by IFRS S2. The Company's reporting boundary for GHG emissions includes its organisational boundary and operational boundary:

#### Organisational boundary

The Company applies the operational control approach to determine its organisational boundaries to GHG emissions reporting.

#### Operational boundary:

The Operational boundary for GHG emissions reporting is as follows:

- ❖ Scope 1: direct emissions from sources owned or controlled by DLMI at DLMI@Enstek and the Distribution Centre at DLMI@Enstek.
- ❖ Scope 2: indirect emissions from the consumption of purchased electricity at DLMI@Enstek and the Distribution Centre at DLMI@Enstek.
- ❖ Scope 3: indirect emissions that occur across the Company's value chain, including upstream and downstream activities.

### Restatements

We refreshed our materiality assessment to align with the National Sustainability Reporting Framework (NSRF), which adopts the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) as its baseline in FY2025. There were no restatements of prior year sustainability data.



# Sustainability Statement

## Judgements and Measurement Uncertainties

Management has exercised judgement in several areas in preparing this report. This includes the process to identify the sustainability-related risks and opportunities that could reasonably be expected to affect the Company's prospects, as well as the material information related to those risks and opportunities. Judgement was also applied in considering which industry-based SASB Standards associated disclosure topics and metrics were applicable to the Company.

Some sustainability disclosures where data cannot be directly measured involve estimates, particularly for forward-looking information or where data is limited. As a result, the anticipated financial impacts of sustainability- and climate-related transition risks in this report carry a high degree of uncertainty across the short to long term. This is due to evolving or yet-to-be finalised factors in Malaysia such as carbon taxes, wastewater regulations and extended producer responsibility frameworks as well as utility prices and customer preferences. These uncertainties mean that a wide range of financial outcomes remain possible over the short to long term.

Circumstances where data limitations exist or assumptions have been used are disclosed. In instances where quantification is not feasible, qualitative disclosures are provided. When assumptions are made, the underlying sources, methodologies or rationales are referenced to ensure transparency and reliability.

## Materiality: Assessment and Priorities

DLMI updated our materiality assessment to incorporate financial materiality pursuant to the adoption of IFRS S1 in FY2025. The assessment has been guided by the impact of existing and forthcoming regulations including the NSRF, evolving requirements from reporting frameworks, sector, regional and global best practices and benchmarks established by our parent company and global and regional peers.

**These five topics were identified as financially material based on our refreshed materiality assessment:**

- M2** Product Quality and Safety
- M1** Nutritious and Affordable Products
- M3** Climate Change
- M5** Responsible Water Management
- M4** Circular (Economy), Packaging and Waste





## Sustainability Statement

The overall materiality assessment followed a structured five-step approach:

### 1 Pre-Screening

A broad list of sustainability-related matters relevant to DLMI's business and stakeholders was identified. The process was guided by FC's material topics, IFRS S1 and S2 requirements and SASB Standards for the Meat, Poultry & Dairy, Processed Foods and Non-Alcoholic Beverages sectors.

### 2 Stakeholder and Business Impact Evaluation

Each topic was assessed for its potential and actual impact on both stakeholders and DLMI's financial performance, strategic positioning, brand reputation, operational continuity and regulatory compliance. DLMI applies a financial materiality lens consistent with IFRS S1 while recognising that certain environmental and social impacts may also be material from a societal and stakeholder perspective. These are disclosed where relevant to the Company's long-term resilience.

### 4 Financial Effects Assessment and Scenario Analysis

The materiality of each identified risk and opportunity was further assessed, considering both impact and likelihood. The current and anticipated financial effects were also assessed, subject to measurement uncertainty and data limitations. Climate scenario analysis was conducted to quantify potential financial effects of the climate-related risks and opportunities under different climate pathways and strategic assumptions. The material information of the risks and opportunities were reviewed and disclosed.

### 3 Risk and Opportunity Identification

For each prioritised topic, relevant sustainability-related risks and opportunities were identified, including climate-related transition and physical risks in line with IFRS S2. These were evaluated across policy and legal, technology, market and reputational dimensions and assessed over the short, medium and long term to determine their potential impact on DLMI's enterprise value and strategic resilience.

### 5 Enterprise Risk Assessment Integration

Material sustainability- and climate-related risks and opportunities were integrated into DLMI's ERA and strategic planning processes, ensuring alignment with overall corporate risk governance and decision making.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

Other topics which are deemed important (for both business and stakeholders) and may have been reported in the previous financial years have been included in the form of metrics and performance data for 2025 to indicate the status and our continuing progress.

Refer to the Sustainability Performance Metrics section on pages 122 - 131.

This report mainly addresses the five identified financially material sustainability-related risks and opportunities that are closest to our purpose of Nourishing Our Planet and People in Every Stage of Life.

NUTRITION	PLANET
<ul style="list-style-type: none"> <li><span style="border: 1px solid green; border-radius: 50%; padding: 2px;">M1</span> Nutritious and Affordable Products</li> <li><span style="border: 1px solid green; border-radius: 50%; padding: 2px;">M2</span> Product Quality and Safety</li> </ul>	<ul style="list-style-type: none"> <li><span style="border: 1px solid green; border-radius: 50%; padding: 2px;">M3</span> Climate Change</li> <li><span style="border: 1px solid green; border-radius: 50%; padding: 2px;">M4</span> Circular (Economy), Packaging and Waste</li> <li><span style="border: 1px solid green; border-radius: 50%; padding: 2px;">M5</span> Responsible Water Management</li> </ul>

The shortlisted sustainability- and climate-related risks and opportunities from the financial materiality assessment, are summarised as follows:

No	Risk or Opportunity	Risk category
<b>Climate physical hazards</b>	Coastal Flood	Climate-related physical risks under IFRS S2
	Riverine Flood	
	Cyclone/Storms	
	Urban Flood	
	Extreme Heat	
	Water Stress	
<b>Climate Transition Risk 1</b>	Carbon Pricing and Taxes	Climate-related transition risks, under IFRS S2
<b>Climate Transition Risk 2</b>	Energy Pricing and Compliance	
<b>Climate Transition Risk 3</b>	Shift in Consumer Preferences	
<b>Climate Transition Risk 4</b>	Public Pressure Drives Demand for Sustainable Products, Packaging and Practices	
<b>Climate Transition Risk 5</b>	Increase in Water Tariff	
<b>Climate Transition Risk 6</b>	Stricter Wastewater Regulation	
<b>Climate Transition Risk 7</b>	Extended Producer Responsibility (EPR) Regulations	
<b>Climate Opportunity 1</b>	Renewable Energy Implementation	Climate-related transition opportunities under IFRS S2
<b>Climate Opportunity 2</b>	Water Efficiency and Savings Initiatives	
<b>Social Risk 1</b>	Product Quality and Safety Issues Leading to Fines and Reputational Harm	Other sustainability-related risks under IFRS S1
<b>Social Risk 2</b>	Volatile Costs of Raw Ingredients and Increasing Regulatory Pressure on Product Formulation	Other sustainability-related risks under IFRS S1
<b>Social Opportunity 1</b>	Leading in Nutrition	Other sustainability-related opportunities under IFRS S1

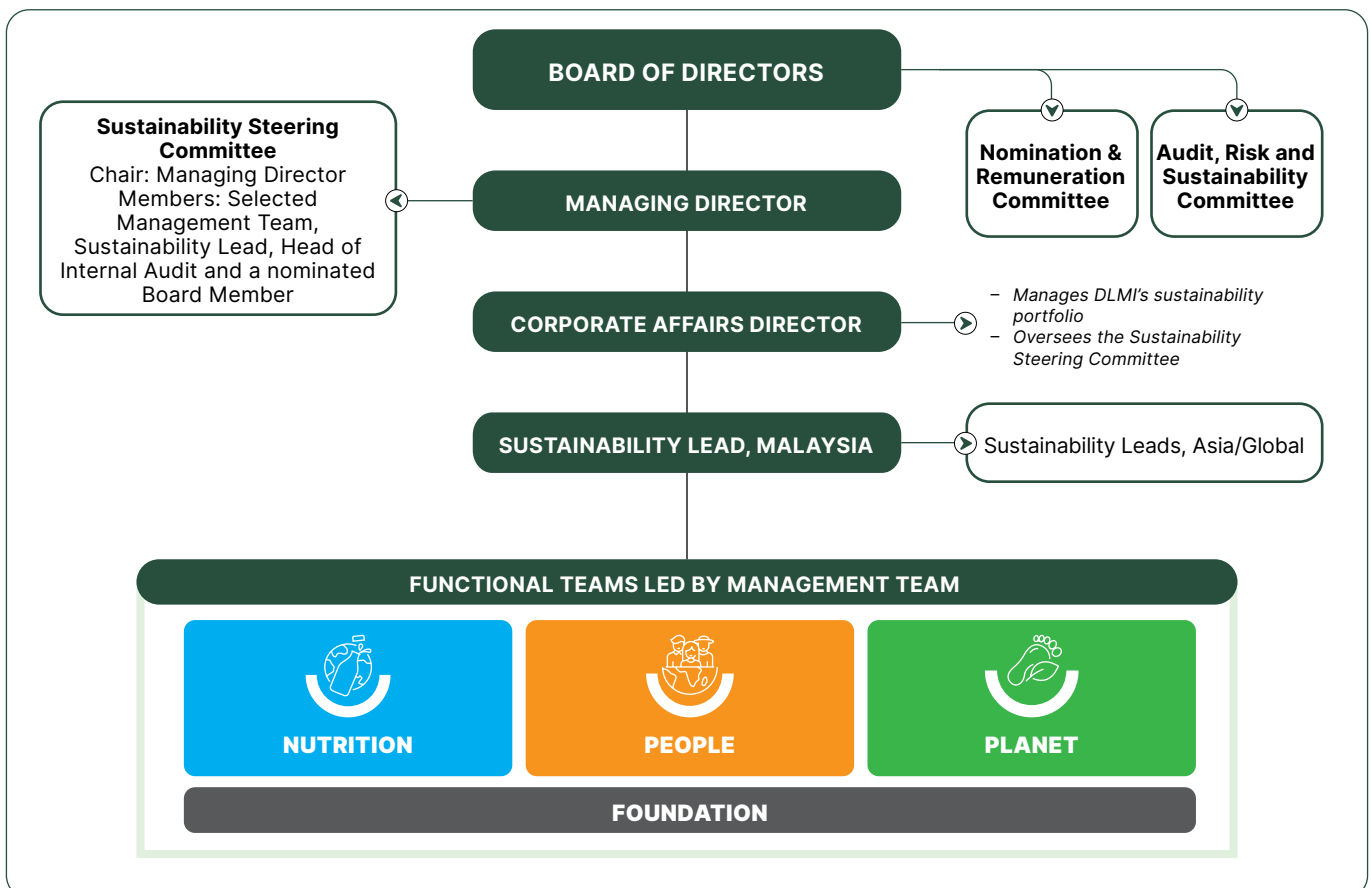
# Sustainability Statement

## SUSTAINABILITY GOVERNANCE

Sustainability as a core business responsibility rests with key heads of functions such as Marketing, Manufacturing, Human Resources, Corporate Affairs, Finance and Legal & Governance. Sustainability KPIs are integrated into or are part and parcel of business objectives. This approach helps us clearly establish the relevance of sustainability and how it contributes to business performance and growth. It provides guiderails towards our purpose of Nourishing Our Planet and People in Every Stage of Life.

### Key Roles and Responsibilities

- ❖ **Board of Directors:** Final oversight on sustainability and climate-related risks and opportunities. Approves policies, roadmaps, disclosures and performance evaluations
- ❖ **Managing Director:** Chairs the Sustainability Steering Committee (SSC) and leads strategic integration of sustainability across DLMl
- ❖ **Sustainability Steering Committee:** Evaluates material risks, endorses strategies, ensures policy compliance and escalates matters to the Board
- ❖ **Legal and Sustainability Leads:** Act as second line of defense for sustainability policy compliance and reporting assurance
- ❖ **Internal Audit:** Provides independent assurance on the effectiveness of governance, controls processes related to climate and sustainability
- ❖ **Functional Management Teams:** Accountable for aligning sustainability focus areas with business objectives, planning and execution, data collection, risk identification and mitigation and roadmap implementation





## Sustainability Statement

### Board of Directors (Board):

The Board has ultimate oversight of sustainability- and climate-related risks and opportunities as set out in the Board Charter. Its duty includes establishing, reviewing and approving the strategy, ensuring alignment with DLMI's business strategy and incorporating material sustainability- and climate-related considerations into strategic decision making. The Board receives quarterly updates from the SSC on material risks, performance and progress towards roadmap targets.



The Charter may be accessed at  
[www.dutchlady.com.my/investors/board-charter](http://www.dutchlady.com.my/investors/board-charter).

The Board formally reviews sustainability- and climate-related risks and opportunities based on submissions from the SSC. Board reviews involve assessing and evaluating:

- ❖ Emerging regulatory developments;
- ❖ Financial impacts on operating costs, asset values and capital allocation; and
- ❖ Strategic trade-offs between mitigation and cost-effectiveness.

In FY2025, all Board members participated in internal capability-building sessions on IFRS S1 and S2, focusing on identifying sustainability- and climate-related risks and understanding the Board's role in monitoring implementation and progress. DLMI plans to institutionalise an annual IFRS S1/S2 learning plan for the Board, SSC and management teams, ensuring continuous upskilling on emerging disclosure requirements.



### Managing Director (MD):

The MD leads strategic integration of sustainability across critical functions of DLMI and is also responsible for identifying specific areas of risks or potential challenges that can be deliberated at Board level. From time to time, the MD assesses sustainability progress and performance against the targets set for the Management Team (MT).



### Sustainability Steering Committee (SSC):

The SSC plans and executes DLMI's sustainability agenda, ensuring that sustainability- and climate-related considerations are integrated across the business. The SSC is chaired by the MD and consists of senior leadership or members of the MT comprising the Corporate Affairs Director, Finance Director, Human Resource Director, Head of Audit, Head of Legal & Company Secretary and Sustainability Lead, supported by an external Sustainability Advisor.

Starting in 2025, the Board is also represented on the SSC by a nominated Board Member who participates in deliberations and submits quarterly reports to the Board. The SSC promotes cross-functional accountability through quarterly performance reviews, evidence-based data validation and scenario-driven decision making.

Altogether, the SSC is responsible for:

- ❖ Promoting accountability in mindset, behaviour and action across our workforce towards driving meaningful sustainability action and performance.



## Sustainability Statement

### Sustainability Steering Committee (SSC) (continued):

- ❖ In 2025, the SSC provided operational oversight and direction to guide DLMI's sustainability and climate agenda, including monitoring roadmap owners and implementation progress, while the Board retained ultimate oversight and reviewed key sustainability matters, risks and strategic decisions.
- ❖ Pre-empting and deliberating on various sustainability risks and their related governance considerations.
- ❖ Strategising sustainability plans and programmes and mandating the Functional Teams with targets and execution priorities.
- ❖ Reviewing and approving sustainability-related policies and programmes.
- ❖ Reviewing and approving external reporting frameworks, disclosures and assurance processes that align with relevant local legislation and regulatory requirements and the global values and strategies of FC.



### Key sustainability-related issues and topics discussed by the Board:

During the reporting period, the Board reviewed and provided oversight on several key sustainability- and climate-related matters, including:

- ❖ DLMI's preparedness to meet NSRF and IFRS S1/S2 reporting requirements, including data, metrics and disclosure readiness.
- ❖ Material sustainability topics and the associated sustainability-related risks and opportunities, including climate transition and physical risks.
- ❖ DLMI's decarbonisation and net climate neutral strategy, including progress on the decarbonisation roadmap.
- ❖ Solar feasibility assessments, regenerative water and wastewater improvement opportunities.
- ❖ Supply chain efficiency improvements and the adoption of a long-term value chain approach.
- ❖ Review of the Sustainability Framework and integration of sustainability into governance, strategy and risk management.

### In 2025, the SSC provided oversight and direction to guide DLMI's sustainability and climate agenda, with an emphasis on governance, reporting readiness and disciplined prioritisation.

- ❖ Oversaw the refresh of DLMI's Sustainability Framework, aligning it with FC's pillars of Nutrition, Planet and People and expanding its scope to incorporate sustainability-related risks and opportunities across reporting requirements, other regulations and broader business considerations (including value chain, market and reputational factors).
- ❖ Reviewed DLMI's preparedness for NSRF and IFRS S1/S2, including gap and control development updates and supported a prioritisation of climate-related disclosures (IFRS S2) as part of progressive reporting readiness.
- ❖ Considered climate-related scenarios and key risk implications including physical and transition risk assessments and provided direction on the organisation of climate topics for internal governance and reporting.
- ❖ Endorsed updated Sustainability Roadmaps (2025 - 2030) with clarified priorities, ownership and implementation governance to support execution and longer-term compliance planning.
- ❖ Approved the Net Zero Transition Roadmap for Scopes 1 and 2, including an interim target of 30% emissions intensity reduction by 2030 (baseline 2022) and ongoing tracking of absolute emissions alongside intensity metrics.
- ❖ Strengthened governance and Board linkage, including Board Member representation in the SSC as an advisor-observer to support escalation and Board visibility.



## Sustainability Statement

### Sustainability Linkages to Management Compensation

DLMI recognises the increasing importance of aligning sustainability performance, particularly climate- and environment-related matters, with executive remuneration. DLMI will continue evaluating opportunities to formalise this linkage over time, in line with evolving regulatory expectations under the NSRF.

Sustainability-related targets and KPIs are already embedded in the performance management framework for the MD and MT through role-based objectives as at December 2025. These objectives are developed through a combination of top-down strategic priorities and bottom-up functional inputs, and incorporate economic as well as environmental, social and governance (ESG) performance indicators relevant to each role.

**EESG objectives are part of business strategies (with Entity Business KPIs) and include non-financial priorities that contribute to resilience and growth. Sustainability- and climate-related considerations are part of the MT KPIs based on 2025 targets that have been defined. These EESG KPIs are part of role-based objectives that contribute to individual merit increase.**

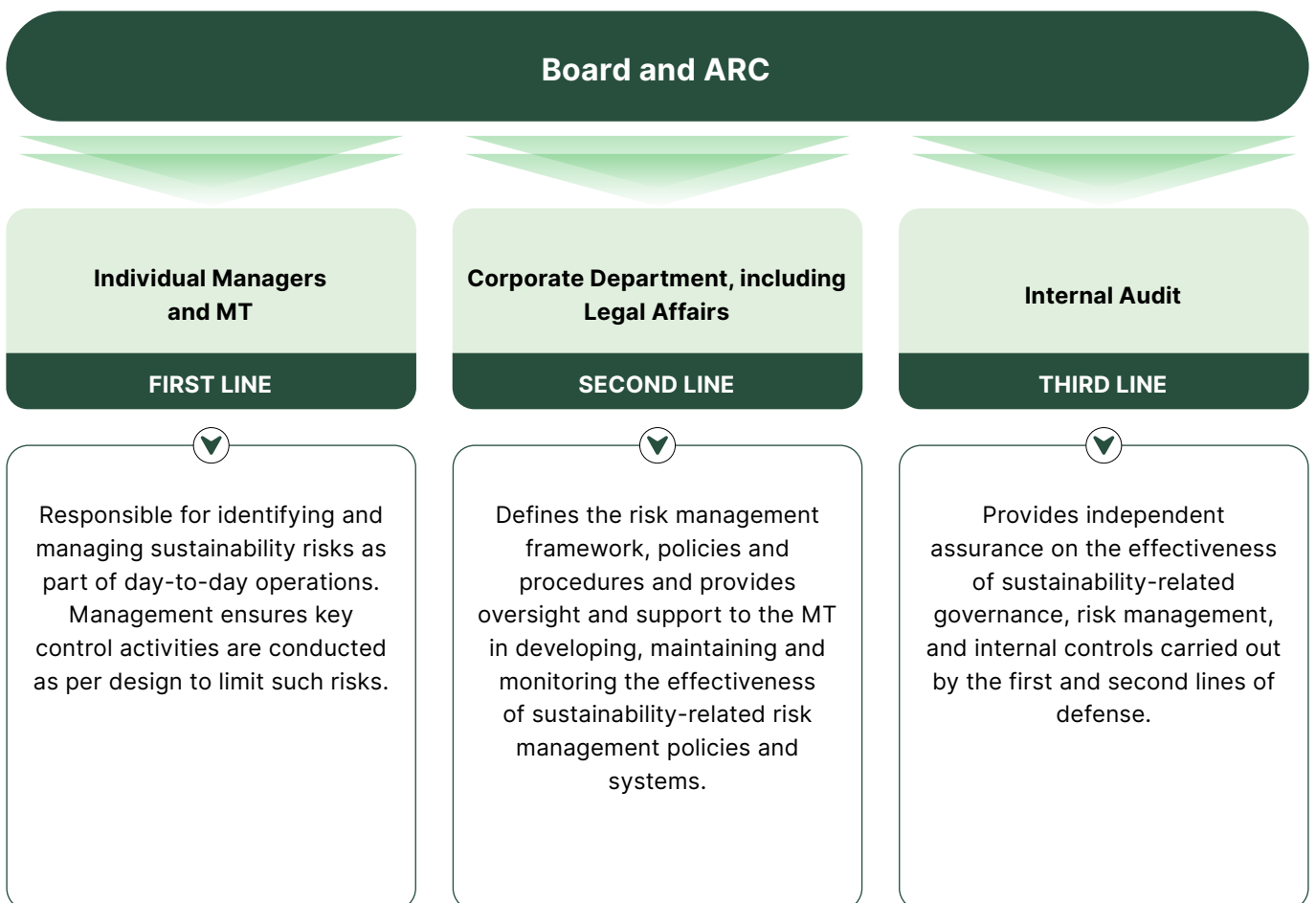
- ❖ Environmental- and climate-related objectives include improving operational efficiencies to manage GHG emissions, deploying renewable and regenerative solutions to reduce energy, water and carbon intensity and advancing alternative packaging and waste management approaches alongside our commitment to delivering nutrition in balance with nature.
- ❖ Social-related objectives include workforce engagement, safety and wellbeing, succession planning and people development in addition to our larger mission of Nourishing Our Nation to address triple burden of malnutrition.
- ❖ Governance objectives cover responsible business practices, including policy adherence, ethical conduct and effective oversight.



## Sustainability Statement

### THREE LINES MODEL

Our risk management framework is further structured around the Three Lines Model which ensures comprehensive risk oversight and accountability across all levels of the organisation:





# Sustainability Statement

# Environmental Risks and Opportunities



**DLMI has worked closely the local government and other value chain partners and stakeholders to deliver nutritious, Halal dairy to Malaysians for over six decades. While we remain the largest purchaser of domestic milk in the country, as a nation we are yet to become self-sufficient in dairy.**

We continue to face quality dairy supply challenges arising from inadequate infrastructure, exacerbated by the profound risks associated with the climate crisis.



**Extreme weather conditions, rising temperatures and humidity can adversely impact cattle productivity, milk yields and farm viability, thereby increasing the risk of supply chain disruptions and the quality of raw milk.**



**Dairy farming itself comes with its own set of risks, such as GHG emissions, which call for urgent mitigation strategies that may increase operational costs.**



**Packaging waste presents significant environmental risks and challenges and is influenced by many factors such as use of virgin raw materials and materials that are difficult to recycle or reuse to end-of-life disposal of packaging (and poor awareness on responsible post-consumer behaviour). The push for Extended Producer Responsibility (EPR) to mitigate these factors increases the cost of doing business, while penalties from ineffective waste management present another hurdle.**



## Sustainability Statement

### Our Four-Step Climate Risk Management Process

#### 1 Define Relevant Climate Scenarios and Risk Drivers

We begin by identifying a range of plausible climate scenarios and determining the physical and transition risk drivers that can influence our operations over time. This involves assessing how changes in policy, markets, technologies and climate patterns. Key data sources include IPCC CMIP6 scenarios, WRI Aqueduct Water Risk Atlas, ThinkHazard, Climate Central, the IEA World Energy Outlook as well as DLMI's internal emissions and energy performance data.

#### 2 Conduct Qualitative and Quantitative Climate Analysis

We establish a Base Case scenario to evaluate climate-related risks and opportunities within our planning horizons. Climate risk and opportunity is assessed for its potential and actual impact via likelihood and impact assessment on DLMI's financial performance, strategic positioning, brand reputation, operational continuity and regulatory compliance.

- ❖ Physical risks are assessed via publicly available spatial hazard datasets and IPCC AR6 scenarios, covering acute hazards (e.g. riverine flooding, storms, urban flooding and extreme heat) as well as chronic risks (e.g. water stress and coastal flooding).
- ❖ Transition risks are assessed using a structured methodology aligned with IFRS S2 where each driver is evaluated for likelihood and impact to derive internal exposure ratings, complemented by external scenario insights. Financial modelling is conducted for risk drivers with the potential to materially impact DLMI's profit or loss.

#### 4 Monitor and Review

DLMI integrates climate-related risks and opportunities into our ERA framework by incorporating the outputs of physical and transition risk assessments. Each climate risk is assigned to a designated owner with defined mitigation measures, monitored for control effectiveness and reviewed by the SSC. Progress, emerging exposures and alignment with DLMI's risk appetite are reported quarterly to the Board and the Audit and Risk Committee (ARC).

#### 3 Develop Strategic Response Measures

Strategic response measures are designed to strengthen DLMI's resilience to climate-related risks while capturing emerging opportunities. Climate data is translated into actionable measures through operational and portfolio optimisation, targeted capital allocation for efficiency and decarbonisation and climate adaptation initiatives. Carbon considerations are embedded in decision making and investments in climate-aligned technologies. DLMI combines portfolio-level screening with phased on-site validation for physical climate risk management to ensure responses are proportionate and effective.



# Sustainability Statement

**DLMI adopts a holistic and forward-looking approach to identifying, assessing and managing climate-related and sustainability-related risks and opportunities. Aligned with IFRS S1 and S2, this approach ensures that material considerations are systematically integrated into strategic planning, operational decision making and enterprise risk governance.**

This Sustainability Report is DLMI's maiden report prepared in accordance with the IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board ("ISSB"), in line with Bursa Malaysia's Main Market Listing Requirements. As this is our first reporting cycle, we have applied transition reliefs including relief from disclosing comparative information and relief from disclosing Scope 3 GHG emissions.

## CLIMATE SCENARIO ANALYSIS

Our climate scenario analysis was performed in accordance with IFRS S2 and internationally recognised climate science frameworks to assess the resilience of our strategy, operations and business model under different climate futures. The analysis evaluates both transition risks (e.g. policy, market, technology) and physical risks (e.g. flooding, extreme heat, water stress) across short-, medium- and long-term time horizons.

In line with FC Global, two scenarios from the Intergovernmental Panel on Climate Change (IPCC) were selected to represent a reasonable range of climate outcomes:

### 1.5°C Scenario

(High Ambition/Aggressive Mitigation):

Aligned with IPCC CMIP6 low-emissions pathways.

This scenario assumes strong global climate action, rapid decarbonisation, rising carbon prices, accelerated regulatory requirements and moderate physical hazards.

### 4.0°C Scenario

(Business-as-Usual/High Physical Risk):

Aligned with IPCC CMIP6 high-emissions pathways.

This scenario reflects slower policy adoption, moderate transition risks and progressively higher physical hazards such as extreme rainfall, urban flooding and water stress by mid-century.

#### For each identified risk and opportunity, DLMI assessed:

- ❖ potential financial effects on operating costs, capital expenditure and revenues;
- ❖ implications for strategy, investment priorities and resilience planning;
- ❖ the likelihood and impact ratings under each scenario; and
- ❖ the expected time horizon of materiality.

Scenario outputs, assumptions and estimated financial effects have been mapped to specific line items where reasonably quantifiable. Internal likelihood-and-impact assessments were conducted to support prioritisation and results are integrated into DLMI's ERA framework and is reviewed by the Board.

The timeframe applied for scenario analysis aligns with DLMI's ERA time horizons, i.e.

- ❖ Short term: 0 to 12 months
- ❖ Medium term: 1 to 5 years
- ❖ Long term: Beyond 5 years



# Sustainability Statement

## Risk and Opportunities

### PHYSICAL CLIMATE RISK 1:

### PHYSICAL CLIMATE HAZARDS

**TIME HORIZON:** SHORT TO LONG TERM | **(FLOODING, EXTREME HEAT, WATER STRESS)**

#### Description




DLMI's own operations and those of third-party logistics partners are situated within regions that may experience climate-related hazards such as heavy rainfall, localised flooding, extreme heat and periods of water stress. Although DLMI does not operate dairy farms, these hazards may still affect ingredient suppliers and transport networks that support DLMI's manufacturing and distribution activities.

Under future climate scenarios, heavier rainfall and increased stormwater runoff may heighten exposure to localised flooding, potentially affecting access to operational sites. Extreme heat could elevate ambient temperatures around our premises, while water stress may occur during periods of reduced municipal supply. These hazards could impact site accessibility, infrastructure performance, and logistics across DLMI's value chain.

Overall, DLMI's direct operational vulnerability remains limited, supported by the design of DLMI@Enstek, robust infrastructure resilience measures and established business continuity arrangements.

#### Effects on Business Model and Value Chain

Current and anticipated physical climate impacts to DLMI's own operations before considering adaptation measures:

<div style="border: 1px solid #00a651; border-radius: 15px; padding: 10px; width: 200px;"> <p><b>Flood-related hazards</b> (coastal, riverine and urban)</p>  </div>	<ul style="list-style-type: none"> <li>➤ Damage to inventory, packaging or equipment</li> <li>➤ Disruption of access to DLMI@Enstek or third-party warehouses</li> <li>➤ Temporary halts to production or delivery routes</li> <li>➤ Increased asset repair and replacement costs</li> <li>➤ Higher insurance premiums over time</li> <li>➤ Safety concerns for employees and nearby communities</li> </ul>
<div style="border: 1px solid #00a651; border-radius: 15px; padding: 10px; width: 200px;"> <p><b>Extreme heat</b></p>  </div>	<ul style="list-style-type: none"> <li>➤ Heat stress and reduced employee comfort</li> <li>➤ Lower productivity during peak heat periods</li> <li>➤ Higher electricity bills for heating, ventilation and air conditioning (HVAC) and cooling</li> <li>➤ Increased maintenance for cooling systems</li> </ul>
<div style="border: 1px solid #00a651; border-radius: 15px; padding: 10px; width: 200px;"> <p><b>Water stress</b></p>  </div>	<ul style="list-style-type: none"> <li>➤ Reduced production capacity during water rationing</li> <li>➤ Higher cost of alternative water sources</li> <li>➤ Disruptions to cleaning-in-place (CIP) and sanitation processes</li> <li>➤ Reduced efficiency of boiler and cooling tower systems</li> </ul>



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## Possible Value Chain Implications

### Upstream

- ❖ Heat stress, drought or flooding in key dairy-producing regions may reduce milk yield, affecting availability of milk powder and other dairy ingredients
- ❖ Water scarcity and extreme weather may impact milk composition (fat/protein), requiring formulation adjustments or alternative sourcing
- ❖ Cost volatility in global dairy markets may increase ingredient prices for whole milk powder, skim milk powder, whey, lactose and other raw materials
- ❖ Supply chain interruptions spanning farm operations, milk collection routes and processing plants may lead to delays or shortages
- ❖ Disruption to port infrastructure or import logistics may affect the availability and timely delivery of imported dairy ingredients

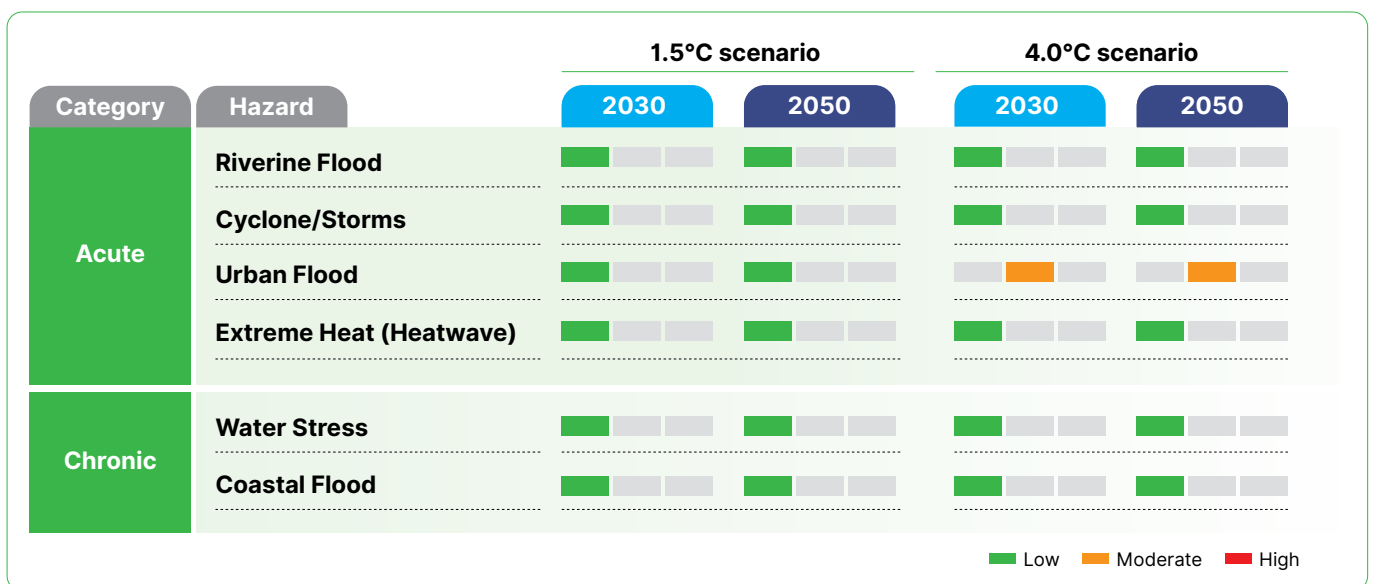
### Downstream

- ❖ Cold-chain vulnerabilities during heatwaves, raising spoilage and quality risks
- ❖ Transport slowdowns or route disruptions during flood events, delaying deliveries to retailers and distributors
- ❖ Higher transportation costs during extreme weather due to rerouting, congestion or fuel inefficiencies

These scenarios may increase DLMI's operational expenditure and create temporary disruptions to production and distribution activities.

## Effects on Strategy, Decision Making and Resilience Planning

Physical risk assessment (hazard matrix) for DLMI@Enstek:





## Sustainability Statement

DLMI has implemented various mitigation and adaptation measures to enhance climate resilience across its operations:



### Flood Adaptation and Business Continuity



- 1 Comprehensive insurance coverage for all owned and rented premises, including goods-in-transit.
- 2 Emergency Response Plan (ERP) for flood and storm events, covering evacuation, asset protection and continuity procedures.
- 3 Business Continuity Management (BCM) with alternate transport routes, logistics rerouting and supplier communication protocols.
- 4 Periodic climate risk assessments to update resilience measures.



### Extreme Heat Adaptations



- 1 Upgraded HVAC and ventilation systems to maintain safe working temperatures.
- 2 Heat Stress Protocols embedded in Health & Safety SOPs, including hydration points, cooling rest areas and adjusted working hours.
- 3 Energy efficiency upgrades at DLMI@Enstek to offset rising cooling demand.



### Water Resilience



- 1 Targeting 30% reduction in water intensity by 2030 (vs. 2022 baseline).
- 2 Installation of water-efficient technologies such as low-flow systems and automated leak-detection.
- 3 Rainwater harvesting for Phase 1 and Phase 2 of DLMI@Enstek Manufacturing Facility at Bandar Enstek.
- 4 Water risk assessments conducted to explore reuse and recycling opportunities.

### Financial Effects

DLMI's owned manufacturing facility, with a carrying amount of RM641,526,773.25 as at 31 December 2025, shows moderate exposure to urban flooding in the 4.0°C scenario for 2030 and 2050.

#### Current financial effects

Current financial impacts from extreme weather are minimal and have been absorbed through normal operating expenditure. No asset impairments related to physical risks have been recognised to date.

#### Anticipated financial effects

Future financial impacts may arise from:

- ❖ increased operating costs related to cooling, energy use and water management;
- ❖ temporary production or logistics disruptions due to extreme rainfall or water stress;
- ❖ higher long-term insurance premiums;
- ❖ capital expenditure on HVAC upgrades, flood resilience improvements and water efficiency systems.



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Sustainability Statement

Based on the physical risk matrix, DLMI's direct operations exposure to climate-related physical hazards remains low across both the 1.5°C and 4.0°C scenarios. Only urban flooding shows moderate risk in the 4.0°C pathway for 2030 and 2050. Given this overall low risk profile, any financial effects are expected to be minimal and manageable within normal operating and maintenance cycles based on current assumptions subject to uncertainty in climate projections and data limitations. DLMI will continue to monitor climate developments and reassess materiality thresholds as part of ongoing ERA processes.

Key assumptions are presented below:

- ❖ Climate projections are based on IPCC CMIP6 climate science applying 1.5°C and 4.0°C warming pathways for the 2030 and 2050 time horizons.
- ❖ Physical hazard screening relied on publicly available spatial datasets, including:
  - Climate Central (coastal flooding)
  - WRI Aqueduct Water Risk Atlas (water stress)
  - ThinkHazard (extreme heat, riverine flood, urban flood, cyclone/storm)
- ❖ Existing facility elevation, engineered drainage systems and surrounding infrastructure provide meaningful protection against major flood risks under both climate scenarios.
- ❖ Assumptions reflect continued government investment in public infrastructure, including drainage upgrades, flood mitigation projects, municipal water supply reliability and road access, which support operational resilience.

## CLIMATE TRANSITION RISK 1:

## CARBON PRICING AND TAXES

**TIME HORIZON:** MEDIUM TO LONG TERM | **CATEGORY:** POLICY & LEGAL

**Description**

Malaysia is expected to introduce a national Climate Change Bill (Rang Undang Undang Perubahan Iklim Negara) in 2026, signalling the establishment of domestic carbon pricing mechanisms such as a carbon tax, emissions thresholds or a compliance-based market. Such measures would increase operating costs for emissions-intensive organisations.

Any imposed carbon price, whether directly or through higher electricity tariffs, may increase overall production and compliance costs.

Under future climate transition scenarios, the level of carbon price stringency varies substantially between a 1.5°C decarbonisation pathway and a 4.0°C pathway.




Based on current emission levels and DLMI's energy profile, carbon pricing represents a financially relevant but not material transition risk over the short to medium term, with materiality increasing only under a high ambition 1.5°C pathway.



# Sustainability Statement

## Effects on Business Model and Value Chain







Potential impacts on DLMI’s business model and value chain before considering DLMI’s mitigation measures include:

<p><b>Direct operational effects</b></p> 	<ul style="list-style-type: none"> <li>➤ Higher operating costs due to carbon tax or increased electricity tariffs.</li> <li>➤ Increased fuel and energy costs for production and logistics.</li> <li>➤ Higher compliance and reporting requirements (audits, verification, monitoring).</li> </ul>
<p><b>Impact on supply chain &amp; procurement</b></p> 	<ul style="list-style-type: none"> <li>➤ Upstream ingredient suppliers may pass through carbon-related costs.</li> <li>➤ Imported dairy ingredients from jurisdictions with carbon pricing may experience cost inflation.</li> <li>➤ Higher logistics costs as transporters face fuel-related carbon charges.</li> </ul>
<p><b>Downstream impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Retailers may adjust listing fees or prefer suppliers demonstrating low-carbon credentials.</li> <li>➤ Potential cost impacts for cold chain partners.</li> </ul>

## Effects on Strategy, Decision Making and Resilience Planning

DLMI’s energy efficiency performance and modern manufacturing facility provide high adaptive capacity, reducing sensitivity to potential carbon pricing impacts across both the 1.5°C and 4.0°C scenarios. These operational strengths help moderate overall transition risk, supporting the medium-to-low risk ratings reflected in the scenario assessment.

### Scenario Assessment

Scenario	Medium Term (2030)	Long Term (2050)
 →	 Medium Risk	 Medium Risk
 →	 Low Risk	 Medium Risk



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## Strategic Measures

DLMI has incorporated carbon pricing considerations into strategic planning across several dimensions:



### Operational Decarbonisation



DLMI is advancing operational decarbonisation by improving energy efficiency and reducing emissions intensity, in support of our target to achieve a 30% reduction in energy intensity by 2030 (vs. 2022 baseline). In 2025, we recorded continued progress in emissions performance:

- 1 21,055.60 tCO<sub>2</sub>e absolute Scope 1 and 2 emissions (5.24% reduction vs. 2024)
- 2 0.149 tCO<sub>2</sub>e/tonne emissions intensity (24.37% reduction vs. 2024)

These operational measures supported our progress:

- 1 Deployment of high-efficiency utilities, automation and digital energy monitoring at the DLMI@Enstek.
- 2 Continuous efficiency upgrades across HVAC, boiler and steam systems, helping to reduce energy consumption and associated emissions.



### Operational Excellence and Process Optimisation



- 1 Implementation of WCOM (World Class Operations Management) practices including waste reduction and energy optimisation.



### Financial and Compliance Planning




- 1 Scenario-based carbon liability modelling is integrated into budgeting and financial planning.
- 2 ERA incorporates carbon pricing as a material transition risk, with annual reassessment.

These measures are designed to mitigate cost exposure, strengthen compliance readiness and promote resilience under future policy scenarios.

## Financial Effects

Current financial effects	Anticipated financial effects
As at 31 December 2025, Malaysia has not introduced a direct, economy-wide carbon pricing mechanism. There was no financial impact assessed from carbon tax for DLMI in FY2025 as the risk is not applicable for this period.	The following table presents DLMI's expected effects on its financial position, financial performance and cash flows over the short, medium and long term, arising from carbon tax. This risk is anticipated to result in an annual carbon tax expense of RM0.4 million to RM4.5 million in the medium to long term.

## Sustainability Statement

Carbon pricing and taxes  (RM million)	Baseline		1.5°C scenario		4.0°C scenario	
	Current financial effects	Short term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)
<b>Financial performance</b>						
<b>Cost of sales</b>	> 0	0	0	0	0	0
<b>Other expenses</b>	> 0	0	(1.8) to (2.2)	(2.8) to (4.5)	(0.4) to (0.5)	(1.2) to (1.5)
<b>Profit</b>	> 0	0	(1.8) to (2.2)	(2.8) to (4.5)	(0.4) to (0.5)	(1.2) to (1.5)
<b>Financial position</b>						
	> 0	0	0	0	0	0
<b>Cash flows</b>						
<b>Cash flow from operating activities</b>	> 0	0	(1.8) to (2.2)	(2.8) to (4.5)	(0.4) to (0.5)	(1.2) to (1.5)

The key assumptions are presented below:

- ❖ **1.5°C Scenario**  
 IEA World Energy Outlook 2024  
 2030: RM 386, 2035: RM 536, 2040: RM 686, 2050: RM 858
- ❖ **4.0°C scenario**  
 Singapore Carbon Pricing Act  
 2029 – 2030: RM 82.5  
 2030 – 2050: RM 264
- ❖ The estimates are subject to measurement uncertainty due to evolving policy design and the lack of Malaysia-specific carbon pricing parameters. These estimates are indicative and may change once RUUPIN is finalised, particularly with respect to sector coverage, exemptions, emissions thresholds and phase-in timelines.
- ❖ No emissions threshold was applied when estimating potential carbon pricing exposure, reflecting a conservative approach in the absence of confirmed thresholds in Malaysia’s proposed RUUPIN. If thresholds were introduced, our assessment is that DLMI’s financial exposure would likely be lower as only emissions above the threshold would be subject to carbon tax.
- ❖ Carbon pricing exposure in this section applies to Scope 1 emissions only. Indirect cost impacts from carbon pricing passed through electricity tariffs are captured separately under Climate Transition Risk 2: Energy Pricing and Compliance.



# Sustainability Statement

## CLIMATE TRANSITION RISK 2:

### ENERGY PRICING AND COMPLIANCE

**TIME HORIZON:** SHORT TO MEDIUM TERM | **CATEGORY:** POLICY & LEGAL, TECHNOLOGY

#### Description

Electricity tariffs from Tenaga Nasional Berhad (TNB) are expected to increase due to energy transition costs, the potential introduction of carbon pricing mechanisms and the gradual removal of energy subsidies. These developments may elevate DLMI's operational expenses in the short to medium term.

The Energy Efficiency and Conservation Act (EECA) 2024, effective 1 January 2025, applies to large energy users (above 21,600 GJ/year) and buildings. The Act mandates the appointment of registered Energy Managers, mandatory energy audits and compliance with minimum energy performance standards (MEPS). Compliance may require capital investment in energy-efficient systems such as boilers, motors and lighting. Non-compliance could lead to penalties, reputational risk and heightened regulatory scrutiny.

Although the EECA introduces compliance costs, the resulting efficiency improvements may reduce future operating costs and emissions over time.

Under climate transition pathways, tariff escalation differs across scenarios:

#### 1.5°C Scenario

Stronger energy transition policies, higher MEPS requirements and steeper tariff increases.

#### 4.0°C scenario

Slower policy adoption and more moderate tariff growth.

Based on current consumption, DLMI's modern facility and strong energy-efficiency profile moderate overall exposure, with the risk remaining low from the short to medium term and increasing only under the long-term 1.5°C scenario.




# Sustainability Statement

## Effects on Business Model and Value Chain


Potential impacts on DLMI’s business model and value chain before considering DLMI’s mitigation measures include:

**Direct operational effects**




- Higher electricity costs due to tariff increases and grid decarbonisation charges.
- Increased capital expenditure to meet MEPS and EECA 2024 compliance.
- Additional reporting, audit and regulatory documentation requirements.

**Impact on supply chain & procurement**



- Upstream ingredient suppliers with energy-intensive operations may pass through rising electricity costs via commodity pricing.
- Third-party logistics and cold-chain distribution partners face similar tariff pressures, which may be reflected in transportation costs.

**Downstream impacts**



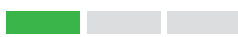
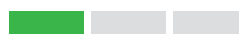
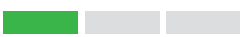





- Higher energy-related charges may affect cold chain partners and logistics providers.
- Retailers may prefer suppliers with strong energy-efficiency credentials.

Overall, rising electricity tariffs and EECA 2024 compliance may affect DLMI’s production cost base, margin structure and capital allocation planning. Energy risk interacts with related transition drivers including carbon pricing, MEPS tightening, renewable energy obligations and energy market reforms. Over time, sustained energy price pressures may influence future technology adoption, utility sourcing strategies and investment in energy-efficient equipment.

## Effects on Strategy, Decision Making and Resilience Planning

DLMI’s strong energy-efficiency performance and modern DLMI@Enstek provide high adaptive capacity, reducing sensitivity to projected tariff increases across both the 1.5°C and 4.0°C scenarios. This supports the low-to-medium risk ratings reflected in the scenario assessment.

### Scenario Assessment

Scenario	Current Period	Short Term	Medium Term	Long Term
1.5°C	 <p>Low Risk</p>	 <p>Low Risk</p>	 <p>Low Risk</p>	 <p>Medium Risk</p>
4.0°C	 <p>Low Risk</p>	 <p>Low Risk</p>	 <p>Low Risk</p>	 <p>Low Risk</p>



## Sustainability Statement

### Strategic Measures

DLMI has integrated energy-related transition risks into strategy and operational planning as follows:



#### Energy Intensity Reduction



- 1 DLMI is targeting a 30% reduction in energy intensity by 2030, against a 2022 baseline of 0.82 GJ/tonne.
- 2 In 2025, we delivered improvements in both absolute energy consumption and energy efficiency:
  - 154,294 GJ energy consumed (15.98% reduction vs. 2024)
  - 1.18 GJ/tonne energy intensity (27.61% reduction vs. 2024)
- 3 These improvements were enabled through:
  - Deployment of high-efficiency utilities and equipment, including motors, boilers and lighting systems.
  - Continuous monitoring and optimisation through digital energy management systems to identify improvement opportunities and drive operational discipline.



#### Operational Excellence and Process Optimisation



- 1 Implementation of World Class Operations Management (WCOM) practices including waste reduction and energy optimisation



#### Energy Efficiency and Conservation Act (EECA) 2024 Compliance Readiness



- 1 Appointment of registered Energy Managers under EECA 2024.
- 2 Establishment of a continuous energy audit cycle.
- 3 Progressive upgrading of energy-using equipment to comply with MEPS.



#### Renewable Energy Deployment



- 1 Planned implementation of solar at our DLMI@Enstek.
- 2 Long-term renewable energy plans incorporated into decarbonisation roadmap.

These measures strengthen operational resilience and reduce exposure to escalating energy prices and regulatory compliance risks.

## Sustainability Statement

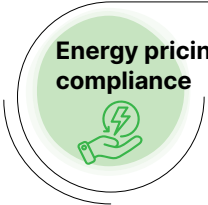
### Financial Effects

#### Current financial effects

Effects from Peninsular Malaysia's base tariff revision effective 1 July 2025 and EECA 2024-related compliance costs amounted to RM0.3 million which was recognised in profit or loss.

#### Anticipated financial effects

The following table presents DLM's expected effects on its financial position, financial performance and cash flows over the short, medium and long term, arising from energy pricing and compliance. The risk is anticipated to result in an annual increase in electricity expense of RM0.4 million to RM5.4 million in the medium to long term.

Energy pricing and compliance  (RM million)	Baseline		1.5°C scenario		4.0°C scenario	
	Current financial effects	Short term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)
<b>Financial performance</b>						
<b>Cost of sales</b>	➤ (0.3)	(0.4) to (0.5)	(1.0) to (1.1)	(1.2) to (5.4)	(0.5) to (0.6)	(0.6) to (1.2)
<b>Other expenses</b>	➤ 0	0	0	0	0	0
<b>Profit</b>	➤ (0.3)	(0.4) to (0.5)	(1.0) to (1.1)	(1.2) to (5.4)	(0.5) to (0.6)	(0.6) to (1.2)
<b>Financial position</b>						
	➤ 0	0	0	0	0	0
<b>Cash flows</b>						
<b>Cash flow from operating activities</b>	➤ (0.3)	(0.4) to (0.5)	(1.0) to (1.1)	(1.2) to (5.4)	(0.5) to (0.6)	(0.6) to (1.2)

The key assumptions are presented below:

- ❖ Electricity tariff increases were assumed based on:
  - Peninsular Malaysia's base tariff revision effective 1 July 2025;
  - An 8% annual increase from 2028 under the 1.5°C scenario; and
  - A 4% annual increase from 2028 under the 4°C scenario.
- ❖ MEPS:
  - The 1.5°C scenario assumes tightening of MEPS above 2-star level; and
  - The 4°C scenario assumes MEPS remains at the 2-star level.
- ❖ These estimates are indicative and subject to substantial uncertainty, particularly regarding tariff-setting by the Energy Commission, subsidy rationalisation measures, MEPS tightening under the EECA 2024 and potential interactions with future carbon pricing. Actual financial impacts will depend on final regulatory requirements, energy market conditions and the pace of Malaysia's energy transition.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

**CLIMATE TRANSITION RISK 3:**

**SHIFT IN CONSUMER PREFERENCES**

**TIME HORIZON:** LONG TERM | **CATEGORY:** MARKET

**Description**

Growing environmental and health impacts associated with dairy production awareness is gradually influencing global consumer purchasing patterns. Considerations such as GHG emissions, animal welfare, land use and water consumption are more prominent among younger, higher-income and urban consumers who increasingly evaluate products based on sustainability attributes, nutritional value and alignment with personal health goals.

A documented shift away from red meat in higher-income markets has extended to dairy, supported by national protein diversification policies and rising demand for plant-based or alternative protein sources. While Malaysia currently demonstrates stable dairy consumption and relatively low preference for carbon-neutral or locally sourced alternatives, DLMI faces a long-term risk as global sentiment evolves, potentially affecting future category growth.

Under climate transition pathways, demand patterns vary across scenarios:

**1.5°C Scenario**

Faster global transition, higher consumer focus on sustainability and alternative proteins.

**4.0°C scenario**

Slower behavioural shifts, dairy demand broadly follows business-as-usual trends.

DLMI assesses this risk as low in the near and medium term given Malaysia’s current consumption trends. There is potential gradual long-term relevance under the 1.5°C scenario.





## Sustainability Statement

### Effects on Business Model and Value Chain

Potential impacts on DLMI’s business model and value chain before considering DLMI’s mitigation measures include:

<p><b>Market and demand effects</b></p> 	<ul style="list-style-type: none"> <li>➤ Gradual softening of long-term dairy demand if consumers shift to alternative protein sources.</li> <li>➤ Evolving nutrition expectations (e.g. lower sugar, lower fat, fortified products) reshaping category competition.</li> <li>➤ Potential emergence of carbon-neutral or sustainability-labelled alternatives.</li> </ul>
<p><b>Competitive dynamics</b></p> 	<ul style="list-style-type: none"> <li>➤ Increased competition from plant-based beverages and fortified functional drinks.</li> <li>➤ Greater emphasis on sustainability credentials in product positioning and brand perception.</li> </ul>
<p><b>Retail and distribution impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Retailers may prioritise products with stronger nutrition, sustainability or fortification claims.</li> <li>➤ Shelf allocation could shift toward plant-based alternatives if consumer pull increases.</li> </ul>
<p><b>Upstream and innovation implications</b></p> 	<ul style="list-style-type: none"> <li>➤ Need for sustained investment in reformulation, fortification and innovation to maintain relevance.</li> <li>➤ Potential long-term pivot in portfolio strategy as regional consumer trends evolve.</li> </ul>

Overall, the risk of shifting consumer preferences is primarily a long-term strategic risk, influencing DLMI’s innovation roadmap, nutritional commitments, brand positioning and future category growth trajectory.

### Effects on Strategy, Decision Making and Resilience Planning

DLMI’s strong nutrition-first strategy and continuous reformulation efforts provide high adaptive capacity in response to long-term shifts in consumer behaviour. These strengths support the low risk ratings reflected in the scenario assessment.

#### Scenario Assessment


Scenario	Current Period	Short Term	Medium Term	Long Term
<div style="display: flex; align-items: center;"> <div style="background-color: #0070c0; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">1.5°C</div> <span>→</span> </div>	<div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background: linear-gradient(to right, #0070c0 20%, #ccc 20% 40%, #ccc 40% 60%, #ccc 60% 80%, #ccc 80% 100%);"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background: linear-gradient(to right, #0070c0 20%, #ccc 20% 40%, #ccc 40% 60%, #ccc 60% 80%, #ccc 80% 100%);"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background: linear-gradient(to right, #0070c0 20%, #ccc 20% 40%, #ccc 40% 60%, #ccc 60% 80%, #ccc 80% 100%);"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background: linear-gradient(to right, #0070c0 20%, #ccc 20% 40%, #ccc 40% 60%, #ccc 60% 80%, #ccc 80% 100%);"></div> </div> <p>Low Risk</p>
<div style="display: flex; align-items: center;"> <div style="background-color: #0070c0; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">4.0°C</div> <span>→</span> </div>	<div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background: linear-gradient(to right, #0070c0 20%, #ccc 20% 40%, #ccc 40% 60%, #ccc 60% 80%, #ccc 80% 100%);"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background: linear-gradient(to right, #0070c0 20%, #ccc 20% 40%, #ccc 40% 60%, #ccc 60% 80%, #ccc 80% 100%);"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background: linear-gradient(to right, #0070c0 20%, #ccc 20% 40%, #ccc 40% 60%, #ccc 60% 80%, #ccc 80% 100%);"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 100px; height: 15px; background: linear-gradient(to right, #0070c0 20%, #ccc 20% 40%, #ccc 40% 60%, #ccc 60% 80%, #ccc 80% 100%);"></div> </div> <p>Low Risk</p>




# Sustainability Statement


## Strategic Measures

DLMI has integrated evolving consumer expectations into nutrition, innovation and brand strategies through the following measures:


- 


**Nutrient Reformulation**




- 1 Continuous reformulation to reduce added sugars, sodium, saturated fats and trans fats.
  - 2 96.3% of products DLMI sold in 2025 were compliant with FCNS criteria, aligning with global health benchmarks. Further reading can be found in the Social Opportunity section on Leading in Nutrition.
- 


**Micronutrient Fortification**




- 1 Fortification with essential vitamins and minerals (e.g. Calcium, Vitamin B12, Vitamin D, and Iron) aligned with WHO guidelines.
  - 2 Strengthening dairy's role as a nutrient-dense protein source.
- 


**Healthier Choice Logo (HCL)**




- 1 85.7% of DLMI's Malaysia eligible dairy portfolio met HCL standards in 2025, enhancing consumer confidence.
- 

**Innovation Roadmap**



- 1 Future-ready innovation pipeline focused on healthier, reformulated and fortified dairy options.
  - 2 Portfolio decisions guided by evolving nutrition science, consumer insights and commercial viability.
- 

**Community and Stakeholder Engagement**



- 1 Nutrition education programmes and healthcare outreach reaching 424,000 Malaysians in 2025.
  - 2 Strengthening public understanding of dairy's nutritional role within a healthy diet.

These measures enhance DLMI's resilience to shifts in consumer behaviour and position the company strongly within Malaysia's evolving nutrition landscape.

## Financial Effects

Revenue may be affected by shifting customer demand. At this juncture, the financial effects cannot be quantified due to high measurement uncertainty.



# Sustainability Statement

## CLIMATE TRANSITION RISK 4:

### PRODUCTS, PACKAGING AND PRACTICES

**TIME HORIZON:** MEDIUM TO LONG TERM | **CATEGORY:** REPUTATION

#### Description

Public awareness and stakeholder scrutiny of environmental sustainability continue to increase. Consumers, non-governmental organisations (NGOs), retailers, investors and regulators are elevating expectations for companies to adopt sustainable packaging, reduce plastic use, minimise waste, improve carbon footprints and demonstrate responsible sourcing practices.

Consumer preference for carbon-neutral or sustainability-labelled products is currently emerging in Malaysia as stakeholders, from regulators and industry players to the media, are progressively driving higher standards of transparency. Failure to demonstrate visible, credible and consistent sustainability performance may lead to reputation and trust erosion, heightened media attention and pressure from interest groups.

Under climate transition pathways:

#### 1.5°C Scenario

Reputational expectations rise more quickly, increasing stakeholder demand for sustainable packaging, eco-friendly materials, responsible sourcing and transparent sustainability disclosures.

#### 4.0°C scenario

Expectations evolve more slowly, with reputational pressure remaining modest.

Given current Malaysian market conditions, DLMI assesses the reputational risk as low over the medium term, with long-term relevance largely contingent on broader societal expectations under the 1.5°C scenario.



**DUTCH LADY** SECTION 3: **MANAGEMENT DISCUSSION AND ANALYSIS**

# Sustainability Statement

## Effects on Business Model and Value Chain

Potential impacts on DLMI’s business model and value chain before considering DLMI’s mitigation measures include:

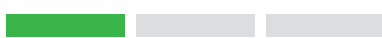
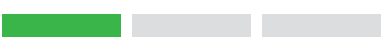
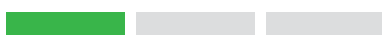
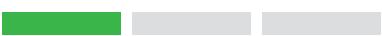
<p><b>Brand and market impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Increased demand for sustainability-labelled, eco-friendly or reduced-plastic products.</li> <li>➤ Reputational risk if competitors advance sustainability claims faster.</li> <li>➤ Heightened sensitivity to packaging choices and material reductions.</li> </ul>
<p><b>Retail and regulatory expectations</b></p> 	<ul style="list-style-type: none"> <li>➤ Retailers may prefer or prioritise brands with sustainability certifications or clear packaging reduction roadmaps.</li> <li>➤ NGO campaigns or media narratives may influence category perception.</li> </ul>
<p><b>Supply chain and packaging implications</b></p> 	<ul style="list-style-type: none"> <li>➤ Shift toward recyclable, low-carbon or alternative packaging materials.</li> <li>➤ Upstream pressure on suppliers to provide traceability, sustainable materials or reduced-impact components.</li> </ul>
<p><b>Operational and cost impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Potential increases in packaging costs, reformulation costs or certification expenses.</li> <li>➤ Need for greater transparency and data disclosures to meet stakeholder expectations.</li> </ul>

Overall, rising public pressure for sustainability may influence DLMI’s packaging strategy, innovation priorities, brand positioning and stakeholder engagement approach over the medium to long term.

## Effects on Strategy, Decision Making and Resilience Planning

DLMI’s strong nutrition, sustainability and packaging transformation initiatives provide high adaptive capacity to evolving public expectations. These support the low risk ratings in the scenario assessment.

### Scenario Assessment

Scenario	Medium Term (2030)	Long Term (2050)
1.5°C →	 Low Risk	 Low Risk
4.0°C →	 Low Risk	 Low Risk



## Sustainability Statement

### Strategic Measures

DLMI has integrated sustainability-driven consumer and stakeholder expectations into product design, packaging strategy and operational planning as follows:



#### Sustainable Products and Nutrition Leadership



- 1 **Nutrient Reformulation**
  - 96.3% of products sold in 2025 were compliant with FCNS.
- 2 **Micronutrient Fortification**
  - Most liquid products are fortified with essential nutrients (e.g. vitamin D, calcium) aligned with the requirement level of the Malaysian Ministry of Health (MOH) Food Regulations 1985.
- 3 **Healthier Choice Logo (HCL)**
  - 85.7% of DLMI's Malaysia eligible dairy portfolio met HCL standards, enhancing consumer confidence.
- 4 **Innovation Pipeline**
  - Continuous investment in healthier, fortified and nutrient-rich dairy products aligned with evolving health and sustainability expectations.
- 5 **Inclusive Access Programmes**
  - RM1 Pack and School Milk Programme ensure fortified dairy access for low-income communities.



#### Sustainable Packaging and Circularity



- 1 **Circular Packaging Roadmap**
  - Targeting 95% recyclable or reusable packaging by 2030.
  - Long-term ambition for a fully circular, net-zero packaging portfolio by 2050.
- 2 **Packaging Material Optimisation**
  - Lighter shrink films, downsized pouches and thinner transport films reduce material use.
  - Trials underway for aluminium-free, fully recyclable structures.
- 3 **Industry Leadership (MAREA)**
  - As a Founding Member of MAREA, DLMI contributes to national EPR pilot projects and policy development with the Ministry of Housing and Local Government (KPKT).
- 4 **Recyclability Performance**
  - 92.7% designed for recyclability (CD: 98.7%, SN: 70.1%, FCP: 95.1% for 2025)
  - Non-recyclable SKUs phased out under the DLMI@Enstek Project
- 5 **Consumer Engagement**
  - Clear on-pack recycling instructions and partnerships with NGOs promote responsible disposal.



#### Sustainable Business Practices



- 1 **Energy & Climate Commitments**
  - Targeting 30% reduction in energy intensity by 2030 vs. 2022 baseline
  - Climate risks integrated into the ERA framework
  - Water Efficiency & Wastewater Management
  - Continuous improvement to optimise water usage and treatment processes
  - Sustainability Governance
  - Oversight by the SSC and the Board ensures consistent monitoring, disclosure and ESG engagement

These measures strengthen DLMI's resilience to evolving expectations and reinforce our position as a responsible and trusted dairy nutrition provider in Malaysia.

### Financial Effects

Adapting to demand for sustainable products, packaging and practices are expected to impact revenue and expenses based on both scenarios. This risk will affect financial performance and cash flows. At this juncture, the financial effects are not able to be quantified due to high measurement uncertainty.



# Sustainability Statement

## CLIMATE TRANSITION RISK 5:

### INCREASE IN WATER TARIFF

**HORIZON:** MEDIUM TO LONG TERM | **CATEGORY:** POLICY & LEGAL, MARKET

#### Description

Water tariffs in Malaysia are expected to increase over time due to rising treatment costs, infrastructure rehabilitation, regulatory reforms and climate adaptation investments by state water operators. Operations with high water dependency, such as manufacturers with CIP, boiler systems, cooling towers and sanitation, have greater exposure to such tariff revisions.

Water is a critical input for production quality, hygiene compliance and utility processes for DLMI. Rising water tariffs may increase operational expenses and underscore the importance of water efficiency initiatives. A delayed response to improve efficiency may result in long-term cost escalation and reputational scrutiny, particularly under climate-aware stakeholder expectations.

Under climate transition pathways:

#### 1.5°C Scenario

Stronger adaptation investments and regulatory reforms may accelerate water tariff increases.

#### 4.0°C scenario

Water pricing reforms progress more gradually, resulting in lower cost escalation.

DLMI's water efficiency targets and the modern DLMI@Enstek mitigates exposure over the medium to long term.









# Sustainability Statement

## Effects on Business Model and Value Chain

Before considering DLMI's mitigation measures, rising water tariffs may affect the business model as follows:





<p><b>Operational effects</b></p> 	<ul style="list-style-type: none"> <li>➤ Higher utility expenses for production processes (CIP, UHT cleaning, cooling and boiler operations).</li> <li>➤ Increased cost pressure on utility-intensive equipment such as cooling towers, compressors and cleaning systems.</li> <li>➤ Potential need for capital investment in water-efficient equipment or recycling technologies.</li> </ul>
<p><b>Supply chain and procurement</b></p> 	<ul style="list-style-type: none"> <li>➤ Suppliers with high water dependencies (e.g. ingredient processors, packaging manufacturers) may pass through cost increases.</li> <li>➤ Transport partners may also face indirect water-related cost pressures.</li> </ul>
<p><b>Downstream impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Retailers and customers may expect manufacturers to demonstrate improved water stewardship and transparency.</li> <li>➤ NGOs and environmental groups may scrutinise high water-intensity industries more closely.</li> </ul>
<p><b>Strategic implications</b></p> 	<ul style="list-style-type: none"> <li>➤ Higher water tariffs may accelerate DLMI's adoption of water-saving technologies, improve optimisation practices and influence future utility sourcing and treatment strategies.</li> </ul>

Overall, water tariff risk intersects with broader transition issues such as water scarcity, climate adaptation policies and utilities cost pressures.

## Effects on Strategy, Decision Making and Resilience Planning

DLMI's water reduction targets, IR4.0 manufacturing capabilities and continuous improvement initiatives provide strong adaptive capacity to mitigate rising water tariffs. These strengths support the low risk ratings under both climate scenarios.

### Scenario Assessment

Scenario	Medium Term (2030)	Long Term (2050)
1.5°C →	 Low Risk	 Low Risk
4.0°C →	 Low Risk	 Low Risk



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## Strategic Measures

DLMI integrates water-related cost and resource risks into strategy and resilience planning across the following areas:

**Water Intensity Reduction**

- 1 DLMI targets 30% water intensity reduction by 2030 compared to the 2022 baseline of 2.97m<sup>3</sup>/tonne as part of our water efficiency and operational resilience initiatives.
- 2 In 2025, we achieved improvements in both absolute water withdrawal and water intensity:
  - 526,220 m<sup>3</sup> water withdrawn (18.92% reduction vs. 2024)
  - 3.71 m<sup>3</sup>/tonne water intensity (35.48% reduction vs. 2024)
- 3 These reductions were supported by targeted initiatives across the manufacturing site, including:
  - Enhanced CIP optimisation and process improvements
  - Improved leak detection, cooling tower controls and system upgrades to reduce water losses
  - Rainwater harvesting to improve water efficiency and reduce reliance on municipal withdrawal

**IR4.0-enabled Water Efficiency**

- 1 DLMI@Enstek incorporates digital monitoring, sensor-based controls and automated production systems to minimise water usage and reduce wastage.
- 2 Upgraded CIP systems reduce downtime, chemical use and water consumption.

**World Class Operations Management (WCOM)**

- 1 WCOM practices support water efficiency through waste reduction, asset reliability and continuous improvement initiatives.
- 2 Kaizen and loss analysis routines help identify unnecessary water consumption.

**Future Readiness**

- 1 Exploration of water recycling, recovery systems and advanced treatment technologies to reduce dependency on municipal supply.

These measures help reduce exposure to rising tariffs and strengthen DLMI’s long-term water resilience.

## Financial Effects

<p><b>Current financial effects</b></p> <p>There were no current financial effects assessed.</p>	<p><b>Anticipated financial effects</b></p> <p>The anticipated financial effects from water tariff increase are higher expenses by RM0.02 to RM0.04 million per year over the medium to long term, affecting financial performance and cash flows. Water tariff increases were modelled at 1.5% per annum under the 1.5°C scenario and 1% per annum under the 4.0°C scenario.</p>
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## Sustainability Statement

### CLIMATE TRANSITION RISK 6:

### STRICTER WASTEWATER REGULATION

**TIME HORIZON:** MEDIUM TO LONG TERM | **CATEGORY:** POLICY & LEGAL, COMPLIANCE

#### Description

The authorities are progressively tightening wastewater standards to protect water quality, river ecosystems and public health. In Selangor, the Selangor Water Management Authority (LUAS) introduced the Zero Discharge Policy (ZDP) which regulates the quantity and quality of wastewater discharged into state waterways and imposes licence fees for wastewater discharge. Other states may adopt similar measures as water governance reforms expand nationally.

Amendments to the Environmental Quality Act 1974 (EQA) and future ZDP-related policies may introduce stricter effluent discharge limits, new monitoring, reporting and licensing requirements and higher tariffs for industrial wastewater discharge.

Water is essential for our CIP systems, utilities and hygiene processes. Stricter regulations may increase operating costs, require upgrades to wastewater systems or impact margins over the medium to long term.

Overall, DLMI's exposure remains low, supported by strong water efficiency practices, modern IR4.0 plant design and proactive wastewater management.







**DUTCH LADY** SECTION 3: **MANAGEMENT DISCUSSION AND ANALYSIS**

# Sustainability Statement

## Effects on Business Model and Value Chain





Potential effects on DLMI's business model and value chain before mitigation measures include:

<p><b>Operational effects</b></p> 	<ul style="list-style-type: none"> <li>➤ Higher wastewater discharge licence fees under LUAS ZDP and similar state policies.</li> <li>➤ Increased operating costs for wastewater treatment chemicals, desludging and laboratory testing.</li> <li>➤ Potential capital expenditure for upgrading the wastewater treatment plant (WWTP) or installing advanced treatment technologies.</li> <li>➤ Increased monitoring, environmental reporting and audit requirements under EQA.</li> </ul>
<p><b>Process &amp; utility impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ CIP, boiler blowdown and cooling tower discharge volumes may become more costly to manage.</li> <li>➤ Need for more efficient cleaning cycles or water reuse systems.</li> </ul>
<p><b>Reputational &amp; stakeholder impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Greater scrutiny from state water regulators, environmental agencies and NGOs.</li> <li>➤ Risk of penalties, licence suspension or reputational damage for non-compliance.</li> </ul>
<p><b>Long-term strategic implications</b></p> 	<ul style="list-style-type: none"> <li>➤ Potential acceleration of DLMI's investment in water recovery, reuse and recycling systems.</li> <li>➤ Reconfiguration of wastewater discharge strategies to meet evolving effluent limits.</li> </ul>

## Effects on Strategy, Decision Making and Resilience Planning

DLMI has a proactive compliance strategy supported by strong operational controls and long-term water stewardship commitments. These measures provide high adaptive capacity and support the low risk ratings across both climate scenarios.

### Scenario Assessment

Scenario	Medium Term (2030)	Long Term (2050)
<div style="background-color: #0070c0; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">1.5°C</div> <span style="font-size: 24px; margin: 0 10px;">→</span>	 Low Risk	 Low Risk
<div style="background-color: #0070c0; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">4.0°C</div> <span style="font-size: 24px; margin: 0 10px;">→</span>	 Low Risk	 Low Risk

Under a 4.0°C pathway, it is assumed ZDP is implemented by the local government.


Under a 1.5°C pathway, it is assumed that ZDP is implemented by the local government with 5% increase in charges per year.




## Sustainability Statement

### Strategic Measures


DLMI integrates water-related cost and resource risks into strategy and resilience planning across the following areas:




#### Water Reuse and Recovery Feasibility Study




- 1 Conducted a comprehensive water assessment and water-recovery feasibility study.
- 2 Aims to increase internal water reuse, reduce total discharge volume and minimise dependency on municipal water.
- 3 Prepares DLMI for future discharge tariffs and limits under ZDP or EQA amendments.




#### Water Intensity Reduction Commitment




- 1 Targeting 30% reduction in water intensity by 2030 vs. 2022 baseline.
- 2 Reduces total wastewater discharge and mitigates cost exposure to licence fees or tariffs.




#### IR4.0-enabled Design of DLMI@Enstek



- 1 Modern CIP systems with optimised water cycles.
- 2 Sensors support early detection of inefficiencies in wastewater generation.
- 3 Embeds water-saving routines, root-cause analysis and continuous improvement.
- 4 Supports systematic reduction of wastewater generation across processes.



#### Regulatory Compliance and Audit



- 1 Wastewater discharge at DLMI@Enstek is regulated and subject to periodic environmental audits.
- 2 No regulatory findings or non-compliance incidents were recorded in FY2025.
- 3 DLMI actively monitors developments in wastewater regulation to ensure proactive compliance readiness.

These measures heighten compliance, strengthen regulatory readiness and support DLMI's long-term licence to operate.

### Financial Effects

<p><b>Current financial effects</b></p> <p>No current financial effects were assessed.</p>	<p><b>Anticipated financial effects</b></p> <p>The anticipated financial effects from stricter wastewater regulations are higher expenses by RM0.06 to RM0.19 million per year over the medium to long term, affecting financial performance and cash flows.</p>
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## Sustainability Statement

### CLIMATE TRANSITION RISK 7:

### EXTENDED PRODUCER RESPONSIBILITY (EPR) REGULATIONS

**TIME HORIZON:** MEDIUM TO LONG TERM | **CATEGORY:** POLICY & LEGAL, MARKET, COMPLIANCE

#### Description

Malaysia's Plastics Sustainability Roadmap 2021–2030 and the 12<sup>th</sup> Malaysia Plan (12MP) outline a national shift towards a circular economy, including the introduction of EPR regulations starting with plastic packaging.

EPR schemes are currently voluntary in Malaysia, primarily led by MAREA. The Ministry of Housing and Local Government (KPKT) plans to introduce a voluntary national EPR scheme by April 2026, with the intention to transition to a mandatory framework in the future.

Mandatory EPR would require producers to finance the lifecycle impacts of their packaging, including the collection, sorting, transportation, treatment and recycling of post-consumer waste.

In DLMI's context, this may lead to increased compliance costs, higher packaging-related fees and potential penalties for non-compliance.





# Sustainability Statement

## Effects on Business Model and Value Chain





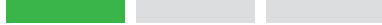
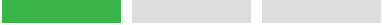
Potential impacts on DLMI’s business model and value chain before considering DLMI’s mitigation measures include:

<p><b>Direct operational effects</b></p> 	<ul style="list-style-type: none"> <li>➤ Increased producer responsibility fees for plastic, aluminium and paper-based packaging.</li> <li>➤ Higher reporting, traceability and audit requirements under mandatory EPR regulations.</li> <li>➤ Potential redesign of packaging formats to meet recyclability targets.</li> </ul>
<p><b>Packaging and supply chain impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Reformulation of packaging materials may require new suppliers or higher material costs.</li> <li>➤ Possible disruptions or delays if recycled-content specifications become mandatory.</li> <li>➤ Greater reliance on local recyclers or Producer Responsibility Organisations (PROs).</li> </ul>
<p><b>Market and reputational effects</b></p> 	<ul style="list-style-type: none"> <li>➤ Non-compliance may result in penalties, reputational damage and loss of consumer trust.</li> <li>➤ Retailers may prioritise suppliers with high-recyclability packaging or strong EPR performance.</li> </ul>
<p><b>Long-term strategic implications</b></p> 	<ul style="list-style-type: none"> <li>➤ Over time, sustained EPR fees may influence product design, procurement strategy and material choices.</li> <li>➤ DLMI may need to accelerate packaging innovation, invest in lightweighting or expand recycling partnerships.</li> </ul>

## Effects on Strategy, Decision Making and Resilience Planning

DLMI’s long-standing commitments to recyclable packaging and industry leadership through MAREA provide high adaptive capacity and support the low-to-medium risk rating across both climate scenarios.

### Scenario Assessment

Scenario	Medium Term (2030)	Long Term (2050)
 →	 Medium Risk	 Medium Risk
 →	 Low Risk	 Low Risk



## Sustainability Statement

### Strategic Measures

DLMI has integrated packaging sustainability and EPR preparedness into its strategy through the following measures:



#### Circular and Net-Zero Packaging Roadmap



- 1 Committing to a fully circular, net-zero packaging portfolio by 2050.
- 2 Targeting 95% of packaging to be recyclable or reusable by 2030.
- 3 Lightweighting initiatives (e.g. thinner shrink films, reduced pouch materials, lighter stretch films).



#### Recyclability and Innovation



- 1 92.7% of DLMI's packaging portfolio is designed for recycling in 2025, reflecting continued progress towards improving the recyclability of our product packaging.
- 2 Portfolio rationalisation and format optimisation, including the discontinuation of STM and DKY products in HDPE bottle formats that were not designed for recycling (non-DFR).
- 3 Non-recyclable SKUs were systematically removed through the DLMI@Enstek Project, highlighting our commitment to eliminating packaging formats with limited end-of-life recovery pathways.
- 4 DLMI will continue innovating on packaging through ongoing R&D focused on aluminium-free structures, mono-material solutions and fully recyclable packaging formats for improved circularity outcomes over time.



#### Industry Leadership via the Malaysian Recycling Alliance (MAREA)



- 1 DLMI is a founding member of MAREA, a voluntary PRO spearheading EPR efforts to improve packaging waste management in Malaysia.
- 2 DLMI is involved in national pilot programmes to improve collection and recycling of commonly-used product packaging.
- 3 DLMI is consulting and supporting the Ministry of Housing and Local Government on the design and development of a national EPR framework.

These measures strengthen packaging resilience, mitigate cost exposure and ensure DLMI remains compliant and competitive under evolving regulatory environments.

### Financial Effects

Mandatory EPR regulations could result in greater compliance costs or non-compliance penalties, affecting financial performance and cash flows. Financial effects are not quantified at this juncture due to measurement uncertainty.



## Sustainability Statement

The key assumptions are presented below:

- ❖ Malaysia will introduce a voluntary national EPR framework by April 2026, with a gradual transition to mandatory implementation, consistent with KPKT’s announced timeline.
- ❖ EPR fee structures will be based on packaging type, recyclability, weight and recovery costs, broadly consistent with global EPR norms.
- ❖ Regional and global policy convergence is expected to accelerate under the 1.5°C scenario, with stronger regulatory push for circular economy frameworks and extended producer accountability.
- ❖ Actual post-consumer recovery rates are subject to the availability of national recycling infrastructure, which remains a key variable in determining EPR financial exposure once mandatory fees are introduced.

### CLIMATE TRANSITION OPPORTUNITY 1:

#### RENEWABLE ENERGY (RE) IMPLEMENTATION

**TIME HORIZON:** SHORT TO LONG TERM | **CATEGORY:** RESOURCE EFFICIENCY, COST SAVINGS, TECHNOLOGY, MARKET

##### Description

DLMI is currently assessing suitable implementation models for on-site solar energy generation as part of our climate transition strategy, including a Power Purchase Agreement (PPA). This represents a significant climate-related opportunity to reduce Scope 2 emissions, stabilise long-term electricity costs and align closer with Malaysia’s national RE transition targets.

PPA models typically require no upfront capital expenditure and would allow DLMI to benefit from cleaner energy while maintaining financial flexibility. The planned adoption of on-site solar is expected to enhance DLMI’s competitiveness, strengthen resilience against electricity tariff volatility, improve long-term cost efficiency and support stakeholder expectations for low-carbon operations.

The pace of RE adoption, availability of incentives and market attractiveness may vary under different climate transition scenarios. However, the strategic value of implementing on-site solar remains consistently positive for DLMI, supporting both emissions reduction and long-term business resilience.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## Effects on Business Model and Value Chain

Before considering DLMI's mitigation measures, RE adoption positively influences DLMI's value chain in several ways:

**Direct operational effects**

- Reduction of Scope 2 emissions.
- Lower dependence on grid electricity and fossil fuel-based power.
- Greater protection against future tariff escalations.
- More predictable operating cost structure via fixed PPA pricing.

**Market & reputational effects**

- Strengthens DLMI's brand positioning as a climate-responsible manufacturer.
- Improves competitive differentiation versus peers with slower clean energy transition.

**Long-term strategic implications**

- Supports DLMI decarbonisation goals.
- Facilitates future adoption of electrified processing technologies.
- Increases resilience to regulatory changes linked to carbon pricing or MEPS tightening.

## Effects on Strategy, Decision Making and Resilience Planning

DLMI has incorporated RE opportunities into strategic and operational planning as follows:

### Scenario Assessment

Scenario	Short Term	Medium Term	Long Term
1.5°C	 Medium Opportunity	 Medium Opportunity	 High Opportunity
4.0°C	 Low Opportunity	 Medium Opportunity	 Medium Opportunity

■ Low   
 ■ Moderate   
 ■ High



## Sustainability Statement

### Strategic Measures Driving RE Adoption

DLMI has integrated plans for optimising RE potential into its strategy through various measures including:



#### Assessment of On-site Solar Deployment Models



- 1 DLMI is assessing suitable implementation models for on-site solar energy generation at DLMI@Enstek as part of our climate transition strategy.
- 2 Certain solar deployment models can reduce or eliminate upfront capital expenditure, allowing DLMI to benefit from RE while maintaining financial flexibility and managing implementation risks.



#### Decarbonisation and Scope 2 Reductions



- 1 Solar energy directly lowers DLMI's Scope 2 footprint.
- 2 Supports corporate net-zero alignment through sustained decarbonisation of manufacturing.



#### Energy Security and Cost Stability



- 1 Reduces reliance on volatile grid electricity pricing.
- 2 Secures predictable long-term electricity costs.



#### Future-proofing Operations



- 1 Reinforces resilience under future carbon pricing and energy market reforms.
- 2 Positions DLMI for upcoming MEPS tightening and RE policies.

### Financial Effects

- ❖ On-site solar energy at DLMI@Enstek is expected to generate annual electricity cost savings which would have a positive impact on operating costs, financial performance and cash flows over the term of the arrangement.
- ❖ DLMI is currently assessing different commercial and delivery models for on-site solar. Certain models like PPA are treated as an operating expenditure with no material impact on the statement of financial position.
- ❖ Once operational, on-site RE is expected to contribute to a reduction in Scope 2 emissions while supporting longer-term cost efficiency and decarbonisation objectives.

The key assumptions are presented below:

- ❖ Government renewable energy (RE) targets accelerate under the 1.5°C scenario including 40% RE by 2040, 70% RE by 2050 and coal phase-out by 2044.
- ❖ Under the 4.0°C scenario, government incentives for RE are weaker, with slower progress.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

**CLIMATE TRANSITION OPPORTUNITY 2:**

**WATER EFFICIENCY AND SAVINGS INITIATIVES**

**TIME HORIZON:** SHORT TO LONG TERM | **CATEGORY:** RESOURCE EFFICIENCY, OPERATIONAL RESILIENCE

**Description**

Water efficiency represents a key opportunity for DLMI to reduce operational costs, improve resource conservation and enhance resilience against rising water tariffs and regulatory tightening. DLMI's operations include CIP processes, boilers, cooling systems and sanitation. These are water intensive, making improvements in water efficiency directly linked to cost savings and operational stability.

Investments into rainwater harvesting (Phase 1 & 2), high-efficiency CIP systems and IR4.0-enabled process optimisation can reduce dependence on municipal water supply. These investments also support DLMI's broader sustainability objectives, improve license-to-operate and mitigate exposure to water scarcity risks that may intensify under future climate scenarios.

**Effects on Business Model and Value Chain**

Water efficiency initiatives create benefits across DLMI's value chain:

<p><b>Operational impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Reduced municipal water consumption and utility expenditure.</li> <li>➤ Lower wastewater volumes and associated treatment/discharge costs.</li> <li>➤ Improved resilience during periods of water rationing or supply fluctuations.</li> <li>➤ Increased stability and consistency in production processes reliant on water quality and pressure.</li> </ul>
<p><b>Upstream impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Reduced vulnerability to supply interruptions caused by local water stress.</li> <li>➤ More predictable planning for raw material procurement aligned with production continuity.</li> </ul>
<p><b>Downstream impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Strengthened brand reputation with customers and retailers who value sustainable production practices.</li> </ul>
<p><b>Strategic implications</b></p> 	<ul style="list-style-type: none"> <li>➤ Supports long-term cost competitiveness in an environment of rising utilities cost.</li> <li>➤ Reduces exposure to reputational risks linked to inefficient water use.</li> <li>➤ Contributes to DLMI's sustainability narrative, reinforcing stakeholder confidence.</li> </ul>



## Sustainability Statement

### Effects on Strategy, Decision Making and Resilience Planning

Water efficiency is embedded into DLMI’s strategic and operational planning:

Scenario	Short Term	Medium Term	Long Term
1.5°C	<p>Low Opportunity</p>	<p>Medium Opportunity</p>	<p>High Opportunity</p>
4.0°C	<p>Low Opportunity</p>	<p>Low Opportunity</p>	<p>Medium Opportunity</p>

Note: Our initiatives hedge against water price hikes, thus more aggressive pricing would provide greater realised benefit.

### Strategic Measures

#### Strategic Measures

- 1 Targeting 30% water intensity reduction by 2030 vs. 2022 baseline, providing sustained cost savings and reduced environmental impact.
- 2 Rainwater harvesting (Phase 1 & 2) installed at DLMI@Enstek to supplement municipal supply and reduce tariff exposure.
- 3 Water recovery feasibility study conducted in FY2025 to assess opportunities for reuse and recycling.

#### Operational Enhancements

- 1 IR4.0-enabled facility design enhances visibility, control and optimisation of water flows.
- 2 Modern, efficient CIP systems and centralised kitchens reduce unnecessary flush cycles.
- 3 Implementation of WCOM ensures continuous improvement in water efficiency and early detection of abnormal usage.

### Financial Effects

While water efficiency initiatives may involve initial capital investments, these initiatives generate long-term savings in operational expenses through:

- ❖ Reduced municipal water purchases.
- ❖ Lower wastewater treatment and potential discharge fees.
- ❖ Avoided cost impacts from future tariff increases.

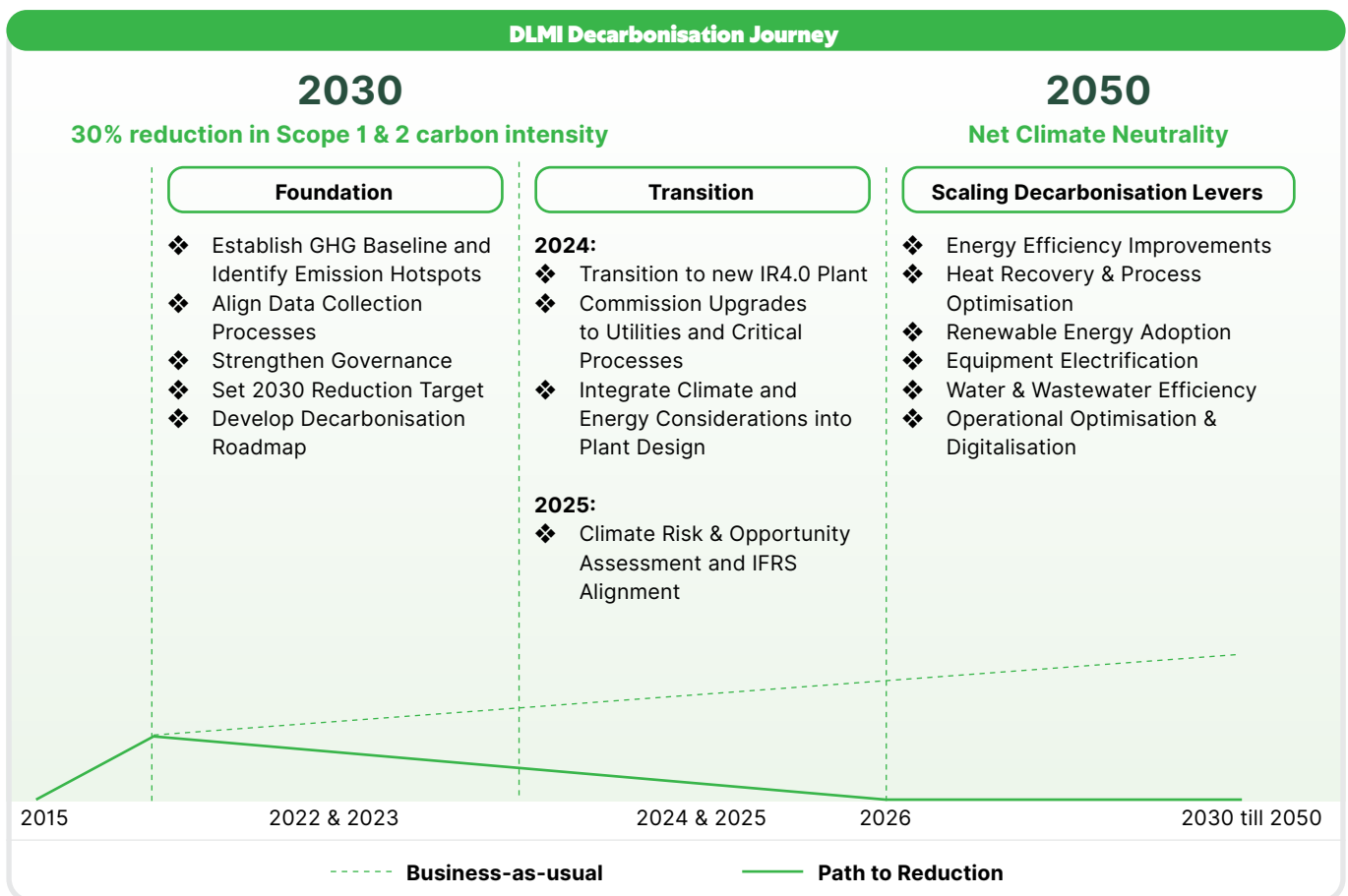


SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

Sustainability Statement

# CLIMATE TRANSITION PLAN

DLMI’s climate transition plan outlines how we intend to deliver a 30% reduction in Scope 1 and 2 carbon intensity by 2030 and long-term ambition to achieve net climate neutrality by 2050. The image below summarises the three-phase pathway we will undertake from now until 2050.



This transition plan builds on the foundational work conducted over 2022–2023 and leverages DLMI’s move to DLMI@ Enstek in 2024. The roadmap highlights the key initiatives that will shape DLMI’s decarbonisation journey, focusing on operational upgrades, process optimisation, energy efficiency, electrification, the gradual adoption of renewable energy solutions and advancing Scope 3 value chain assessment and roadmap development. DLMI has applied additional transition relief from disclosing Scope 3 GHG emissions. As a Group 2 company, Scope 3 emissions are only mandatory from FY2028 and are therefore not disclosed in this reporting period. Progressive development and disclosure of Scope 3 emissions is planned for future periods.



## Sustainability Statement

# Social Risks and Opportunities



**Understanding the very fabric of society is fundamental to our ability to fulfil our purpose of Nourishing Our Planet and People in Every Stage of Life. We pay close attention to aspects that influence public attitude towards health, nutrition, responsible products and business practices.**

We are continuously acquiring and analysing data from multiple consumer and stakeholder touchpoints to assess the growing concerns around the triple burden of malnutrition in Malaysia comprising undernutrition, overnutrition and micronutrient deficiencies, especially amongst vulnerable groups. This is a persisting challenge due to disparities in income and education.

Against this backdrop, we face significant social risks associated with shifting consumer expectations, their lack of awareness about the nutritional value of dairy, trends that shift consumer preferences and growing activism around labour conditions, animal welfare and environmental impacts. In short, DLMI is exposed to erratic demand-supply cycles, market volatility, potential supply disruption (as Malaysia is yet to achieve milk self-sufficiency), pressure to keep products affordable and social scrutiny.

These factors strengthen our resolve to lead the market as a Malaysian brand committed to Nourishing Our Nation by providing nutritious products for all. We see opportunities to continually collaborate with the Government and local stakeholders to engage with consumers and communities on nutritional education. These engagements bolster trust and inspire us to innovate our product offerings towards positive nutritional outcomes. From growing competition, income equalities, and nutritional inequities, there is opportunity abound for DLMI to tap. We focus on improving lives by addressing the triple burden of malnutrition through products delivered in a responsible manner.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## SOCIAL RISK MANAGEMENT

Our IFRS S1 approach also considers material social risks that could affect the Company’s cash flows, access to finance or cost of capital over time. DLMI continuously gathers and analyses data from multiple consumer and stakeholder touchpoints to assess evolving social dynamics, including the growing concerns around Malaysia’s triple burden of malnutrition.

Social risks assessment using a consistent materiality process, considering short-, medium-, and long-term impacts and are integrated into DLMI’s ERA framework. For each social risk or opportunity, DLMI assesses the effects on the business model and value chain, strategic and operational implications, resilience planning and current and anticipated financial effects, per IFRS S1 requirements.

### Our Four-Step Social Risk Management Process

**1 Identify Social Risk Drivers**

We identify the social risk drivers most relevant to our business, namely consumer health and nutrition expectations, food safety and regulatory compliance, product affordability pressures, raw ingredient cost volatility and evolving societal expectations for responsible business practices. This process is guided by FC’s material topics, IFRS S1 requirements and relevant SASB Standards for Meat, Poultry & Dairy, Processed Foods and Non-Alcoholic Beverages.

**2 Assess Likelihood, Impact and Financial Effects**

Each social risk and opportunity is assessed for its potential and actual impact on DLMI’s financial performance, strategic positioning, brand reputation, operational continuity and regulatory compliance. DLMI applies a financial materiality lens consistent with IFRS S1, recognising that certain social impacts may also be material from a societal and stakeholder perspective. Current and anticipated financial effects are assessed, subject to measurement uncertainty and data limitations. Qualitative disclosures are provided where quantification is not feasible.

**4 Monitor and Review**

Social risks are monitored via DLMI’s quality management systems, consumer feedback channels, regulatory compliance tracking and supplier audit programmes. Material social risks and opportunities are reviewed by the SSC and reported to the Board. Functional MTs align sustainability focus areas with business objectives, data collection, risk identification and roadmap implementation. Social KPIs are integrated in the performance management framework for the MT through role-based objectives.

**3 Develop Strategic Response Measures**

Strategic response measures for social risks are embedded across DLMI’s commercial, supply chain, product innovation and quality assurance processes. DLMI’s approach focuses on proactive risk mitigation through robust food safety systems, product reformulation, supplier governance and consumer engagement. Opportunities are realised through nutrition leadership, inclusive product access programmes and a growing portfolio of nutritious and fortified dairy products aligned with national health priorities.



# Sustainability Statement

## SOCIAL RISK 1

### PRODUCT QUALITY AND SAFETY ISSUES

**TIME HORIZON:** SHORT TO LONG TERM | **CATEGORY:** OPERATIONAL, COMPLIANCE, REPUTATION

#### Description

Shortfalls in product quality and food safety may result in regulatory penalties, product recalls, consumer health impacts and reputational damage. As a food and nutrition manufacturer, DLMI operates under strict local and international standards. Any breach, be it contamination, packaging defects, product spoilage or improper handling in the downstream value chain, could significantly affect brand trust.

Strong process controls, supplier assurance, end-to-end traceability, Halal compliance, routine audits and robust corrective action mechanisms help ensure consistent product quality. Issues may arise from anywhere across our value chain, including transport, warehousing, retail handling and consumer storage conditions.

#### Effects on Business Model and Value Chain

Potential impacts on DLMI's business model and value chain before considering DLMI's mitigation measures include:

#### Direct operational effects



- Regulatory fines or penalties resulting from non-compliance with food safety laws and standards.
- Increased costs for product recalls, testing, investigations and customer compensation.
- Operational disruptions due to batch segregation, reprocessing or disposal.
- Reputational damage affecting sales, customer loyalty and stakeholder confidence.

#### Upstream supply chain effects



- Supplier non-conformance (ingredients/raw materials) could increase inspection, testing or revalidation costs.
- Additional audits required for Global Food Safety Initiative (GFSI)-aligned ingredient suppliers.
- Heightened risk during periods of global supply instability.

#### Downstream distribution effects



- Cold chain or retail storage conditions may cause spoilage or reduced product integrity.
- Retailers and distributors may face increased compliance requirements or stricter storage guidelines.
- Consumer complaints and negative sentiment amplified via social media.

#### Market and brand effects



- Loss of competitive advantage in nutrition and dairy categories.
- Reduced trust among healthcare professionals, parents and young families — core consumer groups.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## Effects on Strategy, Decision Making and Resilience Planning

DLMI integrates product quality and safety risks into strategic planning through:

Scenario	Short Term	Medium Term	Long Term
1.5°C	Low Risk	Low Risk	Low Risk
4.0°C	Low Risk	Low Risk	Low Risk

### Strategic Measures



#### Manufacturing-side Resilience Measures (Internal)



- 1 GFSI FSSC 22000 certification for our DLMI@Enstek, with strict adherence to Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practice (GMP) and ISO food safety systems.
- 2 Robust Quality Management System (QMS) includes preventive controls, deviation management, corrective and preventive actions (CAPA), trend analysis and incident escalation protocols.
- 3 Daily quality and microbiological testing, environmental swabbing, allergen control and packaging integrity checks.
- 4 Halal Assurance System (HAS) aligned with JAKIM requirements; Internal Halal Committee (IHC) oversight and supplier Halal verification.
- 5 Digital traceability and batch tracking to enable rapid response and targeted recall if required.
- 6 Internal audits and unannounced inspections across utilities, process control and hygiene zones.



#### Beyond Manufacturing (External)



- 1 Cold chain and storage compliance guidelines shared with distributors, transporters and retailers to prevent product deterioration.
- 2 Education programmes for retailers and merchandisers on correct handling, shelf display and First-Expired-First-Out (FEFO) practices.
- 3 Periodic distributor audits to ensure compliance with storage temperature, cleanliness and product rotation.
- 4 Market surveillance & sampling, including random product testing at retail outlets.
- 5 Supply chain resilience programmes, including alternative suppliers and qualification of multiple-approved raw material sources.
- 6 Raw ingredient suppliers are mandated to comply with GFSI.



#### Consumer-facing Protections



- 1 24/7 Careline/Helpline to receive complaints, detect emerging quality trends and enable rapid intervention.
- 2 Consumer education on proper product handling, storage, mixing and safety.



## Sustainability Statement

### Financial Effects

#### Current financial effects

For FY2025, no significant incident was identified requiring recall or regulatory penalties.

- ❖ Routine quality control, testing, Halal certification and audit costs remain part of operating expenditure.
- ❖ No impairments, provisions or material adjustments recognised.

#### Anticipated financial effects

If a significant product quality incident were to occur:

- ❖ Costs may include recall execution, disposal, testing, penalties, legal claims, customer reimbursements and production downtime.
- ❖ Brand damage could reduce short-term volumes and market share.
- ❖ Measurement uncertainty remains high as the probability, severity and timing of such events cannot be reliably forecast.

Based on DLMI's strong food safety systems, FSSC 22000-certified manufacturing controls, Halal assurance processes, supplier quality governance, robust monitoring and market surveillance mechanisms, we do not expect material financial impact from product quality incidents under current operating conditions. As a result, no quantifiable financial impact is presented at this stage.

### SOCIAL RISK 2

#### VOLATILE COSTS OF RAW INGREDIENTS AND INCREASING REGULATORY PRESSURE ON PRODUCT FORMULATION

**TIME HORIZON:** SHORT TO LONG TERM | **CATEGORY:** MARKET, POLICY & LEGAL

#### Description

Macroeconomic fluctuations, geopolitical conditions, climate-related disruptions, currency movements and global supply chain constraints can influence cost of raw ingredients. Variations in cost of dairy powders, fats, cocoa, sugar and packaging materials may increase production costs.

At the same time, evolving regulatory requirements related to nutritional standards, fortification guidelines, product labelling and food safety may require periodic reformulation of products. Regulatory tightening may also impose additional compliance documentation, testing and certification requirements.

These dual cost and regulatory pressures may affect DLMI's profitability and production planning if not managed proactively.




SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## Effects on Business Model and Value Chain

Before considering DLMI's mitigation measures, key impacts on the business model and value chain include:

<p><b>Direct operational effects</b></p> 	<ul style="list-style-type: none"> <li>➤ Higher cost of raw materials such as dairy powders, sugar and fats due to global price volatility.</li> <li>➤ Increased R&amp;D and reformulation expenses to meet emerging regulatory expectations.</li> <li>➤ Potential disruptions in production schedules due to changing ingredient specifications.</li> </ul>
<p><b>Impact on supply chain</b></p> 	<ul style="list-style-type: none"> <li>➤ Greater reliance on large global suppliers exposes DLMI to international price swings.</li> <li>➤ Changes in import regulations or global supply shortages may increase lead times and logistics costs.</li> <li>➤ Suppliers may face increased compliance costs which could be passed to DLMI.</li> </ul>
<p><b>Downstream and market impacts</b></p> 	<ul style="list-style-type: none"> <li>➤ Reformulated products may require updated marketing claims, re-labelling and consumer communication.</li> <li>➤ Retailers may demand portfolio rationalisation or price justification.</li> <li>➤ Category competitiveness may be affected if cost increases cannot be passed through to consumers.</li> </ul>

Volatile ingredient costs and regulatory change may influence DLMI's pricing strategy, product portfolio decisions, trade spend allocations and supply chain configuration. The combined pressures may also shape long-term innovation priorities and commercial execution.

## Effects on Strategy, Decision Making and Resilience Planning

DLMI has embedded cost-volatility and regulatory-driven reformulation risks into its commercial, supply chain and product strategy processes:

Scenario	Short Term	Medium Term	Long Term
<div style="display: flex; align-items: center;"> <div style="background-color: #0056b3; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 5px;">1.5°C</div> <div style="margin-left: 10px;">→</div> </div>	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #008000; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc;"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #008000; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc;"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #008000; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc;"></div> </div> <p>Low Risk</p>
<div style="display: flex; align-items: center;"> <div style="background-color: #0056b3; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 5px;">4.0°C</div> <div style="margin-left: 10px;">→</div> </div>	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #008000; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc;"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #008000; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc;"></div> </div> <p>Low Risk</p>	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #008000; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc; margin-right: 5px;"></div> <div style="width: 20px; height: 10px; background-color: #ccc;"></div> </div> <p>Low Risk</p>

*This is an internal analysis based on currently available information and is subject to change based on market conditions.*




# Sustainability Statement

## Strategic Measures




**Product Reformulation and Innovation**



- 1 Reformulating products to meet evolving regulatory standards while retaining nutritional value and consumer acceptance.
- 2 Introducing value-driven, affordable, fortified products aligned with national nutrition priorities.
- 3 Leveraging R&D expertise to reduce reliance on volatile or high-risk ingredients.




**Strategic Sourcing and Supplier Diversification**



- 1 Diversifying suppliers across regions to minimise concentration risk.
- 2 Supporting supplier compliance through audits, quality programmes and capacity-building.
- 3 Exploring local sourcing options to reduce logistics cost exposure.



**Portfolio Optimisation and Mix Management**



- 1 Rationalising SKUs with high cost or regulatory exposure.
- 2 Adjusting strategy based on commodity market conditions.

These actions strengthen resilience by enhancing supply chain flexibility, stabilising cost structures and reducing regulatory exposure across the product lifecycle.

## Financial Effects

<p><b>Current financial effects</b></p> <p>Price movements in dairy and other commodities have historically affected DLMI's operational costs. These risks are monitored and managed as part of the Company's routine operational planning, procurement strategies and financial budgeting processes.</p>	<p><b>Anticipated financial effects</b></p> <p>This risk could lead to higher or lower operational costs and correspondingly affect financial performance and cash flows. Financial effects are not quantified at this juncture due to measurement uncertainty.</p>
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SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

**SOCIAL OPPORTUNITY 1:**

**LEADING IN NUTRITION**

**TIME HORIZON:** SHORT TO LONG TERM | **CATEGORY:** MARKET, STRATEGY

**Description**

Growing consumer demand for healthier, nutrient-dense and affordable dairy products presents a significant strategic opportunity for DLMI. National public health priorities such as reducing sugar intake, improving micronutrient sufficiency and promoting balanced diets align strongly with DLMI’s product portfolio and long-standing nutrition commitments.

As part of the FrieslandCampina (FC) network, we benefit from its global R&D capabilities and align our product portfolio with the FrieslandCampina Nutrition Standards (FCNS), a science-backed framework guiding the development and reformulation of dairy and food. The FCNS traces its origins to the Global Nutrition Standards (GNS) launched in 2015 through the GNS Next Level update introduced in 2020. Informed by the World Health Organization (WHO) public health guidelines, FCNS supports the tailoring of products across different classifications to close nutrient gaps, reduce diet-related health risks, and ensure products evolve in line with the needs of consumers of all ages and backgrounds.

By strengthening our leadership in nutrition through reformulation, fortification, transparent labelling and accessible product offerings, DLMI can enhance brand trust, support societal health outcomes and capture long-term category growth. This opportunity also allows DLMI to differentiate itself from competitors and remain the preferred dairy brand for families, children and health-conscious consumers.



The FCNS is available for reading here: [https://www.frieslandcampina.com/uploads/2026/02/FrieslandCampina-Nutrition-Standards\\_February-2026.pdf](https://www.frieslandcampina.com/uploads/2026/02/FrieslandCampina-Nutrition-Standards_February-2026.pdf)

**Effects on Business Model and Value Chain**

Realising this opportunity supports DLMI across the value chain:

<div style="border: 1px solid orange; border-radius: 15px; padding: 10px; width: fit-content;"> <p><b>Product portfolio</b></p>  </div>	<ul style="list-style-type: none"> <li>➤ Accelerated shift toward healthier, fortified, nutritious dairy products.</li> <li>➤ Strengthened compliance with Healthier Choice Logo (HCL) and Global Nutritional Standards enhances category relevance.</li> <li>➤ Reformulation and innovation help DLMI remain competitive in a crowded market.</li> </ul>
<div style="border: 1px solid orange; border-radius: 15px; padding: 10px; width: fit-content;"> <p><b>Market and consumer engagement</b></p>  </div>	<ul style="list-style-type: none"> <li>➤ Increased consumer trust through compliance with HCL and transparent labelling standards.</li> <li>➤ Stronger brand positioning as a health-focused dairy leader.</li> <li>➤ Expanded reach into underserved communities through affordable nutritious offerings (e.g. RM1 pack, School Milk Programme).</li> </ul>
<div style="border: 1px solid orange; border-radius: 15px; padding: 10px; width: fit-content;"> <p><b>Supply chain and procurement</b></p>  </div>	<ul style="list-style-type: none"> <li>➤ Continued sourcing of high-quality raw materials that meet stricter nutritional requirements.</li> </ul>
<div style="border: 1px solid orange; border-radius: 15px; padding: 10px; width: fit-content;"> <p><b>Commercial and revenue impact</b></p>  </div>	<ul style="list-style-type: none"> <li>➤ Healthier product positioning supports long-term volume growth and stronger customer loyalty.</li> <li>➤ Innovation-driven portfolio strategy improves margins and expands potential consumer segments.</li> </ul>

# Sustainability Statement

## Effect on Strategy, Decision Making and Resilience Planning

DLMI has incorporated nutrition leadership into strategic decision-making through:

Scenario	Short Term	Medium Term	Long Term
1.5°C	High Opportunity	High Opportunity	High Opportunity
4.0°C	High Opportunity	High Opportunity	High Opportunity

### Strategic Measures

- 
**Nutrition Reformulation and Compliance**
  - 1 Continuous support towards Healthier Choice Logo (HCL) initiatives or any relevant programmes by Ministry of Health (MOH).
  - 2 96.3% of DLMI products sold compliant with FCNS in 2025.
- 
**Micronutrient Fortification**
  - 1 Fortify products with vitamins and minerals in line with MOH guidelines.
  - 2 Ensure eligible products contains added nutrients (vitamins and minerals) to aid in micronutrients deficiency.
- 
**Transparent Labelling and Consumer Confidence**
  - 1 85.7% of our portfolio meet HCL standards.
  - 2 Clear product labelling supports informed consumer choices.
- 
**Inclusive Nutrition Strategy**
  - 1 RM1 affordable packs for low-income households.
  - 2 School Milk Programme and targeted nutrition for children and elderly consumers.
  - 3 Education and healthcare outreach to 424,000 consumers in 2025.
- 
**Innovation and Portfolio Management**
  - 1 Future-ready reformulation strategy addressing both regulatory trends and consumer demand.
  - 2 Portfolio decisions guided by commercial strategy, nutritional benchmarks and consumer insights.

These measures collectively enhance DLMI's market resilience, strengthen brand trust and position the company as a long-term leader in nutrition-supported growth.

### Financial Effects

Current financial effects	Anticipated financial effects
Nutrition-aligned products currently support the Company's stable revenue performance and growth.	The opportunity is expected to continue to drive the Company's revenue performance and growth.



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

Aggregated financial effects from sustainability-related risks and opportunities

Aggregated financial effects (RM million)	Baseline		1.5°C scenario		4.0°C scenario	
	Current financial effects	Short term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)
<b>Financial performance</b>						
<b>Cost of sales</b>	> (0.3)	(0.4) to (0.5)	(1.08) to (1.19)	(1.31) to (5.63)	(0.58) to (0.68)	(0.68) to (1.28)
<b>Other expenses</b>	> 0	0	(1.8) to (2.2)	(2.8) to (4.5)	(0.4) to (0.5)	(1.2) to (1.5)
<b>Profit</b>	> (0.3)	(0.4) to (0.5)	(2.88) to (3.39)	(4.11) to (10.13)	(0.98) to (1.18)	(1.88) to (2.78)
<b>Financial position</b>						
	> 0	0	0	0	0	0
<b>Cash flows</b>						
<b>Cash flow from operating activities</b>	> (0.3)	(0.4) to (0.5)	(2.88) to (3.39)	(4.11) to (10.13)	(0.98) to (1.18)	(1.88) to (2.78)





## Sustainability Statement

### EVENTS AFTER THE REPORTING PERIOD

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this report have taken place that need to be disclosed in this Sustainability Report.

### ASSURANCE STATEMENT

Our Sustainability Report was not subject to external assurance by independent parties for the reporting period. Nevertheless, non-financial data disclosed in this report were internally reviewed by Management and the respective data owners to ensure accuracy, completeness and consistency.

In addition, the Internal Audit function conducted a review of selected sustainability disclosures, which included the following:



#### GHG Emissions

- ❖ Scope 1 emissions
- ❖ Scope 2 emissions



#### Energy

- ❖ Total energy consumed
- ❖ Percentage of grid electricity consumption
- ❖ Percentage of RE consumption



#### Climate-Related Risks and Opportunities

- ❖ Amount and percentage of assets or business activities vulnerable to climate-related transition risks
- ❖ Amount and percentage of assets or business activities vulnerable to climate-related physical risks
- ❖ Amount and percentage of assets or business activities aligned with climate-related opportunities



#### Water

- ❖ Total water withdrawal
- ❖ Total water consumed
- ❖ Percentage of water withdrawal and consumed in regions with High or Extremely High Baseline Water Stress
- ❖ Number of incidents of non-compliance with water quality permits, standards, and regulations

**DLMI intends to progressively adopt external assurance for non-financial information in future reporting periods, in line with NSRF requirements.**



## Sustainability Statement

### SUSTAINABILITY PERFORMANCE METRICS

#### IFRS S2 Cross Industry Metrics

Metric category	Metric	FYE 2025
Climate-related transition risks	The amount and percentage of assets or business activities vulnerable to climate-related transition risks	Available at each climate transition risk
Climate-related physical risks	The amount and percentage of assets or business activities vulnerable to climate-related physical risks	Available at climate-related physical risk
Climate-related opportunities	The amount and percentage of assets or business activities aligned with climate-related opportunities	Available at each climate-related opportunity
Capital deployment	Amount used by the Group towards climate-related risks and opportunities	Where available, disclosed at each risk and opportunity.
Internal carbon prices	Internal carbon price used	Available at Carbon Pricing and Taxes
Remuneration	Description of whether and how climate-related considerations are factored into executive remuneration	Available at Governance section



## Sustainability Statement

### SASB Content Index

Both Processed Foods and Non-Alcoholic Beverages

Topic	Metric	FYE 2025	FYE 2024	FYE 2023
Greenhouse gas (GHG) emissions	Scope 1 (tCO <sub>2</sub> e)	5,304	6,139	5,957
	Scope 2 (tCO <sub>2</sub> e)	15,751	16,080	13,747
	Scope 3 (tCO <sub>2</sub> e)	DLMI has applied transitional relief. As a Group 2 company, Scope 3 GHG emissions are mandatory from FY2028 and are therefore not disclosed in this reporting period, with progressive development and disclosure planned for future periods.		
Energy management	Total energy consumed (GJ)	154,294	183,641	169,641
	Percentage grid electricity (%)	100%	N/A	N/A
	Percentage renewable (%)	0%	N/A	N/A
Water management	(1) Total water withdrawn (m <sup>3</sup> )	526,200	648,992	684,442
	(2) Total water consumed (m <sup>3</sup> )	201,539	N/A	N/A
	Percentage of water withdrawn and consumed from regions with High or Extremely High Baseline Water Stress (%)	0%	N/A	N/A
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	0	N/A	N/A
	<i>Note: Description of water management risks and discussion of strategies and practices to mitigate those risks available at CLIMATE TRANSITION RISK 5: INCREASE IN WATER TARIFF CLIMATE TRANSITION RISK 6: STRICTER WASTEWATER REGULATION CLIMATE TRANSITION OPPORTUNITY 2: WATER EFFICIENCY AND SAVINGS INITIATIVES</i>			
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	Certified FSSC 22000  0 non conformances	N/A	N/A
	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme (%)	99.7%	N/A	N/A
	(1) Total number of notices of food safety violation received, (2) percentage corrected (%)	0	N/A	N/A
	(1) Number of recalls issued and (2) total amount of food product recalled (t)	Voluntary recalls: 1  Involuntary recalls: 0  Weight of recalls: 149.4 metric tonne	N/A	N/A



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Sustainability Statement

Topic	Metric	FYE 2025	FYE 2024	FYE 2023
Health and Safety	Total recordable incident rate (TRIR) for direct employees and contract employees (rate)	0.00	0.20	0.10
	Fatality rate for direct employees and contract employees (rate)	0	0	0
	<p><i>Note:</i> Description of efforts to assess, monitor and mitigate acute and chronic respiratory health conditions</p> <p>DLMI undertakes a structured approach to safeguarding employee respiratory health through the implementation of robust occupational health and safety practices. This includes strict adherence to the FrieslandCampina (FC) Life Saving Rules, which guide safe behaviours and operational controls designed to prevent exposure to airborne hazards. Compliance with all local and applicable regulatory requirements is maintained through regular internal and external audits and assessments, ensuring that workplace controls remain effective and up to date.</p> <p>Periodic workplace health assessments are conducted jointly with the Safety and Health Committee and supported by an Occupational Health Doctor or Nurse, focusing particularly on identifying and managing ergonomic and environmental conditions that may contribute to acute or chronic respiratory risks.</p> <p>DLMI also sustains its certified management systems — ISO 45001 (Occupational Health and Safety Management System) and ISO 14001 (Environmental Management System) — which provide a systematic framework for hazard identification, risk evaluation, environmental monitoring and continuous improvement. These systems reinforce our commitment to preventing respiratory-related harm by ensuring effective controls, timely corrective actions and ongoing monitoring of workplace health risks.</p>			
Health & Nutrition	Revenue from products labelled or marketed to promote health and nutrition attributes (RM)	N/A	N/A	N/A
	<p><i>Note:</i> Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers available at SOCIAL OPPORTUNITY 1: LEADING IN NUTRITION</p>			
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of food ingredients sourced that are certified to third-party environmental or social standards and percentages by standard (%)	Palm Oil - 100% of Palm Oil RSPO		
		Cocoa - 100% of Cocoa Rainforest Alliance (previously known as UTZ) Certified		
	<p><i>Note:</i> Suppliers' social and environmental responsibility audit</p> <p>DLMI requires all suppliers to comply with our Business Practices Policy (Code of Ethical Conduct), which sets expectations on ethical conduct, labour and human rights, environmental stewardship and business integrity. All supplier contracts include a right-to-audit clause, enabling DLMI to conduct additional assessments where heightened risks are identified.</p> <p>As part of strengthening responsible sourcing, DLMI conducts basic due diligence on our top 80% spend suppliers, supported by a supplier sustainability questionnaire that assesses key ESG risks. Sustainability considerations are embedded within our procurement processes, ensuring that supplier selection and performance evaluations reflect our expectations on ethical and responsible practices.</p> <p>In addition, all ingredient supplier manufacturing plants are required to be certified to a GFSI-recognised food safety standard. These certifications are subject to regular third-party audits, providing independent assurance that suppliers consistently meet stringent requirements on hygiene, quality and safety.</p> <p>For critical agricultural commodities such as palm oil, cocoa, suppliers must also maintain recognised sustainability certifications (e.g. RSPO, Rainforest Alliance, Bonsucro) which are likewise verified through third-party audits covering social, environmental and governance aspects.</p>			



## Sustainability Statement

Topic	Metric	FYE 2025	FYE 2024	FYE 2023
<b>Product Labelling &amp; Marketing</b>	Percentage of advertising impressions (%) (1) made on children and (2) made on children promoting products that meet dietary guidelines	DLMI does not advertise and promote designated products (e.g., infant formula, follow-up formula), in full compliance with Malaysian laws and the Ministry of Health's Code of Ethics. While Growing-Up Milk products are permitted for marketing, all campaigns are specifically designed to target parents and caregivers, not children directly. We do not conduct direct marketing to individuals under 18 years old, in line with the Child Act 2001 and local advertising guidelines. However, we acknowledge that incidental exposure to our advertisements may occur through shared or family media environments.		
	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO  (RM)	RM 0  DLMI does not label any of its products as containing genetically modified organisms (GMOs) or as non-GMO, in line with our internal labelling guidelines and prevailing Malaysian food labelling requirements. As such, no revenue is attributable to products with GMO-related labelling claims.		
	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	0	N/A	N/A
	Total amount of monetary losses as a result of legal proceedings associated with labelling or marketing practices (RM)	0	N/A	N/A
<b>Packaging Lifecycle Management</b>	(1) Total weight of packaging,	18,903,455 kg	N/A	N/A
	(2) percentage that is recyclable, reusable or compostable (%)	Percentage designed for recycling: 92.7%  Breakdown Consumer Dairy: 98.7% Specialised Nutrition: 70.1% FrieslandCampina Professional: 95.1%	Consumer Dairy: 93.1%  Specialised Nutrition: 66.2%	Consumer Dairy: 92.5%  Specialised Nutrition: 77.8%
<p><i>Note:</i> Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle available at CLIMATE TRANSITION RISK 4: PRODUCTS, PACKAGING AND PRACTICES CLIMATE TRANSITION RISK 7: EXTENDED PRODUCER RESPONSIBILITY (EPR) REGULATIONS</p>				



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Sustainability Statement

Topic	Metric	FYE 2025	FYE 2024	FYE 2023
Ingredient Sourcing	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress (% by cost)	4.6% of total spend	N/A	N/A
		<p>Sourced from Belgium, Spain, Thailand, Turkey which classified these countries as Water Stressed</p> <p>Source: WRI Atlas</p>		
	List of priority food ingredients and discussion of sourcing risks related to environmental and social considerations	<p><b>Dairy and Dairy Derivatives</b> Environmental: farm resource use, heat stress, climate variability. Social: farmer livelihood, animal welfare, hygiene practices.</p> <p><b>Palm Oil (100% RSPO-certified)</b> Environmental: deforestation, biodiversity loss. Social: labour rights and wellbeing, community land issues.</p> <p><b>Cocoa (100% Rainforest Alliance-certified)</b> Environmental: deforestation, soil degradation. Social: human rights concerns, smallholder vulnerability.</p> <p><b>Other Inputs (Vitamin, Stabilisers, Sweeteners)</b> Environmental: chemical management, traceability. Social: supplier governance and compliance risks.</p> <p>DLMI continues to ensure the highest standards of responsible sourcing by prioritising certified materials, strengthening supplier due diligence and engaging suppliers to uphold strong environmental and social practices across our value chain.</p>		
Activity Metrics	Number of production facilities	1	N/A	N/A



## Sustainability Statement

### DLMI Sustainability Performance Metrics Highlight 2025

Pillar	No.	Area	Performance Metrics/Statement
Nutrition	1	FCNS Compliance	96.3% of product sold in 2025 compliant with FCNS
	2	Healthier Choice Logo (HCL)	85.7% of eligible product portfolio with Healthier Choice Logo
	3	Products are Halal-certified	100% of products are Halal-certified
	4	School Milk Programme beneficiaries	74,000 students reached under School Milk Programme
	5	CSR Programme beneficiaries	23,304 CSR programme beneficiaries
	6	Food safety violation received	0 food safety violations received
	7	GFSI Status	Food Safety System Certification 22000 maintained
	8	Incidents of monetary losses with industry or regulatory labelling or marketing codes	0 labelling or marketing non-compliance incidents
People	9	% of MT and Board of Directors by gender	Board: 2M:6F - 75% female, 25% male Management team: 4M: 3F - 43% Female
	10	Number of substantiated complaints concerning human rights violations	0 substantiated human rights complaints
	11	% employee engagement index score	76% employee engagement index score
	12	Top Employer	Top Employer in Malaysia for 2025
	13	Number of work-related fatalities	0 work-related fatalities
	14	Total Recordable Frequency Rate (TRFR)	0 Total Recordable Frequency Rate (TRFR)
Planet	15	Energy absolute	154,294 GJ energy consumed (9.05% reduction vs. 2024)
	16	Energy intensity	1.18 GJ/tonne (27.61% reduction vs. 2024)
	17	Water absolute	526,220 m <sup>3</sup> water withdrawn (18.92% reduction vs. 2024)
	18	Water intensity	3.71 m <sup>3</sup> /tonne (35.48% reduction vs. 2024)
	19	Carbon absolute	21,055.60 tCO <sub>2</sub> e emissions (5.24% reduction vs. 2024)
	20	Carbon intensity	0.149 tCO <sub>2</sub> e/tonne (24.37% reduction vs. 2024)
	21	% packaging designed for recycling	92.7% of packaging designed for recycling
	22	Sourcing of local milk	5,239,263 litres of raw milk purchased locally
	23	Responsibly Environmentally Sourced Commodities	100% RSPO-certified palm oil 100% Rainforest Alliance-certified cocoa 95.4% of food ingredients sourced from non-water stress regions
Foundation	24	Percentage of employees who have received training on anti-corruption	78% of employees trained on anti-corruption
	25	Confirmed incidents of corruption and action taken	0 confirmed corruption incidents
	26	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0 substantiated customer data privacy breaches



SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

# Sustainability Statement

## Bursa Malaysia Prescribed Table

Date & Time: 2026-04-02_14:29:03 FYE 31/12/2025		Dutch Lady Milk Industries Berhad IFRS S1				
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates (2) associated corrective action rates	Number	0 non-conformance	—	No assurance	DLM maintains certification under the Food Safety System Certification (FSSC) 22000, with compliance verified through independent external audits.
Food Safety	Ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	%	99.7	—	No assurance	
Food Safety	Total number of notices of food safety violation received	Number	0	—	No assurance	
Food Safety	Number of recalls issued (voluntary)	Number	1 voluntary recall	—	No assurance	
Food Safety	Amount of food product recalled	Metric Tonnes	149.4	—	No assurance	
Health and Safety	Total recordable incident rate (TRIR) for direct employees and contract employees	Rate	0	—	No assurance	
Health and Safety	Fatality rate for direct employees and contract employees	Rate	0	—	No assurance	
Packaging Lifecycle Management	Total weight of packaging	KG	18,903,455	—	No assurance	
Packaging Lifecycle Management	Packaging that is recyclable, reusable or compostable	%	92.7	—	No assurance	
Product Labelling & Marketing	Incidents of non-compliance with industry or regulatory labelling or marketing codes	Number	0	—	No assurance	



# Sustainability Statement

Date & Time: 2026-04-02\_14:29:03  
FYE 31/12/2025

Dutch Lady Milk Industries Berhad  
IFRS S1

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Product Labelling & Marketing	Total amount of monetary losses as a result of legal proceedings associated with labelling or marketing practices	RM	0	—	No assurance	
Product Labelling & Marketing	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) (2) non-GMO	RM	0	—	No assurance	



## SECTION 3: MANAGEMENT DISCUSSION AND ANALYSIS

## Sustainability Statement

Date & Time: 2026-04-02\_14:29:03  
FYE 31/12/2025

Dutch Lady Milk Industries Berhad  
IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
GHG emissions	Scope 1	Metric tonnes of carbon dioxide equivalents (tCO2e)	5304	30% emissions intensity reduction by 2030 (baseline 2022)	Internal	
GHG emissions	Scope 2 Location-based	Metric tonnes of carbon dioxide equivalents (tCO2e)	15751	30% emissions intensity reduction by 2030 (baseline 2022)	Internal	
GHG emissions	Scope 2 Market-based	Metric tonnes of carbon dioxide equivalents (tCO2e)	0	30% emissions intensity reduction by 2030 (baseline 2022)	Internal	
Energy management	Total energy consumed	Gigajoule (GJ)	154,294	30% energy intensity reduction by 2030 (baseline 2022)	Internal	
Energy management	Energy from grid electricity	%	100	—	Internal	
Energy management	Energy from Renewables	%	0	—	Internal	
Water Management	Total water withdrawn	m3	526,200	30% water intensity reduction by 2030 (baseline 2022)	Internal	
Water Management	Total water consumed	m3	201,539	—	Internal	
Water Management	Water withdrawn and consumed from regions with High or Extremely High Baseline Water Stress	%	0	—	Internal	
Water Management	Incidents of non-compliance associated with water quality permits, standards and regulations	Number	0	—	Internal	



# Sustainability Statement

Date & Time: 2026-04-02\_14:29:03  
FYE 31/12/2025

**Dutch Lady Milk Industries Berhad**  
IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Environmental & Social Impacts of Ingredient Supply Chain	Food ingredients sourced that are certified to third-party environmental or social standards and percentages by standard	%	Palm Oil - 100% of Palm Oil RSPO Cocoa - 100% of Cocoa Rainforest Alliance (previously known as UTZ) Certified	—	No assurance	
Ingredient Sourcing	Food ingredients sourced from regions with High or Extremely High Baseline Water Stress	% by cost	4.6	—	No assurance	



## SECTION 4: DLMI LEADERSHIP

# Corporate Information

## BOARD OF DIRECTORS

### CHAIRPERSON

Datin Seri Sunita Mei-Lin Rajakumar  
Independent Non-Executive Director  
(appointed 27.02.2019)

### DIRECTORS

Veronika Winanti Wahyu Utami  
Non-Independent Executive Director  
Managing Director  
(appointed 15.04.2025)

Saw Chooi Lee  
Senior Independent Non-Executive Director  
(appointed on 01.01.2014 and re-designated to Independent Non-Executive Director on 15.01.2020)

Corine Danielle Tap  
Non-Independent Non-Executive Director  
(appointed 01.01.2023)

Dato' Dr. Rosini binti Alias  
Non-Independent Non-Executive Director  
(appointed 16.03.2018)

Tengku Nurul Azian binti Tengku Shahriman  
Independent Non-Executive Director  
(appointed 25.06.2018)

Jean Serge Krol  
Non-Independent Non-Executive Director  
(appointed 19.07.2019)

Darren Kong Kam Seong  
Independent Non-Executive Director  
(appointed 14.04.2021)

## COMPANY SECRETARY

Katina Nurani binti Abd Rahim  
Licensed Secretary  
(L.S. No. 9652)

SSM Practising Certificate No.  
201908001190

## AUDIT & RISK COMMITTEE

### CHAIRPERSON

Tengku Nurul Azian binti Tengku Shahriman

### MEMBERS

Saw Chooi Lee  
Darren Kong Kam Seong  
Dato' Dr. Rosini binti Alias  
Jean Serge Krol

## NOMINATING & REMUNERATION COMMITTEE

### CHAIRPERSON

Saw Chooi Lee

### MEMBERS

Tengku Nurul Azian binti Tengku Shahriman  
Darren Kong Kam Seong  
Corine Danielle Tap

## REGISTERED OFFICE

Level 5, Quill 9,  
112, Jalan Prof. Khoo Kay Kim  
46300 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : 03-7953 2600  
Facsimile : 03-7953 2700

## ADDITIONAL BUSINESS ADDRESS

PT 1585, Persiaran Teknologi 6,  
Taman Teknologi 2@Enstek  
71760 Bandar Enstek  
Negeri Sembilan Darul Khusus

## REGISTRAR

### BOARDROOM SHARE REGISTRARS SDN BHD

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Telephone : 03-7890 4800  
Facsimile : 03-7841 8151

## WEBSITE

[www.dutchlady.com.my](http://www.dutchlady.com.my)

## INVESTOR RELATIONS & ENQUIRIES

Kai de Klerk  
Finance Director  
[finance.dept@frieslandcampina.com](mailto:finance.dept@frieslandcampina.com)

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Code: DLADY 3026

## AUDITORS

### PRICEWATERHOUSECOOPERS PLT (LLP0014401-LCA & AF 1146)

Chartered Accountants  
Menara TH 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
50706 Kuala Lumpur, Malaysia

## PRINCIPAL BANKERS

### PUBLIC BANK BERHAD

12, Jalan 14/14  
46100 Petaling Jaya  
Selangor Darul Ehsan

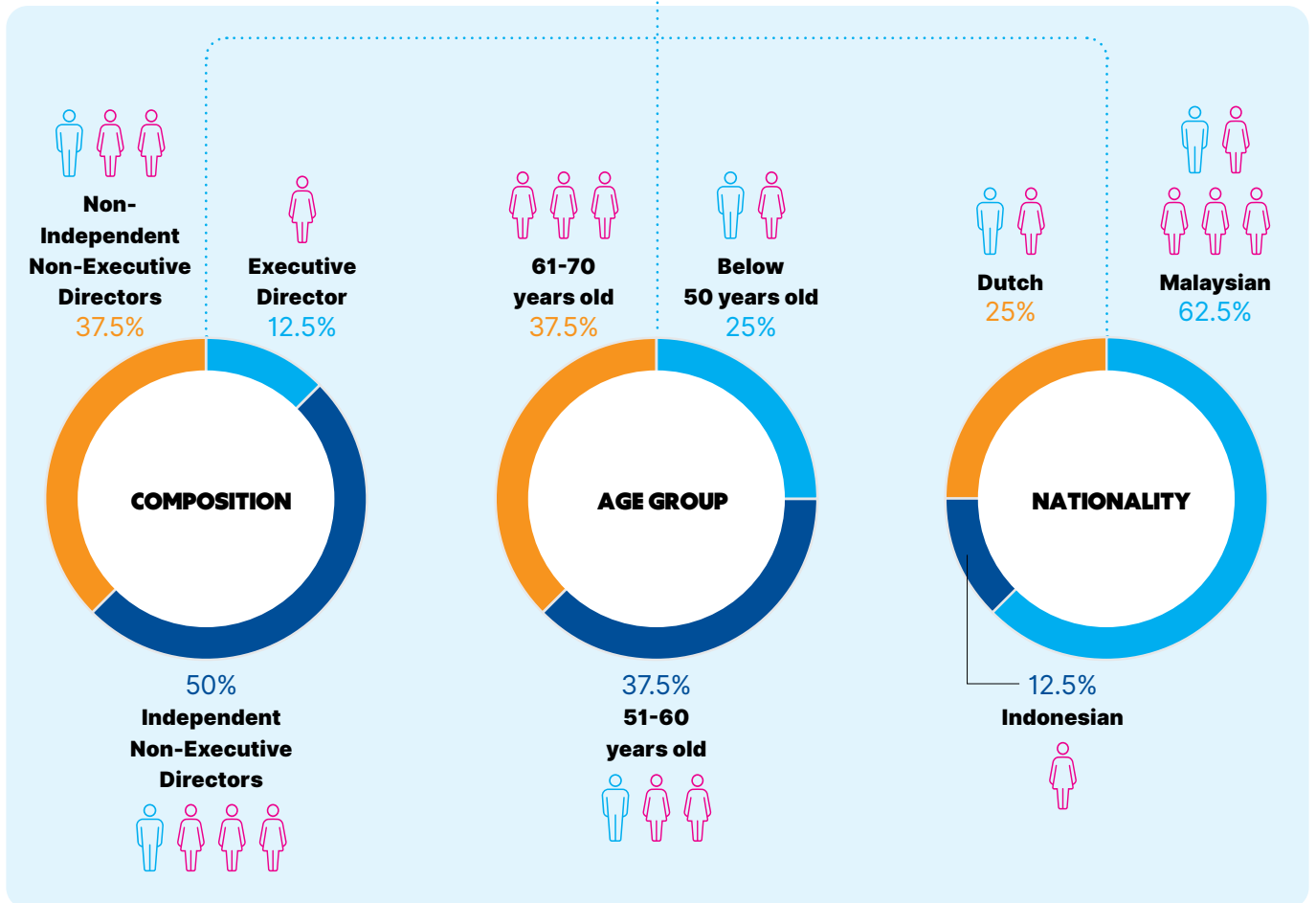
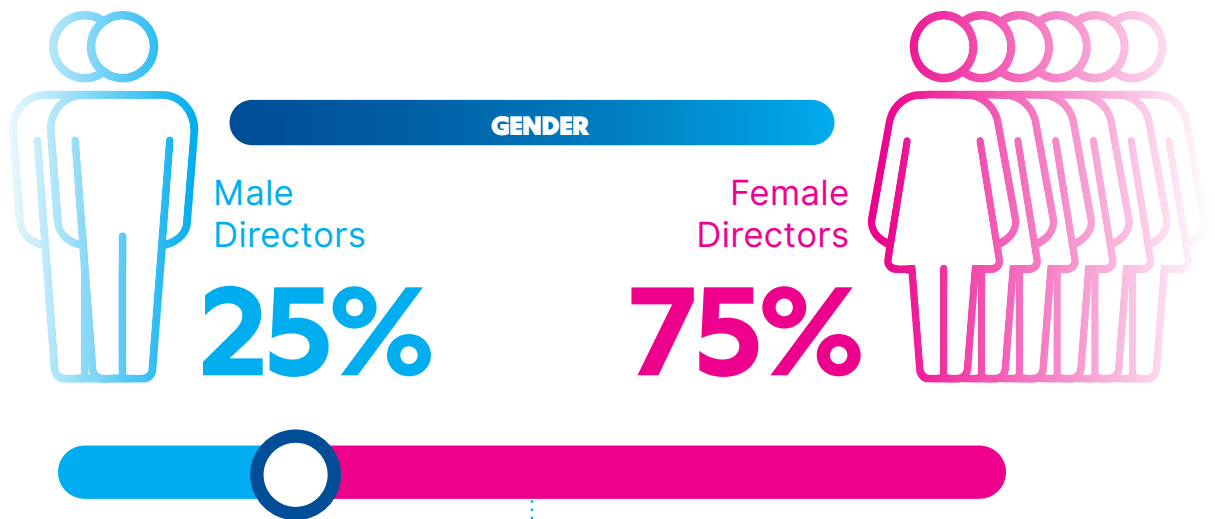
### CITIBANK BERHAD

Level 45, Menara Citibank  
No. 165 Jalan Ampang  
50450 Kuala Lumpur

### MALAYAN BANKING BERHAD

18A, Jalan 14/14  
46100 Petaling Jaya  
Selangor Darul Ehsan

# Board At a Glance



**Board Committee:**

- ARC Audit & Risk Committee (Chairperson)
- ARC Audit & Risk Committee (Member)
- NRC Nominating & Remuneration Committee (Chairperson)
- NRC Nominating & Remuneration Committee (Member)



## SECTION 4: DLMI LEADERSHIP

# Profiles of Directors and Company Secretary



## DATIN SERI SUNITA MEI-LIN RAJAKUMAR

Chairperson and Independent  
Non-Executive Director

**Age:** ..... 57 years old

**Gender:** ..... Female

**Nationality:** ..... Malaysian

### Date of Appointment:

27 February 2019

### Tenure of Directorship:

7 years 1 month

### Membership of Board Committee:

None

*Datin Seri Sunita was a member of Dutch Lady Milk Industries Berhad's board committees up to 27 September 2021 when she relinquished her positions in all board committees.*

### Board Meeting:



Attendance in 2025

### Academic/Professional Qualification(s):

- ❖ LLB (Honours), Bristol University
- ❖ Qualified as Member of the Institute of Chartered Accountants of England & Wales in 1994

### Present Directorship in Other Public Companies and Listed Issuers:

Nil

### Non-listed public company

- ❖ HSBC Bank Malaysia Berhad
- ❖ Zurich General Insurance Malaysia Berhad
- ❖ Climate Governance Malaysia Berhad

### Working Experience:

Datin Seri Sunita's career began at the Audit and Insolvency Divisions of Ernst & Young in London. Thereafter she was attached to the Corporate Finance Department of RHB Investment Bank Berhad in Kuala Lumpur before becoming a consultant at MIMOS Berhad, where she was invited to manage a foreign technology venture capital fund. She is appointed to the board of trustees of several charities and is involved in a spectrum of community-based activities. She has over 20 years of experience sitting on boards ranging from technology start-up companies to listed companies, and is a strong advocate of climate governance, having founded the country chapter of the World Economic Forum's climate governance initiative and contributing to their Global Future Council on Climate and Nature Governance.



## Profiles of Directors and Company Secretary



**Age:** ..... 46 years old

**Gender:** ..... Female

**Nationality:** ..... Indonesian

**Date of Appointment:**  
15 April 2025

**Tenure of Directorship:**  
11 months

**Membership of Board Committee:**

None

**Board Meeting:**



Attendance in 2025

**Academic/Professional Qualification(s):**

- ❖ Bachelor's Degree in Industrial Engineering, University of Indonesia, Cum Laude

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Ms. Utami brings to DLMI a wealth of experience and a strong track record in the fast-moving consumer goods (FMCG) industry, having most recently served as Marketing Director for Consumer Dairy and Specialised Nutrition at Frisian Flag Indonesia. With Indonesia being one of Asia's most dynamic and rapidly growing economies, her leadership has been pivotal in driving business growth and brand transformation.

During her tenure, Ms. Utami led the successful consolidation of multiple Frisian Flag brands under a cohesive umbrella identity — strengthening brand equity, accelerating innovation, and anchoring sustainability at the core of operations. Her strategic direction also contributed to two consecutive years of market share growth.

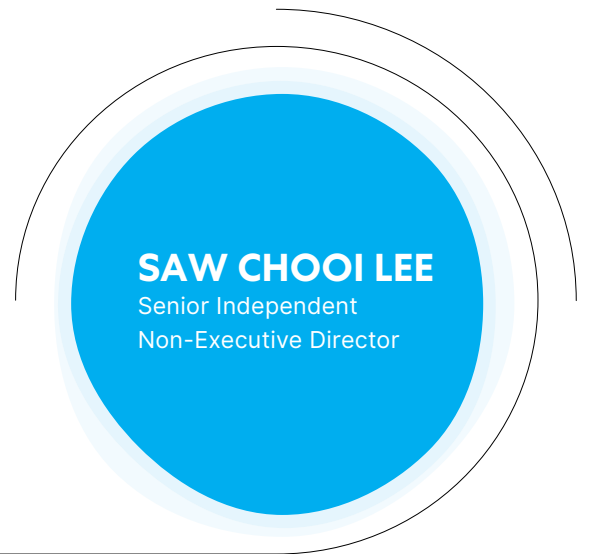
Before joining Frisian Flag, Ms. Utami built an impressive 20-year career at Unilever, where she held key marketing leadership roles across Indonesia and the broader Southeast Asia region. Notably, she served as Fabric Cleaning Director for Southeast Asia and New Zealand and was later appointed to the Board of Directors of Unilever Indonesia in 2019 — testament to her exceptional leadership and business acumen.

Her deep expertise in brand strategy, market development, and team leadership is instrumental in continuing DLMI's purpose of nourishing Malaysians with trusted dairy nutrition and is poised to steer DLMI into its next phase of growth and innovation.



SECTION 4: **DLM I LEADERSHIP**

# Profiles of Directors and Company Secretary



**Age:** ..... 62 years old  
**Gender:** ..... Female  
**Nationality:** ..... Malaysian

**Date of Appointment:**

1 January 2014

**Re-designation to Independent Director:**

15 January 2020

**Tenure of Directorship as Independent Director:**

6 years 2 months

**Membership of Board Committee:**

**NRC**   **ARC**

**Board Meeting:**



Attendance in 2025

**Academic/Professional Qualification(s):**

- ❖ Bachelor of Science in Business Administration and MBA from the University of Nebraska-Lincoln, USA

**Present Directorship in Other Public Companies and Listed Issuers:**

- ❖ Swang Chai Chuan Limited

**Working Experience:**

Ms. Saw was formerly the Managing Director for Dutch Lady Milk Malaysia and Singapore from 2015 to 2017. She was then re-designated as a Non-Independent Non-Executive Director in January 2018.

Ms. Saw started her marketing career by joining the Unilever management training programme and since then, she has held various senior managerial positions within the fast-moving consumer goods industry. She first joined the Company in March 2003 as its Commercial Director. From March 2008 to 2010, she was appointed as the General Manager for FrieslandCampina Hong Kong. She was then promoted to become the Managing Director for FrieslandCampina Mainland China from 2011 to 2014.

She was appointed as the Adjunct Professor for Graduate Business School – MBA Programme, University Kebangsaan Malaysia (UKM) in 2018. Currently, she is actively involved in various mentoring programme for young leaders with the Lead-Women Malaysia Organisation.



## Profiles of Directors and Company Secretary



**Age:** ..... 53 years old

**Gender:** ..... Female

**Nationality:** ..... Dutch

**Date of Appointment:**

1 January 2023

**Tenure of Directorship:**

3 years and 3 months

**Membership of Board Committee:**

**NRC**

**Board Meeting:**



Attendance in 2025

**Academic/Professional Qualification(s):**

- ❖ Master of Econometrics/Operations Research, University of Amsterdam
- ❖ Postgraduate Controllers degree (CMA equivalent), University of Amsterdam-University of Maastricht

**Present Directorship in Other Public Companies and Listed Issuers:**

DKSH Holding Limited

**Working Experience:**

Ms. Tap is the President for the CD Asia Business Group of FrieslandCampina since October 2023. She joined FrieslandCampina in November 2022 as the Senior Vice President of CD Asia.

Ms. Tap first started her career in 1996 at Unilever in Indonesia. After having held roles in Finance, Category Management, Marketing and Sales, she move to China in 2002 to build Lipton business. In 2005, she came back to Indonesia where her last role was Managing Director at Unilever Food Solutions.

Ms. Tap then joined Danone in 2010 as Sales Director PT Sari Husada, Indonesia (Early Life Nutrition). Between 2012 and 2013 she served as Regional Sales Manager for Early Life Nutrition SAPAC. In 2013, she was appointed as the General Manager ELN Australia & New Zealand. In 2017, she moved to Aqua Indonesia as General Manager.

In July 2019, Ms. Tap became Senior Vice-President, Waters Indonesia and South East Asia. Under her leadership, Aqua Indonesia has obtained the B Corp certification, becoming the largest B Corp in Asia.

Prior to joining FrieslandCampina, Ms. Tap was Danone’s President of AMEA (Asia Middle East Africa) and a Member of the Executive Committee (COMEX).



SECTION 4: **DLM** LEADERSHIP

## Profiles of Directors and Company Secretary



**Age:** ..... 68 years old  
**Gender:** ..... Female  
**Nationality:** ..... Malaysian

**Date of Appointment:**  
 16 March 2018

**Tenure of Directorship:**  
 8 years

**Membership of Board Committee:**

**ARC**

**Board Meeting:**

**4/4** Attendance in 2025

**Academic/Professional Qualification(s):**

❖ Doctor of Veterinary Medicine, DVM, Universiti Pertanian Malaysia

**Present Directorship in Other Public Companies and Listed Issuers:**

❖ MYMBN Berhad

**Working Experience:**

Dato' Dr. Rosini was formerly the Deputy Director-General of the Department of Veterinary Services (DVS), Malaysia. Her career in the veterinary and agricultural sector spans over 30 years and her contribution and service to the veterinary sector has been recognised through state honours and by industry patrons in 2015 and 2017.

## Profiles of Directors and Company Secretary



**TENGGU  
NURUL AZIAN  
BINTI TENGGU  
SHAHRIMAN**

Independent  
Non-Executive Director

**Age:** ..... 63 years old

**Gender:** ..... Female

**Nationality:** ..... Malaysian

**Date of Appointment:**

25 June 2018

**Tenure of Directorship:**

7 years 9 months

**Membership of Board Committee:**

ARC

NRC

**Board Meeting:**



Attendance in 2025

**Academic/Professional Qualification(s):**

- ❖ Advocate and Solicitor of the High Court of Malaya
- ❖ Barrister-at-Law - The Honourable Society of Inner Temple
- ❖ School of Oriental & African Studies, London University, LLB (Hons)

**Present Directorship in Other Public Companies and Listed Issuers:**

- ❖ PPB Group Berhad
- ❖ FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Berhad)
- ❖ Sunway Healthcare Holdings Berhad

**Working Experience:**

Tengku Nurul Azian was formerly the Executive Vice President & Partner of PEMANDU Associates Sdn. Bhd., a management consulting firm focused on public sector transformation and business turnaround with global experience.

She started her career in 1988 as an Advocate and Solicitor with Messrs. Shook Lin & Bok before pursuing a career in investment banking in 1992. She has over 19 years of broad experience in investment banking and corporate finance, the last position held as Head of Corporate Finance in RHB Investment Bank Berhad, a member of RHB Banking Group, an integrated financial services group in Malaysia.

In 2010, she was appointed as the Director of Education and Human Capital Development in the Performance Management and Delivery Unit (PEMANDU) and held this position until 2017. She was the Executive Vice President and Partner of PEMANDU Associates Sdn. Bhd., a management consultancy firm until June 2020.

She sits on the Board of Governors of her alma mater, Convent Bukit Nanas.



SECTION 4: DLMi LEADERSHIP

# Profiles of Directors and Company Secretary



**JEAN SERGE KROL**  
Non-Independent  
Non-Executive Director

**Age:** ..... 55 years old  
**Gender:** ..... Male  
**Nationality:** ..... Dutch

**Date of Appointment:**  
19 July 2019

**Tenure of Directorship:**  
6 years 8 months

**Membership of Board Committee:**

**ARC**

**Board Meeting:**

**4/4** Attendance in 2025

**Academic/Professional Qualification(s):**

- ❖ Post-master Degree Certified Controller (RC), Vrije Universiteit, Amsterdam
- ❖ Post-master Degree Certified Public Accountant (RA), Rijksuniversiteit Groningen (RUG), Groningen
- ❖ Master of Economics (Drs.), Auditing variant, Rijksuniversiteit Groningen (RUG), Groningen

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Mr. Krol joined FrieslandCampina in 2002 as Commercial Controller Friesland Foods Cheese, Wolvega. He then held the position as a Finance Director at FrieslandCampina Thailand, Bangkok from 2006 to 2010 and as Finance Director at FrieslandCampina DOMO, Amersfoort from 2010 to 2015 before assuming the position as Finance Director of FrieslandCampina China, Shanghai in May 2015. In July 2019, he was appointed as the Director of Finance for FrieslandCampina's Specialised Nutrition Business Group and in 2023, he assumed the position of Director of Finance Business Group Asia.

## Profiles of Directors and Company Secretary



**DARREN KONG  
KAM SEONG**  
Independent  
Non-Executive Director

**Age:** 48 years old

**Gender:** Male

**Nationality:** Malaysian

**Date of Appointment:**  
14 April 2021

**Tenure of Directorship:**  
4 years 11 months

**Membership of Board Committee:**

ARC

NRC

**Board Meeting:**



Attendance in 2025

**Academic/Professional Qualification(s):**

- ❖ Fellow Member of the Association of Chartered Certified Accountants (ACCA)
- ❖ Member of the Malaysian Institute of Accountants (MIA)
- ❖ Member of the Certified Practising Accountants, Australia (CPA)
- ❖ Member of the Institute of Corporate Directors Malaysia (ICDM)
- ❖ Member of the Singapore Institute of Directors (SID)
- ❖ Member of the Institute of Advisors (IOA)
- ❖ Associate member of the Association of Certified Fraud Examiners (ACFE)
- ❖ BSc (Hons) in Applied Accounting, Oxford Brookes University, United Kingdom

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Mr. Darren Kong is currently an independent corporate and business consultant and advisor registered under the Malaysian Institute of Accountants and also Programme Director for the Institute of Advisors - Malaysia Chapter. Previously, he was Chief Operating Officer of AutoCraver Trading Sdn. Bhd., a private company providing automotive technology solutions and Managing Director, Corporate Strategy & Alliance of a data technology company that specialises in Analytics, Big Data, Machine Learning and Artificial Intelligence. Mr. Darren Kong has held senior management and finance positions in industries covering property development, property management and the automotive industry. His area of work involves various organisations from enterprises to small businesses, establishing partnerships with trade and industrial associations and government agencies. Currently, he is an Independent Non-Executive Director of the Company and member of its Audit & Risk Committee and Nominating & Remuneration Committee. Prior to this, he held directorships of several private and public companies.

Mr. Darren Kong is a fellow member of the Association of Chartered Certified Accountants (ACCA), a member of the Malaysian Institute of Accountants (MIA), a member of Certified Practising Accountant (CPA) Australia, a member of Institute of Corporate Directors Malaysia (ICDM), a global associate member of Singapore Institute of Directors (SID), a member of the Institute of Advisors (IOA) Australia and an associate member of the Association of Certified Fraud Examiners (ACFE). He graduated from Oxford Brookes University, United Kingdom with a BSc (Hons) in Applied Accounting and a professional qualification from the Association of Chartered Certified Accountants. He also holds a Certificate in Data Analytics (CertDA) from ACCA, a Certificate in Digital Marketing Specialist from Malaysian Institute of Management, a Certified Digital Transformation Professional (International Programme) from CASUGOL, a Certificate in Google Cloud Big Data & Machine Learning, a Certified Professional Business Advisor (CPBA) from the Institute of Advisors, Australia, and a Certified Capital Market Professional - Sustainable and Responsible Investment 1 from the Securities Industry Development Corporation.



## SECTION 4: DLMI LEADERSHIP

## Profiles of Directors and Company Secretary



**Age:** ..... 51 years old

**Gender:** ..... Female

**Nationality:** ..... Malaysian

**Date of Appointment:**

6 April 2018

**Board Meeting:**



Attendance in 2025

**Academic/Professional Qualification(s):**

- ❖ LLB (Honours), University of Nottingham, United Kingdom
- ❖ Bar Vocational Course, University of Wales, Cardiff, United Kingdom
- ❖ Barrister-at-Law of England & Wales (Lincoln's Inn)
- ❖ Advocate & Solicitor of the High Court of Malaya
- ❖ Licensed Company Secretary

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Ms. Katina was admitted as an Advocate & Solicitor of the High Court of Malaya in 1999 after which she practiced in several law firms in Kuala Lumpur before joining the Usaha Tegas Group as Legal Counsel in 2005. Subsequently, she was attached to Lafarge Malaysia Berhad from March 2011 to March 2018 where she was the Head Counsel for Cement and Drymix businesses and the Company Secretary. She then joined the Company as the Legal & Company Secretarial head on 15 March 2018 and became a member of the Company's Management Team on 1 October 2024. She is a licensed company secretary under Section 20(G) of the Companies Commission of Malaysia Act 2001.

Save as disclosed, the Directors and the Company Secretary do not have any family relationship with any Director and/or major shareholder of the Company other than as nominee director of Royal FrieslandCampina N.V., do not have any conflict of interest with the Company, has not been convicted of any offence within the past five years, and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2025.

# Management Team Profiles



**VERONIKA  
UTAMI**  
Managing Director



**KAI DE KLERK**  
Finance Director

**Age:** 46 years old      **Date of Appointment:** April 2025  
**Gender:** Female  
**Nationality:** Indonesian

**Age:** 42 years old      **Date of Appointment:** January 2023  
**Gender:** Male  
**Nationality:** Dutch

**Academic/Professional Qualification(s):**

Bachelor's Degree in Industrial Engineering, University of Indonesia, Cum Laude

**Academic/Professional Qualification(s):**

- ❖ Bachelor's Degree in Business Studies, Tilburg University
- ❖ Master's Degree in Marketing Management, Tilburg University
- ❖ Master's Degree in Finance & Control, Maastricht University
- ❖ Certified Environmental, Social and Governance Analyst (CESGA), European Federation of Financial Analysts Societies (EFFAS)

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Utami brings to DLMI a wealth of experience and a strong track record in the fast-moving consumer goods (FMCG) industry, having most recently served as Marketing Director for Consumer Dairy and Specialised Nutrition at Frisian Flag Indonesia. With Indonesia being one of Asia's most dynamic and rapidly growing economies, her leadership has been pivotal in driving business growth and brand transformation.

**Working Experience:**

Prior to his current role as Finance Director at DLMI, Kai was Finance Director for FrieslandCampina Hong Kong since September 2020. Before that, he has held various positions in FrieslandCampina since 2015, starting in FC Netherlands as Manager, Controlling and Reporting followed by Head of Finance, Growth Markets for the Specialised Nutrition Business Group.

During her tenure, Utami led the successful consolidation of multiple Frisian Flag brands under a cohesive umbrella identity — strengthening brand equity, accelerating innovation, and anchoring sustainability at the core of operations. Her strategic direction also contributed to two consecutive years of market share growth.

Prior to joining FrieslandCampina, Kai worked in multiple finance and business roles at SABIC, a petrochemical manufacturer, in Netherlands, USA and Saudi Arabia for 8 years.

Before joining Frisian Flag, Utami built an impressive 20-year career at Unilever, where she held key marketing leadership roles across Indonesia and the broader Southeast Asia region. Notably, she served as Fabric Cleaning Director for Southeast Asia and New Zealand and was later appointed to the Board of Directors of Unilever Indonesia in 2019 — testament to her exceptional leadership and business acumen.

Her deep expertise in brand strategy, market development, and team leadership is instrumental in continuing DLMI's purpose of nourishing Malaysians with trusted dairy nutrition and is poised to steer DLMI into its next phase of growth and innovation.



## SECTION 4: DLMI LEADERSHIP

## Management Team Profiles



**EZMIR HAZIZI BIN AZHAR**

Corporate Affairs Director

**Age:** 43 years old

**Date of Appointment:**  
January 2024

**Gender:** Male

**Nationality:** Malaysian

**Academic/Professional Qualification(s):**

- ❖ Bachelor of Economics (Honours), International Islamic University of Malaysia
- ❖ Dare to lead program, Vlerick Business School, Ghent, Belgium

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Ezmir has over 15 years of experience in corporate affairs, public policy, regulatory engagement, communications and stakeholder management across highly regulated industries.

He joined Dutch Lady Milk Industries Berhad (DLMI) in 2019 as Public Affairs Manager. In this role, he strengthened the Company's government and stakeholder engagement, supporting business continuity and licence-to-operate during the COVID-19 pandemic through structured engagement with regulatory authorities. He also contributed to re-establishing DLMI's position as a supplier under the Ministry of Education's School Milk Programme through close collaboration with relevant ministries and agencies.

Prior to joining DLMI, Ezmir spent more than ten years with British American Tobacco (Malaysia) Berhad, where he held managerial roles in corporate and regulatory affairs, including experience within the company's global Centre of Expertise. This provided exposure to complex regulatory environments and multi-market stakeholder engagement.

Ezmir translates public policy and regulatory developments into strategic business considerations while maintaining constructive and credible relationships with government and external stakeholders. He has represented the Company in structured stakeholder engagements and public-facing initiatives aligned with national nutrition, education and community objectives.

He currently oversees the alignment of corporate affairs, policy and sustainability positions to ensure consistency between external commitments, regulatory expectations, and business priorities, supporting long-term business resilience, stakeholder trust and sustainable value creation.



**WILSON CHUA**

Sales Director

**Age:** 41 years old

**Date of Appointment:**  
January 2022

**Gender:** Male

**Nationality:** Malaysian

**Academic/Professional Qualification(s):**

- ❖ Lead to Win Program, London Business School
- ❖ Dare to lead program, Vlerick Business School, Ghent, Belgium
- ❖ Bachelor of Business in Information Technology University of Coventry, England

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Prior to his current role as Sales Director, Wilson was the National Customer Development Manager - Modern Trade & GT Chilled at DLMI. Wilson has 16 years of sales experience and joined the company in April 2016. Prior to joining DLMI, he worked in Reckitt Benckiser, Unilever and local company Nibong Tebal Enterprise, all in various sales capacity. At DLMI, he has been involved in multiple sales transformation projects and was a part of the Future Leader Cohort 2018.



## Management Team Profiles



**YASHASHRI VATVE**  
Marketing Director



**PAUL CEELLEN**  
Operations Director

**Age:** 43 years old      **Date of Appointment:** January 2026  
**Gender:** Female  
**Nationality:** Indian

**Age:** 41 years old      **Date of Appointment:** July 2024  
**Gender:** Male  
**Nationality:** Dutch

**Academic/Professional Qualification(s):**

- ❖ Bachelor's degree in Commerce, Pune University India
- ❖ Post Graduate Diploma in Management, SPJIMR India

**Academic/Professional Qualification(s):**

- ❖ Master Strategic Management, Tilburg University
- ❖ Master exchange program, Prague University of Economics & Business
- ❖ Bachelor Business Economics, Tilburg University
- ❖ Green Belt Six Sigma certified

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Present Directorship in Other Public Companies and Listed Issuers:**

Nil

**Working Experience:**

Yashashri is a seasoned marketer with 20 years of multi-market experience and sharp commercial acumen. She thrives on driving innovative, high-impact initiatives and developing talent to maximise business value, demonstrated by a proven track record of success in companies like L'Oreal and Nestlé.

**Working Experience:**

Paul started his career as Supply Chain Coordinator at Philips Lighting Netherlands in 2010. After 2.5 years, he was tasked with the responsibility of Supply Chain Manager at the E2E supply chain of an outdoor lighting factory of Philips in Spain.

She has been recognised for evolving influencer marketing capabilities and for crafting effective content which secured her a Gold META Reels Impact Award 2024 (APAC) for Maybelline's Sky High campaign.

In 2016, Paul made his move to the Fast Moving Consumer Goods (FMCG) industry by joining FrieslandCampina Maasdam as Production Manager. After 1 year, he was promoted to Operations Manager of Rotterdam factory and later spent 2.5 years as Plant Manager of Den Bosch factory. Paul was appointed as Make Associate Director in July 2022 and is now promoted to Operations Director of DLMI in July 2024.

Prior to this, she was Category Marketing Head of Maggi under Nestlé India before then becoming the Category Marketing Head of Nescafé. Thereafter, she was the Category Marketing Head & Digital Ecosystem Lead for Maggi under Nestlé Malaysia where she earned a Silver EFFIE for the Maggi Wanita Cukup Berani Campaign in 2022.

Paul has 15 years of experience in several Supply Chain and Operations leadership roles in different factories and countries and has a track record of achieving results by building a high engagement culture with his people.



## SECTION 4: DLMI LEADERSHIP

## Management Team Profiles



**MICHELLE  
YONG WAI CHENG**

Head of Human Resources  
(HR Business Partner)

**Age:** ..... 38 years old

**Date of Appointment:**  
March 2026

**Gender:** ..... Female

**Nationality:** ..... Malaysian

#### Academic/Professional Qualification(s):

- ❖ Bachelor's Degree of Applied Finance, University of South Australia
- ❖ Master's Degree of Applied Psychology in Coaching, HELP University
- ❖ NLP Practitioner
- ❖ Associate Certified Coach (ACC)
- ❖ Healing Practitioner
- ❖ Lean Six Sigma (Green Belt)

#### Present Directorship in Other Public Companies and Listed Issuers:

Nil

#### Working Experience:

Michelle is a distinguished HR leader with over 10 years of experience across the FMCG, Oil & Gas, and Manufacturing sectors. She specialises in organisational design and talent development, with a proven track record of building future-ready organisations for global giants like Shell and BASF.

She is highly regarded for her strategic partnership and change management expertise, notably securing Gold and Bronze awards for Change Management at the Malaysia HR Excellence Awards. Her strategic oversight was instrumental at Shell, where she delivered an HR operating model review projected to achieve up to 20% in cost savings.

Prior to her current role, she served as the Regional Head of HR Portfolio & Technology (APAC) at BASF and the Global HR Business Partner at Shell, where she led transformative projects to drive business results.



**KATINA NURANI  
BINTI ABD RAHIM**

Head of Legal and  
Company Secretary

**Age:** ..... 51 years old

**Date of Appointment:**  
October 2024

**Gender:** ..... Female

**Nationality:** ..... Malaysian

#### Academic/Professional Qualification(s):

- ❖ LLB (Honours), University of Nottingham, United Kingdom
- ❖ Bar Vocational Course, University of Wales, Cardiff, United Kingdom
- ❖ Barrister-at-Law of England & Wales (Lincoln's Inn)
- ❖ Advocate & Solicitor of the High Court of Malaya
- ❖ Licensed Company Secretary

#### Present Directorship in Other Public Companies and Listed Issuers:

Nil

#### Working Experience:

Katina was admitted as an Advocate & Solicitor of the High Court of Malaya in 1999 after which she practiced in several law firms in Kuala Lumpur before joining the Usaha Tegas Group as Legal Counsel in 2005. Subsequently, she was attached to Lafarge Malaysia Berhad from March 2011 to March 2018 where she was the Head Counsel for Cement and Drymix businesses and the Company Secretary. She then joined the Company as the Legal & Company Secretarial head on 15 March 2018 and became a member of the Company's Management Team on 1 October 2024. She is a licensed company secretary under Section 20(G) of the Companies Commission of Malaysia Act 2001.

Save as disclosed, the members of the Management Team do not have any family relationship with any Director and/or major shareholder of the Company other than as nominee director of Royal FrieslandCampina N.V., do not have any conflict of interest with the Company, has not been convicted of any offence within the past five years, has not been imposed any penalty by the relevant regulatory bodies during the financial year 2025, and do not hold any shares in the Company.



# Corporate Governance Overview Statement


**The Board of Directors (“Board”) of Dutch Lady Milk Industries Berhad (“DLMI” or “Company”) is committed to maintaining high standards of corporate governance through the application of the principles and practices outlined in the Malaysian Code on Corporate Governance 2021 (“Code”).**

DLMI’s corporate governance framework sets out the structure, processes and lines of authority that guide the direction, management and control of the Company’s business, while ensuring compliance with applicable laws, regulations, the Company’s Constitution, and established governance practices. The Board considers a sound governance structure essential for effective risk mitigation, the promotion of ethical business conduct and the long term sustainability of the Company. The Board will continue to review its governance practices to ensure alignment with evolving regulatory expectations and best practices.

Principle  
**A**

**BOARD LEADERSHIP AND EFFECTIVENESS**

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 Refer to pages 148-167 of this report

Principle  
**B**

**EFFECTIVE AUDIT AND RISK MANAGEMENT**


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 Refer to pages 168-170 of this report

Principle  
**C**

**INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS**

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 Refer to pages 170-172 of this report



## Corporate Governance Overview Statement

### COMPLIANCE WITH THE CODE

The Board is pleased to report on governance compliance activities adopted in line with the Principles as set out in the Code that were applied throughout the financial year ended 31 December 2025 (“FY2025”) in this Corporate Governance Overview Statement (“CG Overview Statement”). The Principles have, in all material respects, been applied to achieve their intended outcomes, to the extent that they were found to be suitable and appropriate to the Company’s circumstances. Where appropriate, this CG Overview Statement also seeks to disclose all information that is required pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), relevant developments in market practice and regulations and any other requirements.

The application of the Practices set out in the Code throughout FY2025 will also be disclosed to Bursa Malaysia Securities Berhad in a prescribed format (“CG Report”) which will be published together with the Company’s Integrated Annual Report. In the CG Report, the Company has also provided a timeline for the Practice that has been adopted, apart from providing an explanation for the departure. In summary, the Company has complied with and has applied the Practices encapsulated in the Code with the exception of Practice 8.2 and Step-Up Practice 8.3.

In relation to Practice 8.2, the Company has not disclosed the remuneration of the top five senior management personnel in bands of RM50,000. The most senior member of management is the Executive Director of the Company and her remuneration is disclosed in this report and in the CG Report. The remuneration of the remaining members of senior management is disclosed only on a general and aggregated basis, as the Board is of the view that detailed disclosure is not in the best interest of the Company given the competitive market for senior talent in the consumer goods industry. The Board considers the level of disclosure provided to be sufficiently transparent and adequate for stakeholders to assess the reasonableness of remuneration paid to senior management. For the same reasons, Step Up Practice 8.3 is not adopted.



The CG Report may be downloaded from the Company’s corporate website ([www.dutchlady.com.my](http://www.dutchlady.com.my)).

### Principle



## BOARD LEADERSHIP AND EFFECTIVENESS

### OUR GOVERNANCE FRAMEWORK

The Company prioritises good governance as fundamental to its long term success and recognises its responsibility to shareholders and stakeholders. A healthy corporate culture, supported by a robust governance framework, enables the organisation to operate effectively and efficiently.

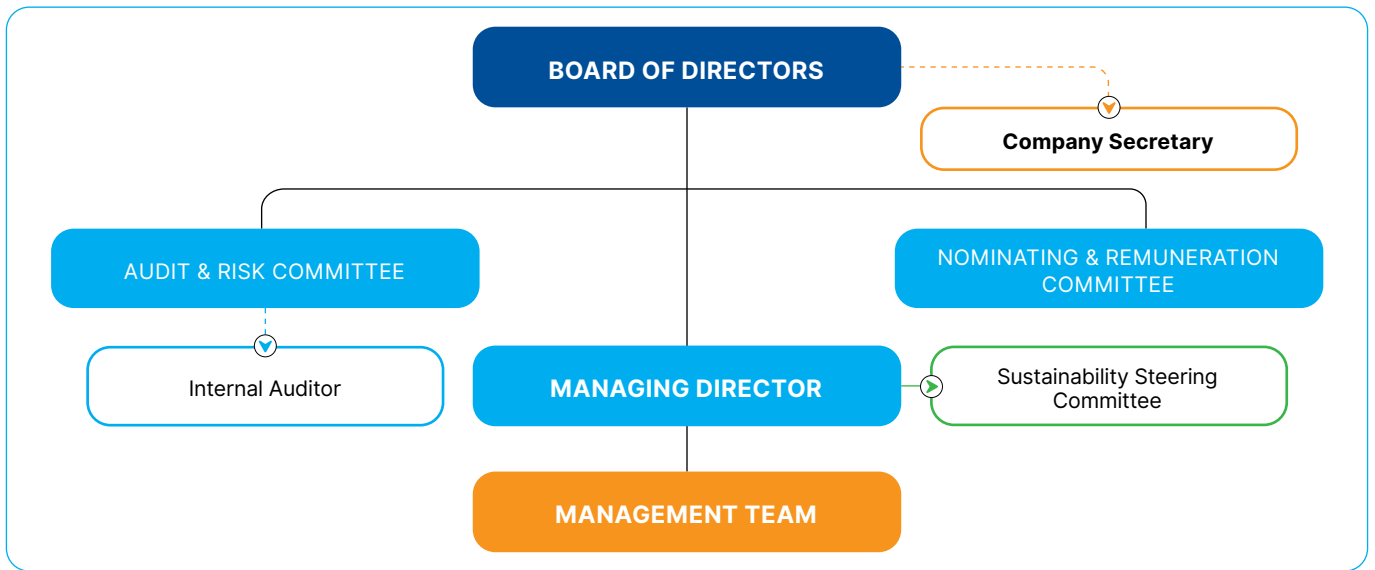
The Board views corporate governance as a key process that supports the creation of long term shareholder value. It discharges its responsibilities within a clearly defined governance framework supported by established mechanisms. Through this framework, the Board delegates specific responsibilities to its Committees and to management while retaining ultimate accountability for the performance and affairs of the Company. The Board upholds high standards of ethical conduct and promotes transparency and accountability across the organisation.

The governance framework, including its structures and processes, is anchored in the Board Charter and the Terms of Reference of the Board Committees, supported by management and the Company’s internal policies and procedures. Clear definition of roles and responsibilities underpins the effective functioning of the Board, ensuring an appropriate division of responsibilities between the Board and the Management Team in accordance with the principles of the Code. Clear delineation enables the organisation to meet stakeholder expectations, deliver quality outcomes and maintain compliance with laws and regulations.

The Board ensures that the Company’s governance structure remains appropriate and keeps pace with relevant corporate governance and regulatory developments. The structure and associated practices are reviewed as necessary to reflect changes in the market and the communities in which the Company operates.

## Corporate Governance Overview Statement

The diagram below shows DLMI’s governance structure and provides an overview of the key Committees of the Board and the various management committees that provide governance oversight:



### BOARD LEADERSHIP

The Board directs and oversees the business and affairs of the Company by periodically reviewing and approving its overall strategies. The Board also oversees the Company’s core values and adopts proper standards to ensure that the Company operates with integrity and in compliance with relevant rules and regulations. The Board has fiduciary responsibility for the financial and organisational health of the Company and the Directors are collectively responsible for steering long-term sustainable value for the Company’s business. A pivotal responsibility of the Board is to ensure that it balances the interests of the Board and its various stakeholders.

DLMI’s Corporate Governance Framework, firmly rooted in regulatory provisions, regulatory requirements, and best practices, maintains its integrity amidst adaptation to the evolving regulatory and market landscape. This well-structured governance model supports the Board’s aim of achieving sustainable value and at the same time, fostering a culture that values ethical behaviour, integrity and accountability.

The Board is cognisant of the critical role it plays in upholding ethical standards and ensuring legal compliance. The Board exercises diligent oversight, establishes robust internal controls and imbues a culture of integrity at all levels of the organisation. The Board ensures that the Company’s strategic plan supports long-term value creation and includes strategies on EES&G considerations, thereby strengthening the integration of sustainability in the Company’s operations. Through

sustainable practices, the Company becomes more resilient, is able to be create durable and sustainable value and maintains simultaneously, the confidence of its stakeholders.

The Board ensures that it is well-positioned to satisfy its oversight responsibility through periodic assessment of Board agenda priorities to ensure that it is well-informed on a timely basis of matters requiring attention. Together with management, the Board promotes good corporate governance culture within the Company ensuring ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its operations.

The Board embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout the Company. With a well-balanced composition that includes Non-Executive Directors (“NEDs”) the Board ensures that no individual or small group of Directors dominates the decision-making process and that the interests of shareholders are protected. The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities. The Board considers each NED to be independent in character and judgement. The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on the Management Team’s proposals and empower the Managing Director to implement strategies approved by the Board.



## SECTION 5: CORPORATE GOVERNANCE

## Corporate Governance Overview Statement

## CORPORATE GOVERNANCE PRIORITIES

The Board believes that good governance is crucial in achieving sustainable development. The following matters were identified as key focus areas going forward and will be addressed and/or implemented in FY2026 and beyond:

- i. Practice business ethics and integrity
- ii. Respect policies and processes
- iii. Transparent reporting
- iv. Protect privacy & security
- v. Practice good governance
- vi. Engage with stakeholders

## BOARD'S ROLES AND RESPONSIBILITIES

(Practice 1 to 4)

The Board is accountable to shareholders for creating and delivering sustainable value through its oversight of the Company's business, approval of strategic plans and monitoring of their implementation. The Board met regularly throughout the year to approve the Company's strategic objectives, to lead the organisation within an effective control framework that enables risks to be identified and managed, and to ensure that sufficient resources are available to achieve the objectives set.

While the Board delegates appropriate authority to its Committees and the Management Team, it does not abdicate its responsibilities and maintains collective oversight at all times. The Board also ensures that it does not leave the management of the Company's affairs solely to the Committees, and the Directors remain responsible for the exercise of all delegated powers.

The Board reserves full decision-making powers, after taking into consideration the policies, procedures and guidelines of the Royal FrieslandCampina N.V. Group of companies ("FC"), on the following matters:

- a. Conflict of interest relating to a substantial shareholder or a Director or person connected to such substantial shareholder or Director
- b. Material acquisitions and disposition of assets not in the ordinary course of business
- c. Investment in capital expenditure projects
- d. Authority levels
- e. Treasury policies
- f. Risk management policies
- g. Key human resource issues
- h. Related party transactions



## Corporate Governance Overview Statement

### Chairperson and Managing Director

- The roles of the Chairperson and the Managing Director (“MD”) are separately held and the division of their responsibilities is clearly defined. The MD is an appointee of FC who is the Company’s major shareholder and heads the Company’s Management Team. She is responsible for leading and managing the Company’s business within a set of authorities delegated by the Board. She is also responsible for the implementation of the Company’s strategy and policy. The Chairperson is an independent director who has never assumed an executive position in the Company.

The Chairperson is responsible for the operation and leadership of the Board. She ensures that the Board is effective and that the Company is guided by good corporate governance practices. She facilitates robust dialogue during Board meetings and draws out diverse perspectives from the Board members. She also ensures that there is a good balance between the time allocated to governance matters and discussions on business performance and strategies at board meetings. The Chairperson is not a member of any of the Board committees and the Chairperson does not attend or otherwise participate in any of these committee meetings.

At almost every board meeting, unless not required, the Chairperson holds meetings with the Non Executive Directors without the presence of management or the FC nominee Directors. These sessions provide a dedicated forum for Non Executive Directors to exchange views openly on matters discussed at Board meetings and to align on any issues requiring further consideration. This process supports more balanced Board deliberations, strengthens independent oversight and ensures that Directors can raise matters candidly in the interest of the Company.

### Independent Directors

- The primary responsibility of Independent Non-Executive Directors is to protect and safeguard the interest of minority shareholders and other stakeholders. The effective participation of Independent Non-Executive Directors serves to promote greater transparency, accountability and balance in the Board’s decision-making process. Ms. Saw Chooi Lee is the Board’s Senior Independent Director.

### Non-Independent Non-Executive Directors

- The Non-Independent Non-Executive Directors each occupy, or have occupied, senior positions in industry, bringing valuable external perspectives to the Board’s deliberations through their working experience and business insight from other sectors enabling them to contribute significantly to Board decision-making process.

### Company Secretary

- The Company Secretary serves as the corporate governance officer of the Company, providing essential support to the Board and its Committees. With more than 15 years of experience as a company secretary for public listed companies, she is a licensed secretary qualified under Section 235 of the Companies Act 2016 and holds a secretarial practicing certificate from the Companies Commission of Malaysia under Section 241(4) of the Companies Act 2016. Additionally, she is a qualified lawyer, delivering both legal and company secretarial advice to the Management Team and the Board. All Board members have direct access to her guidance and services in fulfilling their responsibilities.

The Company Secretary ensures the Board receives comprehensive information and adequate preparation time for meetings. She is responsible for preparing accurate minutes and offering expert advisory services on company administration and governance matters. Actively steering the Board, she upholds high standards of corporate governance and plays a proactive role in ensuring compliance with the Listing Requirements, the Companies Act 2016 and the Malaysian Code on Corporate Governance (as amended). Through her leadership, the Company Secretary consistently guides and challenges the Board to adhere to best practices, reinforcing her vital role as the Company’s principal corporate governance officer.



## SECTION 5: CORPORATE GOVERNANCE

## Corporate Governance Overview Statement

## BOARD MEETINGS

The Board practices active and open discussions at Board meetings so that opportunities are given to all Directors to participate and contribute to the decision-making process. Robust discussions and vigorous deliberations at Board and Board Committee meetings ensure the process of constructive and healthy dialogue is achieved. Members of management have also been invited to attend selected Board meetings to support the Board with further additional information on the matters being deliberated. The Directors have direct access to the Management Team and access to any information relating to the Company to enable them to discharge their duties. The Directors may, when necessary, obtain independent professional advice at the Company's expense in the furtherance of their duties.

## BOARD MEETING ATTENDANCE

The Board convenes at least four (4) scheduled Board meetings during each financial year. More meetings will be scheduled depending on business requirements, where appropriate. In FY2025, four (4) scheduled Board meetings were held in total. In addition to the scheduled Board meetings, all of the Board members also attended the Company's Annual General Meeting ("AGM").

The Directors' attendance at Board meetings and the Annual General Meeting for the year ended 31 December 2025 are as follows:-

Board Members	Scheduled Meetings		
	Board Meetings	%	AGM
Datin Seri Sunita Mei-Lee Rajakumar (Chairperson, Independent Non-Executive Director)	4/4	100	1/1
Ms. Ramjeet Kaur Virik <sup>(1)</sup> (Executive Director)	1/1	100	N/A
Ms. Veronika Winanti Wahyu Utami <sup>(2)</sup> (Executive Director)	3/3	100	1/1
Ms. Saw Chooi Lee (Senior Independent Non-Executive Director)	4/4	100	1/1
Tengku Nurul Azian binti Tengku Shahrman (Independent Non-Executive Director)	4/4	100	1/1
Ms. Corine Danielle Tap (Non-Independent Non-Executive Director)	4/4	100	1/1
Dato' Dr. Rosini binti Alias (Non-Independent Non-Executive Director)	4/4	100	1/1
Mr. Jean Serge Krol (Non-Independent Non-Executive Director)	4/4	100	1/1
Mr. Darren Kong Kam Seong (Independent Non-Executive Director)	4/4	100	1/1
<b>Company Secretary</b>			
Ms. Katina Nurani binti Abd Rahim (Company Secretary)	4/4	100	1/1

## Notes:

<sup>(1)</sup> Resigned as Director on 15 April 2025

<sup>(2)</sup> Appointed as Director on 15 April 2025

## Corporate Governance Overview Statement

All Directors complied with the minimum attendance requirement of at least 50% of Board meetings pursuant to the Listing Requirements. The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities.

### Key activities and focus areas

- During the year, key activities and focus areas of the Board include:
- ▶ Reviewing and approving the 4<sup>th</sup> quarter and full year financial results for the financial year ended 31 December 2024
  - ▶ Reviewing and approving the Director's Report and Audited Accounts for the financial year ended 31 December 2024
  - ▶ Reviewing and approving the quarterly financial results up to the 3<sup>rd</sup> quarter for the financial year ending 31 December 2025
  - ▶ Reviewing the financial report on the Company's quarterly performance and outlook for the year
  - ▶ Approving dividend payments and reviewing the solvency position of the Company
  - ▶ Reviewing and approving the Company's strategy and business plans
  - ▶ Receiving updates on risk management status
  - ▶ Receiving updates from the Company's Sustainability Steering Committee ("SSC") on critical and material Economic, Environmental, Social and Governance ("EES&G") matters
  - ▶ Reviewing and approving updates to the Company's Sustainability Roadmap 2030
  - ▶ Reviewing and approving updates to the Company's Strategy for FY2026
  - ▶ Receiving and approving the Company's Annual Budget and Capex Budget for FY2026
  - ▶ Receiving updates on the Company's Business Insights and Competitor Analysis
  - ▶ Reviewing and approving the Company's Recurrent Related Party Transactions, subject to the approval of the shareholders
  - ▶ Receiving updates on the Recurrent Related Party Transactions by the Company
  - ▶ Reviewing the audit report findings of the Internal Audit, its recommendations and management responses
  - ▶ Reviewing the audit reports of the External Auditor
  - ▶ Reviewing the term of office and assess the retirement of Directors by rotation, the retention of Directors and eligibility for re-election or retention
  - ▶ Reaffirming and ratifying the Circular Resolutions passed by the Board
  - ▶ Reviewing, approving and noting the Company's announcements released to Bursa
  - ▶ Assessing and recommending the re-appointment of the Company's External Auditor for the financial year ending 31 December 2025 and for the Directors to fix their remuneration
  - ▶ Reviewing and approving the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandates for Recurrent Related Party Transaction of revenue or trading nature
  - ▶ Reviewing and approving the Statement on Internal Control and Risk Management for the Integrated Annual Report 2024
  - ▶ Preparing for and attending the 2025 AGM

### BOARD CHARTER

The Board Charter sets out the Board's strategic intent, authority and terms of reference, and serves as a primary source of reference and introductory information for the Board members. The Board Charter clearly specifies the roles and responsibilities of the Board, the Board Committees, and individual directors. The Board reviews and updates the Charter periodically wherein the latest update was approved by the Board in August 2025.



The Charter is available on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).



## Corporate Governance Overview Statement

### THE COMPANY'S CODE OF CONDUCT

The Board is guided by the FC code for good business conduct which is known as Compass. Compass is designed to set a certain standard for all employees and officers of the Company. It promotes integrity in the workplace with focus on safety, rights of employees and human rights, sustainability and avoidance of conflicts of interest. Compass also promotes integrity in business practices with focus on anti-bribery and anti-corruption, gifts and hospitality, fair competition and fair communication. Finally, Compass focusses on the protection of the Company's interests with focus on protection of confidential information, data protection, integrity of financial reporting and the prevention of fraud. Compass plays an important role in the management of compliance risks and sets out the values, principles and guidelines as to how the Company conducts its business to ensure integrity, transparency and accountability.

Compass has, under its purview, underlying policies which includes topics such as Avoiding Conflicts of Interest, Protection of Confidential Information, Privacy, Doing Honest Business (Anti-Bribery and Corruption) and Fair Competition. Compass is embedded in the Company's working culture and encapsulated in the Company's Employee handbook.



A copy of Compass is available on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).

### DOING HONEST BUSINESS – THE COMPANY'S ANTI-BRIBERY & CORRUPTION POLICY

The Company has adopted FrieslandCampina's anti-bribery and corruption policy, known as the "Doing Honest Business" policy. This policy, which applies to all directors and employees, mandates the highest standards of honesty and ethical conduct in all business operations. To ensure practical application, the policy has been localised with specific values in Malaysian Ringgit. The Company maintains a zero-tolerance stance toward bribery and corruption and is committed to conducting all business dealings and relationships with professionalism, fairness and integrity. The policy also encompasses a Gifts, Internal Events and Corporate Sponsorship Policy, which

explicitly prohibits any form of bribery, gratification, or facilitation payments. Employees are expected to adhere to these guidelines in their daily activities. Oversight of anti-corruption compliance is vested in the Company's Head of Legal & Company Secretary, who is responsible for reviewing and monitoring all related procedures, providing advice and reporting to both the Management Team and the Board of Directors. In addition, the Company reinforces its zero-tolerance policy by requiring business partners to engage in fair and honest practices, as outlined in the Business Practices for Business Partners Policy.



A copy of the Doing Honest Business - Gifts Policy and Business Practices for Business Partners are available on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).

### MACC CORPORATE LIABILITY

The Company has taken steps to ensure that it is in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Section 17A) which introduces, amongst others, new corporate liability for companies, arising from corrupt acts committed by employees or person associated with the company. The Company continuously takes steps to ensure that its existing anti-bribery and corruption policies and procedures are adequate and meets the Guidelines for Adequate Procedures as prescribed by Section 17A.

In FY2025, the Company's employees were provided with training on anti-bribery and corruption which took into consideration the provisions of the Malaysian Anti-Corruption Commission Act 2009 ("MACC provisions"). Further, the Company's entire operations were assessed for corruption related risks through a fraud risk assessment. The Board is pleased to confirm that there were no incidents of corruption by the Company or its employees which took place during FY2025.

In addition to the training, to ensure that the importance and significance of the MACC provision was not overlooked, briefing materials on the topic of anti-bribery and corruption which includes the MACC provision was made available to all stakeholders on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).

## Corporate Governance Overview Statement

### WHISTLEBLOWING – THE SPEAK UP PROCEDURE

All the Company's employees and other stakeholders are strongly encouraged to and have access to its whistleblowing procedure known as "Speak Up". The Speak Up procedure serves as an avenue for employees and other stakeholders to voice out their concerns on matters relating to Compass and to raise any suspicions of wrongdoing, malpractice or impropriety in the management of the Company's business and affairs. The Speak Up procedure clearly sets out a well-defined process upon which Compass-related matters can be raised in confidence and anonymity (if requested) in good faith and without fear of reprisal. The Speak Up phone and web service which is managed by an independent third party is available on any day of the year and at any time. Details of the methods to raise Speak Up Reports is made available to employees via internal communication.



This information is also made available to all stakeholders on the Company's website along with a copy of the Speak Up Procedure at [www.dutchlady.com.my](http://www.dutchlady.com.my).

### PERSONAL DATA PROTECTION

The Company handles and uses personal data in accordance with the Personal Data Protection Act 2010 ("PDPA"). The Company has adopted the FrieslandCampina Privacy Policy which outlines the requirements for the Company and its employees in handling personal data. Management also tracks complaints concerning breaches of customer privacy and losses of customer data. The Board is pleased to confirm that there were no substantiated complaints regarding breaches of privacy of loss of data in FY2025.

### SUSTAINABILITY

Management is conscious and serious about the Company's responsibility towards sustainability issues and its role in the Company's long-term strategic plans. The Company's Sustainability Steering Committee ("SSC") consists of various functional teams and leads sustainability strategy formulation as well as EES&G integration approaches. The Management Team or the Functional Heads are responsible to manage EES&G topics strategically and integrate EES&G considerations in the operations of the Company. The Company also has an Internal Control Specialist – Sustainability, who implemented effective controls which aim to enhance

DLMI's sustainability framework and controls. This role is in addition to our Sustainability Lead, who closely works with the Management Team to align local, regional and global agendas as well as monitor our compliance to existing and evolving policies and regulations.

EES&G oversight ultimately starts with the Board and the Management Team, being the apex of corporate leadership. DLMI's approach to sustainability is shaped by our vision to strengthen our position as the leading dairy company, driving responsible growth, which has been translated into initiatives that are embedded in our business strategy.

With the formulation of the Company's Sustainability Roadmaps 2030, the Company has mapped out its business and sustainability goals for a sharper focus on how we create value for each of its priority material issues. The sustainability goals will drive the sustainability performance throughout the Company's business and strengthen its commitment to creating long-term value for all stakeholders.

For the Company, EES&G issues are a business imperative as we strive to become more resilient, agile and sustainable. The Board and the Management Team are committed towards ensuring responsible corporate conduct is demonstrated and practiced in the Company's daily activities across all aspects of the Company's operations. The Board ensures that embedding EES&G is not undertaken in isolation and is at the core of how the Company identifies its challenges, risks and opportunities. The Board's actions and decisions reflect a commitment to the highest standards of EES&G. Robust processes, controls and governance are in place to ensure transparent disclosures. The Board is responsible for overseeing the effectiveness of policies, procedures and systems in place for EES&G monitoring and reporting. The governance, management and reporting on DLMI's sustainability agenda is led by the Managing Director who chairs the SSC and is overseen by the Board. In the performance evaluation of the Board and the Management Team for FY2025, the performance of their respective roles in addressing material EES&G risks and opportunities was taken into account.

In FY2025, the Board received quarterly updates from the SSC's Board Representative on critical and material EES&G matters. The Board also reviewed and approved updates to the Sustainability Roadmap 2030.



Further information about the Company's approach to sustainability and its governance are disclosed in the Sustainability Report in this Integrated Annual Report.



## Corporate Governance Overview Statement

### BOARD COMPOSITION (Practice 5 to 6)

The Board continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions. These Directors bring their expertise and experience as well as varied insights to bear in policy formulation and decision making. The Board's size ensures that the purpose, involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised and that it achieves the correct balance to realise the Company's strategic objectives.

The Chair of the Nominating & Remuneration Committee ("**NRC**") takes note of the declarations made by Directors on the number and nature of the external directorships that they hold as well as their assurances on time commitment in carrying out their duties and responsibilities to the Company. The Directors are not allowed to hold more than five directorships in listed issuers (including the Company) simultaneously, pursuant to Chapter 15 of the Listing Requirements. Prior to acceptance of other appointment for directorship in other listed companies, the Directors are required to first notify the Chairman to ensure that such appointment would not unduly affect their time commitment and responsibilities to the Board.

The NRC ensures that the composition of the Board is refreshed periodically. To ensure that this is achieved, the Board has adopted a policy to limit the tenure of an independent director to 9 years without further extension.



The policy is available on [www.dutchlady.com.my](http://www.dutchlady.com.my).

Accordingly, there shall be no further annual re-election of directors apart from those re-elected due to retirement by rotation or retirement of those who were appointed during the year.

Currently the Board comprises of 8 members, one of whom holds an executive position as the Managing Director, while the other 7 are Non-Executive Directors. Out of the 8 members, 4 are independent and 4 are non-independent directors. The composition exceeds the requirements of Paragraph 15.02 of the Listing Requirements as more than one third of the Board are Independent Non-Executive Directors ("**INED**"). Of the 4 non-independent directors, 3 are nominees of Royal FrieslandCampina N.V, and 1 is a nominee of Permodalan Nasional Berhad. As such, a majority (5 out of 8) of the Board members represents the Company's minority shareholders.

The Company's major shareholder is a foreign co-operative of farmers. The Board considers that the current composition fairly reflects the foreign direct investment and the investment of the minority shareholders. The proportion of independent directors ensures effective checks and balances on the Board and the independent directors effectively safeguard the interest of the minority shareholders.

The Company's Board consists of qualified individuals with a good mix of operational and commercial experience. Members of the Board have both local and international experience and together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience.



Details of all Directors and their biographies are provided in the Integrated Annual Report.

### BOARD CONDUCT

Achieving boardroom effectiveness is essential for the success of an organisation. The Board believes that fostering a culture of collaboration where Directors work together harmoniously to make well-informed decisions is extremely important. In this regard, the Board ensures that the roles and responsibilities of each Director are clearly defined to avoid overlap and to ensure accountability. Directors are expected to provide strategic guidance, oversee performance, manage risks, ensure compliance, engage stakeholders and plan for succession. The Directors acknowledge that adhering to their liabilities is crucial to ensure financial stability and legal compliance of the organisation. By fulfilling their duties diligently, Directors are able to safeguard the Company's reputation and operational integrity.

All Directors commit themselves to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. All Directors discharge their duties and responsibilities at all times as fiduciaries in the best interest of the Company. They are expected to act with integrity, led by example, keep abreast of their responsibilities as Directors and of the conduct, business and development of the Company. In directing or managing the Company's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience. The Board ensures that key transactions or critical decisions are deliberated and decided on by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

## Corporate Governance Overview Statement

### THE APPOINTMENT PROCESS

Regarding the appointment of directors, the Board takes a thoughtful and rigorous approach to sourcing candidates for independent director roles. Internal research and reputable recruitment firms are engaged to identify individuals who align with the Board's needs. Every director is chosen based on their unique merits and relevant experience, ensuring that the Board is composed of individuals with complementary skills, expertise and perspectives. This diversity enables the Board to deliver effective oversight, strategic guidance and constructive challenge, while thoroughly reviewing and deciding on management proposals and empowering the Managing Director to implement Board-approved strategies.

The Board remains committed to maintaining a collective mix of skills, experience and backgrounds, recognising that this blend is essential for driving value in Board processes and decisions. In line with the Listing Requirements, no Board member holds more than five directorships in listed companies, safeguarding their ability to dedicate sufficient focus and attention to their responsibilities.

For all director appointments:

- Independent director candidates are sourced through internal research and recruitment firms in line with Board requirements.
- Managing Director candidates — who serve as Executive Directors — are identified both through recruitment firms and the global FrieslandCampina leadership talent pool.
- The NRC evaluates shortlisted candidates on their profiles, professional accomplishments, and personality assessments, always considering the Board's needs.
- The NRC ensures that each candidate is both suitable and of high caliber before recommending them for Board approval.

### ELECTION AND RE-ELECTION OF DIRECTORS

In compliance with the Company's Constitution, one third of the Directors shall retire by rotation at each AGM. Directors who are appointed during the year shall also retire at the next AGM. The Company's Constitution further provides that all Directors shall retire from office at least once in every three years.

In the forthcoming AGM, Dato' Dr. Rosini binti Alias and Mr. Jean Serge Krol will retire by rotation in accordance with Rule 105 of the Company's Constitution (collectively, the "**Retiring Directors**").

The Board had, through its NRC, assessed each of the Retiring Directors and considered the following: (i) If there is any evidence of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, the Directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole; and (ii) the Retiring Directors' performance and contribution based on the externally conducted Board Capability Assessment results for FY2025 (which includes a self-assessment and peer rating).

For item (i) the NRC have considered and have found that the Retiring Directors each meet the criteria for appointment and re-appointment of directors as set out in the Directors' Fit and Proper Policy.

For item (ii), the NRC found that each of the retiring Directors performed well based on the performance criteria evaluated.

In light of the above, the NRC submitted its recommendation to the Board and the Board has approved and supported the re-election Dato' Dr. Rosini binti Alias and Mr. Jean Serge Krol to the shareholders for approval.



## Corporate Governance Overview Statement

### BOARD DIVERSITY

The Board acknowledges the importance of gender diversity and recognises the benefits that it can bring. The Board's prime focus on is the strength of the Board and therefore the overriding aim in any new appointments must always be to select the best candidate available. With this in mind, the Board shall at all times make best endeavours to have at least 30% women Directors on the Board. Currently, out of the 8 members on the Board, 6 are women. As such the Board comprises of 75% women directors.

The Company also seeks to maintain strong women representation in its Management Team. As at 31 December 2025, out of the 7 members on the Management Team, 3 are women. As such the Management Team comprises of 43% women.

### BOARD INDEPENDENCE

Every INED is required to provide a declaration of his/her independence annually. Based on the outcome of the Board Evaluation for the year under review, all the INEDs scored favorably and there were no conflicts of interest that could have affected their independent judgement.

Board decisions are made taking into account the views of the INED which carry substantial weight. The INED fulfil their roles in ensuring that strategies proposed by the Management Team are deliberated and examined taking into account the interests of the shareholders and stakeholders. Their role is also particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders.

The Board also believes that each INED has retained his/her independence throughout his/her tenure and had not under any circumstances formed any association with management that might compromise his/her ability to exercise independent judgement that could ultimately affect the interest of stakeholders. Prior to each Board meeting, the Independent Directors declares any interest that that they may have with respect to any of the transactions of the Company or confirm that they have no interest to declare with respect to the transactions of the Company. Further, based on the outcome of the Board Evaluation for the year under review, which was conducted internally, all the INEDs scored highly and there were no conflicts of interest that could have affected their independent judgement.

### THE NOMINATING & REMUNERATION COMMITTEE

The NRC establishes for itself the procedure and frequency of its meetings but shall meet at least once annually. The quorum for the meeting shall consist of any two independent non-executive Directors appointed to the NRC. The Managing Director, other Board members and any other persons may be invited to attend the meetings as necessary.

In assessing a Director's ability for re-election at the AGM, the NRC assessed each of the retiring Directors and considered the following: (i) If the retiring Directors meets the criteria for appointment and re-appointment of directors as set out in the Directors' Fit and Proper Policy; and (ii) The retiring Director's performance and contribution based on the Directors' Peer Assessment results.

The activities of the NRC during the financial year were as follows:

- a. **Leading the process for Board appointments and making recommendations of new members to the Board**
- b. **Reviewing and recommending to the Board for the Independent Directors to provide an annual Declaration of Independence**
- c. **Review the composition of the Board and Board Committees**
- d. **Review and make recommendations to the Board on the remuneration of the Non-Executive Directors**
- e. **Nominate the directors who are due for retirement and eligible to stand for re-election at the AGM**
- f. **Assess the effectiveness of the Board as a whole, the Committees of the Board and the individual directors on an on-going basis**
- g. **Review the required skills and core competencies of the Managing Director**



The terms of reference of the NRC are available on the Company's website, [www.dutchlady.com.my](http://www.dutchlady.com.my).

## Corporate Governance Overview Statement

The Committee met two (2) times in FY2025 and the attendance of each individual is set out below:

Members	Attendance	%
<b>Current Members</b>		
Ms. Saw Chooi Lee (Chairperson, Senior Independent Non-Executive Director)	2/2	100
Tengku Nurul Azian binti Tengku Shahrman (Member, Independent Non-Executive Director)	2/2	100
Mr. Darren Kong Kam Seong (Member, Independent Non-Executive Director)	2/2	100
Ms. Corine Danielle Tap (Member, Non-Independent Non-Executive)	2/2	100
<b>Company Secretary</b>		
Ms. Katina Nurani binti Abd Rahim (Company Secretary)	2/2	100

### TRAINING AND DEVELOPMENT

Induction programmes are conducted for newly appointed Directors, which include briefings by members of Management Team and the Company Secretary. The Directors will be provided with the necessary information to assist them in understanding the operations of the Company, current issues and corporate strategies as well as the management structure of the Company and the FC Group.

From time to time, the Company Secretary provides the Directors with updates on relevant legal and regulatory matters. In addition, the Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast with new developments in the business environment, corporate governance and enhance their skills and knowledge. All Directors have attended and successfully completed the Mandatory Accreditation Programme as well as the Mandatory Accreditation Programme Part II: Leading for Impact.



## SECTION 5: CORPORATE GOVERNANCE

## Corporate Governance Overview Statement

The Directors attended the following training programmes in FY2025 to further enhance their knowledge and to enable them to discharge their duties and responsibilities more effectively:

**Datin Seri Sunita Mei-Lin Rajakumar**

\* Datin Seri Sunita attended 59 courses in FY2025, some of which are as follows:

Date of Training	Course Details	Organiser
9 January	Where Does Nuclear Energy Fit in the Energy Transition?	CGM, US State Dept
19 February	FIDE FORUM Special Lecture How Global Events Will Affect the Outlook for the Financial Industry in 2025	FIDE FORUM
26 February	Government Dialogue Series: Charting the Path of AI: A Fireside Chat with Sam Majid, Head of the National AI Office (NAIO)	BMCC
7 – 8 April	National Climate Governance Summit 2025	CGM
15 April	E-Invoice & Service Tax Impact on Independent Director	FIDE FORUM, Deloitte Malaysia
5 May	Launch of TNFD Guide	Singapore Exchange, TNFD
5-8 May	Ecosperity 2025	Temasek
7 May	Financing Asia's Transition (FAST) Conference	Temasek
7 May	Climate Adaptation & Resilience: The Next Investment Frontier	BCG Temasek
8 May	Climate Group Asia Action Summit 2025	Climate Group
8 May	Green Economy Salon	Bain & Company, Temasek
9 May	CGM Conversations: Nature, Risk and Responsibility - a TNFD Deep Dive for Decision Makers	CGM
13 May	PwC AI Leadership Conference 2025	PwC
14 May	Amundi Geopolitics, Responsible Investing Conference	Amundi
16 May	CGM Conversations: Investors Evolving Expectations for Increased Climate Action	CGM
23 May	Gerakbudaya: People centred ASEAN	PSM
28 May	Climate Stress Testing	HSBC
5 June	FIDE FORUM Board Culture and Leadership Report 2025	FIDE FORUM
9 June	CFO Recovery Plan	HSBC
9 June	Deloitte: e-invoicing	HSBC
19 June	HSBC Climate Event	HSBC
20 June	AI's Next Wave: Chips, Code, and Localisation	FIDE FORUM
24 June	Nature Risk Masterclass with S&P Global	CGM, S&P Global
1 July	Masterclass "Overview of Climate-Related Physical Risks"	CGM, SwissRe

## Corporate Governance Overview Statement

### Datin Seri Sunita Mei-Lin Rajakumar

\* Datin Seri Sunita attended 59 courses in FY2025, some of which are as follows:

Date of Training	Course Details	Organiser
16 July	UNICEF Voices for the Future: Why Climate Change is a Child Rights Issue	UNICEF
24 July	ASEAN Climate Governance session	CGM, MSWG
28 July	CEO Action Network Dialogue on Sustainability and Sustainable Finance with Dr. Ma Jun	CEO Action Network
11 August	ICJ's Climate Opinion: What it means for business	CGM
11 August	NSRF workshop	Dutch Lady Milk Industries Berhad
13 August	ASB 10 <sup>th</sup> anniversary: Executive Panels	Asia School of Business
2 September	COP30 Masterclass	ISIS
8 September	"Climate First....or Last?" by Prof. Mak Yuen Teen and Tina Thomas	FIDE FORUM
29 September	Global Climate Governance Summit	CGM
9 October	India Conclave: Advisor's Dialogue: Boardrooms as Climate Catalysts	Team Marksmen
23 October	WEF Women Accelerator	WEF
12 – 13 November	ACGA Annual Meeting	Asian Corporate Governance Association
18 November	Carbon management workshop	HSBC
26 November	Strategic Dialogue Offsite for Zurich Malaysia Board	Zurich Malaysia
26 November	AWS - AI IN APAC: Breakthroughs, Challenges and Regional Momentum	Zurich Malaysia
26 November	Gallagher Re: Climate Workshop	Zurich Malaysia
30 November	Sustainability and Insurance Fundamentals 2025	Zurich Malaysia
5 December	Synergising Foreign Investor and State Climate Priorities: Part I	CGM
8 December	Budget and Strategy 2026	Dutch Lady Milk Industries Berhad
15 December	NUS120 Distinguished Speaker Series featuring Professor Steven Chu	National University of Singapore
15 December	NUS120 Distinguished Speaker Series featuring Professor Johan Rockstrom	National University of Singapore
16 December	Earth Observation (EO) Training Programme	SEADPRI
19 December	Climate governance and resilience	People Potential



## SECTION 5: CORPORATE GOVERNANCE

## Corporate Governance Overview Statement

**Veronika Winanti Wahyu Utami**

Date of Training	Course Details	Organiser
1 January – 31 December	Leadership Circle (Leadership Development Plan)	Frisian Flag
22 – 23 July	Mandatory Accreditation Programme (MAP I)	ICDM
11 August	NSRF Workshop	Dutch Lady Milk Industries Berhad
3 October	Perfect Store Day (Market Visit)	Dutch Lady Milk Industries Berhad
16 October	Treasury and Intercompany Loan Workshop	Dutch Lady Milk Industries Berhad
8 December	Budget and Strategy 2026	Dutch Lady Milk Industries Berhad

**Saw Chooi Lee**

Date of Training	Course Details	Organiser
24 April	Evolving Stakeholders Expectations: Key Insights for Sustainability Reporting 2025	Lead Women Sdn Bhd & Baker Tilly
13 May	PwC AI Leadership Conference	PwC
14 July	AI Supercharging Women's Leadership for Growth & Career Advancement	Lead Women Sdn Bhd & Tara Quest
28 July	Rethinking Risk: Aligning Uncertainty with Opportunity	ICDM
11 August	NSRF Workshop	Dutch Lady Milk Industries Berhad
3 October	Perfect Store Day (Market Visit)	Dutch Lady Milk Industries Berhad
16 October	Treasury and Intercompany Loan Workshop	Dutch Lady Milk Industries Berhad
25 November	Audit Oversight Board's Conversation with Audit Committees	Bursa
8 December	Budget and Strategy 2026	Dutch Lady Milk Industries Berhad

## Corporate Governance Overview Statement

<b>Dato' Dr. Rosini binti Alias</b>		
<b>Date of Training</b>	<b>Course Details</b>	<b>Organiser</b>
27 May	MYR and Malaysia's Economic Fundamentals - FX Impact	Dutch Lady Milk Industries Berhad
12 – 13 June	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM
11 August	NSRF Workshop	Dutch Lady Milk Industries Berhad
13 August	Conflict of Interest (COI) and Governance of COI	Bursa
14 August	Board and Top Team Effectiveness – Project Converse (Fireside Chat with Nominee Directors of PNB)	PNB
27 August	Professionalism in Service	Department of Veterinary Services (DVS)
3 October	Perfect Store Day (Market Visit)	Dutch Lady Milk Industries Berhad
16 October	Treasury and Intercompany Loan Workshop	Dutch Lady Milk Industries Berhad
6 November	Purposeful Leadership and Sustainability - Project Converse (Fireside Chat with Nominee Directors of PNB)	PNB
8 December	Budget and Strategy 2026	Dutch Lady Milk Industries Berhad

<b>Tengku Nurul Azian binti Tengku Shahrman</b>		
<b>Date of Training</b>	<b>Course Details</b>	<b>Organiser</b>
30 April	Trump, Trade & Trends: Navigating Economic Uncertainties	ICDM
30 July	Global Trade Pulse: US Tariffs and What's Ahead for China, Malaysia, ASEAN and Malaysia	Sunway Group
11 August	NSRF Workshop	Dutch Lady Milk Industries Berhad



## SECTION 5: CORPORATE GOVERNANCE

## Corporate Governance Overview Statement

## Tengku Nurul Azian binti Tengku Shahrman

Date of Training	Course Details	Organiser
23 September	Navigating NSRF & Latest Bursa Listing Requirements	MSWG
29 September	Annual Compliance Training 2025	PPB Group
3 October	Perfect Store Day (Market Visit)	Dutch Lady Milk Industries Berhad
16 October	Treasury and Intercompany Loan Workshop	Dutch Lady Milk Industries Berhad
6 November	Global and Malaysia's Economic Outlook	PPB Group
6 November	Business Strategy in a World Beyond 1.5 degrees celsius	PPB Group
6 November	Management Cybersecurity Awareness	PPB Group
11 November	Specialist Talk on Artificial Intelligence	Sunway Group
8 December	Budget and Strategy 2026	Dutch Lady Milk Industries Berhad
16 December	IT Security and Artificial Intelligence Awareness Training	PPB Group

## Jean Serge Krol

Date of Training	Course Details	Organiser
24 January	Compass Online Workshop	FrieslandCampina
5 February	Cyber Security Awareness for Office   Be Cyber Savvy	FrieslandCampina
1 July	Cyber Security   Protect your Identity & Be Aware When You Share	FrieslandCampina
8 August	Responsible AI Compass	FrieslandCampina
8 August	Cyber Security Awareness for Office   Protect your Devices	FrieslandCampina
8 August	Cyber Security Awareness for Office   Check before you Connect	FrieslandCampina
11 August	NSRF Workshop	Dutch Lady Milk Industries Berhad
16 October	Treasury and Intercompany Loan Workshop	Dutch Lady Milk Industries Berhad
8 December	Budget and Strategy 2026	Dutch Lady Milk Industries Berhad



## Corporate Governance Overview Statement

Darren Kong Kam Seong		
Date of Training	Course Details	Organiser
15 January	MIA Accounting & Financial Technology Showcase 2025	MIA
21 January	Navigating Opportunities Beyond Audit – Empowering Practitioners Amidst Audit Exemption Changes	ACCA
21 January – 11 April	Certified Capital Market Professional – Sustainable and Responsible Investment I	SIDC
13 February	Developments in Sustainability Practices and Reporting – Disclosures and Assessment	SIDC
17 February	E-Invoicing Essentials for Board Directors: Navigating the New Compliance Landscape	ICDM
26 March	Navigating Recent Developments in Sustainability Reporting and the Continued Relevance of Integrated Thinking and Reporting	MIA
23 April	Building Trust and Managing Risks in AI	MIA
30 April	Sustainability Reporting and Assurance – A Roadmap for Accountancy Practitioners	MIA
12 May	ISSB: Applying the IFRS Sustainability Disclosure Standards	UN Sustainable Stock Exchange Initiatives
11 August	NSRF Workshop	Dutch Lady Milk Industries Berhad
3 October	Perfect Store Day (Market Visit)	Dutch Lady Milk Industries Berhad
15 October	Implementation of ISSA 5000, General Requirements for Sustainability Assurance Engagements	MIA
16 October	Treasury and Intercompany Loan Workshop	Dutch Lady Milk Industries Berhad
18 November	Building Trust with Investors through Integrated Reporting in an Era of Enhanced Sustainability Disclosures	MIA
8 December	Budget and Strategy 2026	Dutch Lady Milk Industries Berhad

Corine Danielle Tap		
Date of Training	Course Details	Organiser
11 August	NSRF Workshop	Dutch Lady Milk Industries Berhad
8 December	Budget and Strategy 2026	Dutch Lady Milk Industries Berhad



## Corporate Governance Overview Statement

### BOARD EVALUATION

The Board conducts an annual evaluation to assess the effectiveness of the Board, its Committees and individual Directors. The objective of the evaluation is to support continuous improvement in governance practices and overall Board performance.

In FY2025, the Board undertook an internal evaluation of Board and Committee effectiveness, led by the NRC Chairperson and facilitated by the Company Secretary. An external evaluation was also conducted to assess individual Directors through self-assessment and peer ratings. The Board is satisfied that both evaluations provided useful insights and supported ongoing enhancement of governance processes.

Key findings indicated that the Board and its Committees have established sound practices. Strongest scores were recorded in the areas of Relationship with Management, Experience and Skills, Internal Control, Code of Ethics and Directors' Integrity and Conflicts of Interest. These results reflect that the Board:

- Maintains effective communication with Management.
- Possesses a collective range of expertise relevant to the Company's needs.
- Has confidence in the Company's internal control framework.
- Demonstrates adherence to ethical standards and integrity.

Although overall results remained high, a few indicators recorded slight declines compared to the prior year. The Board will prioritise these areas to prevent further deterioration and ensure continued robust governance. These areas are:

- Discussion on Company strategy
- Review of strategic initiatives
- Risk discussion
- NRC assessment of individual Directors' contributions

### REMUNERATION (Practice 7 and 8)

The DLMI Board's remuneration policy was last reviewed in November 2024. The policy provides that the NRC will take into account all factors which it deems necessary in order to attract, retain and motivate Non-Executive Directors of high caliber who are able to provide the necessary skills and experience as required. The level of remuneration shall be commensurate with the responsibilities of the Non-Executive Directors and should also be in alignment with the business strategy and long-term objectives of the Company.

Remuneration for the Managing Director of the Company is approved by the Board in consultation with the FC Group. The remuneration for the Managing Director follows the performance appraisal system and compensation and benefits scheme of the FC Group which is based on the human resource policies and procedures of the FC Group. Corporate and individual performance, market competitiveness, business results and individual performance are considered by the FC Group in evaluating the Managing Director's remuneration. The Managing Director is not paid meeting attendance allowance or Directors' fees by the Company. The FC nominee directors are also not paid Directors' fees or meeting attendance allowance by the Company. The Directors' fees for the FC nominee directors are paid as corporate management service fees to the FC group which, being a recurrent related party transaction, is part of the shareholders' mandate for recurrent related party transactions sought from the minority shareholders at each Annual General Meeting.

The other Non-Executive Directors are paid fixed annual Directors' fees as members of the Board, and these are approved by shareholders at the Annual General Meeting. The Chairperson of the Board Committees receives additional Board Committee Chairperson fees and the members of the Audit & Risk Committee also receives an additional fee. All Non-Executive Directors receive benefits by way of a meeting allowance for each meeting that they attend.

The NRC reviews the fees periodically by considering the performance of the Company and benchmarking with other companies in the same industry and of similar size. The responsibilities and duties of the directors are also considered when reviewing the fees.



## Corporate Governance Overview Statement

### Remuneration of Directors and Top Senior Management

The aggregate remuneration of Directors of the Company for the financial year ended 31 December 2025 is as follows:

Members	Executive Directors	Non-Executive Directors
	RM	RM
Directors' Fees	-	471,614
Benefits	-	65,000
Salaries and other emoluments	1,313,006	-
Benefits in kind	-	-

The details of the total remuneration of the directors on a named basis for the financial year ended 31 December 2025 are as follows:-

Name	Directors' Fees	Directors' Benefits	Salaries and other emoluments	Benefits in kind	Total
	RM	RM	RM	RM	RM
Datin Seri Sunita Mei-Lin Rajakumar	136,358	6,500	-	-	142,858
Ramjeet Kaur Virik <sup>(1)</sup>	-	-	890,636	-	890,636
Veronika Winanti Wahyu Utami <sup>(2)</sup>	-	-	422,370	-	422,370
Saw Chooi Lee	84,422	14,300	-	-	98,722
Corine Danielle Tap	-	-	-	-	-
Dato' Dr. Rosini binti Alias	82,507	11,700	-	-	94,207
Tengku Nurul Azian binti Tengku Shahrman	85,820	14,300	-	-	100,120
Jean Serge Krol	-	-	-	-	-
Darren Kong Kam Seong	82,507	18,200	-	-	100,707
<b>Total</b>	<b>471,614</b>	<b>65,000</b>	<b>1,313,006</b>	<b>-</b>	<b>1,849,620</b>

#### Notes:

<sup>(1)</sup> Resigned as Director on 15 April 2025

<sup>(2)</sup> Appointed as Director on 15 April 2025

For the top remaining senior management personnel, the aggregate remuneration (wages, salaries, benefits and contributions to state plans) paid for FY2025 is approximately RM5.4 million. The most senior member of management is an Executive Director of the Company and her remuneration is disclosed above. As such, details of the remaining members of senior management are shared on general terms and on an aggregated basis only as the Board is of the view that it would not be in the best interest of the Company to disclose these details given the competitiveness in the market for good senior managers in the consumer goods industry. The Board is

of the view that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with the requisite knowledge, technical expertise and working experience in the Company's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. The Board feels that the details provided are sufficiently transparent and allows stakeholders to assess the reasonableness of remuneration paid to members of senior management.



## Corporate Governance Overview Statement

Principle

**B**

### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### FINANCIAL CONTROL AND REPORTING

The Board is responsible for ensuring that the Company maintains adequate and accurate records for timely reporting of the financial position of the Company and the results of its activities to enable stakeholders to make informed assessments of the Company's performance and prospects. To assist the Board in effectively discharging this duty, the Company has in place financial reporting procedures and processes. As at the date of this statement, the Board is not aware of any circumstances which have not been dealt with in the financial reports or financial statements, which would render any amount in the financial statements misleading.

#### DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENT

As required by the Companies Act 2016, the Board hereby provides its opinion that the Company's financial statements for FY2025 were drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, Main Market Listing Requirements (MMLR) of Bursa Securities and the Companies Act 2016 so as to provide a true and fair view of the Company's financial position and the performance and cash flow for the financial year. Towards this, the Board has ensured that relevant accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made, in the preparation of financial statements. The Board also ensured that applicable approved accounting standards have been followed and that proper accounting records were kept so as to enable disclosure of the Company's financial position in compliance with laws and regulations.

#### THE AUDIT & RISK COMMITTEE (Practice 9)

##### Chairperson of the Audit & Risk Committee

The Audit & Risk Committee consists of a majority of independent directors. The Committee is chaired by Tengku Nurul Azian binti Tengku Shahrman who is an Independent Non-Executive Director. She is not the Chairperson of the Board. Currently, the Committee is comprised of 5 members consisting of 3 independent directors and 2 non-independent directors. However, one of the non-independent directors, Dato' Dr. Rosini binti Alias, is a nominee director of Permodalan Nasional Berhad. As such, 4 out of 5 of the Audit & Risk Committee members represent the Company's minority shareholders. The members of the Audit & Risk Committee are all financially literate and have a full understanding of the financial reporting process and the financial matters discussed. The members also attend training on new rules or standards relating to the accounting standards, tax rulings or corporate governance changes. Details on the members of the Audit & Risk Committee are contained in the Report of the Audit & Risk Committee.

The Board has not appointed any of the Company's former key audit partners as a member of the Audit & Risk Committee. The Audit & Risk Committee will observe a minimum three (3) year cooling-off period before any former key audit partner can be appointed as a member of the Audit & Risk Committee. This requirement is set out in the Audit & Risk Committee's Terms of Reference.

## Corporate Governance Overview Statement

In August 2025, the Audit & Risk Committee convened a meeting with the Company's External Auditor, PricewaterhouseCoopers ("PwC"), during which PwC presented their proposed annual audit plan for FY2025 and secured the Committee's approval. At this meeting, PwC outlined the principal areas of audit focus, the audit methodology, and newly introduced accounting standards. The External Auditor also provided an overview of their team members and the resources allocated to the Company. The Committee sought and obtained formal confirmation of PwC's independence. The Company maintains a structured process for the appointment and reappointment of External Auditors, requiring the Audit & Risk Committee to evaluate the External Auditors' compliance with established qualification criteria, including their independence, objectivity and performance. As part of its mandate, the Audit & Risk Committee is responsible for ensuring that the objectivity, independence and effectiveness of the External Auditors are consistently upheld.



The written terms of reference for the Audit & Risk Committee are available on the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my).

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Practice 10 and 11)

In the discharge of its responsibility to effectively manage risks across the Company, determining its risk appetite and ensuring the implementation of adequate and appropriate controls, the Board reviews its risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' investments and the assets of the Company.

The Company's system of internal financial control is primarily aimed at safeguarding the Company's assets, ensuring proper accounting records are kept, identifying and managing business risks and maintaining compliance with appropriate legislation and regulations.

Apart from having oversight of the Company's risk management, internal control and financial reporting, the Audit & Risk Committee also ensures the required in-depth review of specific financial, operational and regulatory areas of the Company's business.

The Company adopts the Enterprise Risk Management programme based on the framework that was developed and issued by FC, which in turn is based on COSO framework (developed by the Committee of Sponsoring Organizations of the Treadway Commission for evaluating internal controls), of which the International Institute of Internal Auditors is a sponsoring organisation. The programme establishes an enterprise risk assessment ("ERA") for identifying, evaluating, monitoring, reporting and managing significant business risks. The Internal Audit function together with the Global Risk and Internal Control team also carries out activities under the ERA.

The Company's Management team and Internal Audit/ Global Risk & Internal Control teams meet periodically to assess whether any conditions associated with a particular risk have changed and to ensure that action and risk mitigation plans have been implemented. Progress and status of the mitigation action plans are presented to the Audit & Risk Committee quarterly or new critical risks are escalated immediately for deliberation.

The ERA categorises the risk in the following way:

- Strategic, which are risks that affect the overall direction of the business.
- Operational, which are risks that impact the delivery of the Company's products.
- Financial, which are risks associated with financial processes and reporting.
- Compliance, which are risks associated in relation to legal, statutory and corporate governance.

The risk profile of the Company is established during the annual risk assessment session facilitated by the Internal Audit team. Risks identified are categorised and rated based on the impact on the relevant business objectives, likelihood of the risks occurring and the potential for improvement of the way the risk is being managed, taking into account the existing internal control framework and risk management measures implemented.



## Corporate Governance Overview Statement

### INTERNAL AUDIT

The Internal Audit function is performed in-house and reports directly to the Audit & Risk Committee. It assists the Audit & Risk Committee and the Management in the effective discharge of their responsibilities and its principal role is to undertake independent and systematic reviews of the Company's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Company's risk management, internal controls and the overall governance processes.

The activities of the Internal Audit function are carried out based on the Internal Audit Plan approved by the Committee. The Internal Audit Plan is developed based on the risk profiles identified in accordance with the Company's Risk Management Framework and in consultation with the Management Team. The Audit & Risk Committee reviews the extent of the audit scope and coverage of the Internal Audit activities; and the adequacy and competency and the internal audit resources to support the completion of the plan. At the quarterly Audit & Risk Committee meetings, the Head of Internal Audit reports to the Audit & Risk Committee on the progress of Internal Audit activities and the resource requirements, including interim changes and the impact of resource limitations. The report to the Audit & Risk Committee also covers significant risk and control issues, including fraud risks, governance issues and other matters that require the Committee's attention.

The Internal Audit function is performed in-house and is led by the Head of Internal Audit who reports functionally to the Committee and administratively to the Finance Director. It assists the Committee and Management in the effective discharge of their responsibilities and its principal role is to undertake independent and systematic

reviews of the Company's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Company's risk management, internal controls and overall governance processes. The Internal Auditors are empowered with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any and all of the Company's records, physical properties, to carrying out any internal audit or investigation engagement.

The Internal Audit function is independent from the activities of other operating departments and undertakes to review key processes of the Company and its relationships with third parties.

The Head of Internal Audit up to September 2025 was Mr Inderjit Singh. He is a holder of a Bachelor's Degree of Accounting (Honours) from Multimedia University (MMU). He is a member of the Institute of Internal Auditors Malaysia (IIA). He has over 10 years of experience in various finance functions including internal audit. He was supported by an Assistant Manager Internal Audit and a Sustainability Control Specialist. From October to December 2025, Mr. Kum Jen Sen. The Assistant Manager Internal Audit, assumed the role of Interim Head of Internal Audit, pending appointment of the new Head of Internal Audit. He is a member of the Association of Chartered Certified Accountants (ACCA) and a qualified Chartered Accountant with the Malaysian Institute of Accountants (MIA). He has over 10 years of experience in internal audit functions.



Further information on the Internal Audit function is set out in the Statement of Internal Control and Risk Management and the Report of the Audit & Risk Committee.

### Principle



## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

The Board is committed to providing a fair, objective and meaningful assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, integrated annual report and all other reports to shareholders, investors, regulatory authorities and other stakeholders. The Company has consistently maintained an open dialogue with relevant

stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations and suppliers. Their views and concerns on the Company's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.



## Corporate Governance Overview Statement

### ENGAGEMENT WITH STAKEHOLDERS

(Practice 12 and 13)

Ongoing engagement and communication with shareholders are vital in fostering a healthy relationship between the Company and its stakeholders and are critical for the sustainable growth of our business as this gives stakeholders a much better insight of the Company and facilitates mutual understanding of each other's expectations.

The Board takes steps to ensure, as far as is practicable, that there is effective, transparent and regular communication between the Company and its stakeholders. The Company disseminates information to its stakeholders utilising the following methods:

#### Website



The Company's corporate website provides quick access to information about the Company. The information on the corporate websites includes the corporate overview, information on the Board of Directors and the Management team, Compass and other Company policies, the Board Charter and Board Committee Terms of References, financial results, announcements to Bursa, minutes of general meetings, the Company's Integrated Annual Reports and Circulars to shareholders, the Company's products, media releases and other corporate news.

#### Integrated Annual Report:



The Integrated Annual Report provides a comprehensive report on the Company's operations and financial performance.



An online version of the full Integrated Annual Report is available and downloadable from the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my).

#### General Meetings



The Board shares information to its shareholders during general meetings and encourages shareholders to ask questions which are addressed during the meeting. Minutes of the general meetings, together with a summary of the questions discussed during the meeting are shared on the Company's website within one month of the date of the meeting.

#### Investor meetings



The Company also organises meetings with investors, investment analysts and fund managers periodically. The Company actively responds to requests for discussions with institutional shareholders and analysts, locally and abroad, to provide them better insights into the Company. In FY2025, the Company hosted shareholders' open days at the DLMI@Enstek in July and September, hosted a substantial shareholders' visit in September, and conducted an investor relations briefing in November. The presentations shared during the meetings are available on the Company's website.



The presentation shared during the meeting is available on the Company's website at [www.dutchlady.com.my](http://www.dutchlady.com.my).



## Corporate Governance Overview Statement

### ANNUAL GENERAL MEETINGS

Since 2020, the Company has leveraged technology to enhance shareholder engagement by holding general meetings virtually using live streaming and online remote voting. These advancements have encouraged greater participation and streamlined AGM proceedings. Resolutions are voted on through secure online electronic polls, enabling all registered and verified shareholders to cast their votes efficiently, whether attending in person or remotely.

The AGM in May 2025 was conducted in a hybrid format, allowing shareholders to participate physically at the main venue with Directors and Management or virtually from their home or office. Boardroom Share Registrars Sdn Bhd administered the online polling process, while Sky Corporate Services Sdn Bhd acted as Independent Scrutineer to verify poll results. The meeting platform featured robust data privacy and security measures, with clear instructions for registration, participation and voting provided in the AGM notice in accordance with the Company's Constitution.

To ensure transparency and inclusivity, the Notice of AGM is published in a local newspaper and sent to shareholders at least 28 days prior to the meeting. Shareholders are encouraged to submit questions regarding proposed resolutions or Company operations and performance beforehand via email, the Q&A portal, or in person. The Chairperson ensures all shareholders have a fair opportunity to raise questions and make recommendations. During the hybrid meeting, participants actively engaged by submitting questions through the Q&A portal, which were addressed directly online or verbally by the Managing Director and Finance Director. Answers to questions submitted in advance are covered during presentations or addressed during the meeting, including those from MSWG.

Hybrid meetings not only provide convenience — allowing shareholders to participate from anywhere — but are also environmentally friendly, reducing the carbon footprint by minimising travel and the need for physical materials. The Company is committed to further reducing the environmental impact of its general meetings by continuing to adopt sustainable, technology-driven methods.

The full minutes of the meetings which include the answers to the shareholders' questions were available on the Company website within 30 days after the general meetings.

A hybrid meeting will be held for the 63<sup>rd</sup> AGM on 20 May 2026. The Main Venue will be held at the Grand Ballroom, KLGCC Convention Centre, No. 1A, Jalan Bukit Kiara, Bukit Kiara, 60000 Kuala Lumpur, Malaysia.

### COMPLIANCE STATEMENT BY THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE STATEMENT

#### (a) Utilisation of Proceeds

The Company did not carry out any corporate exercise to raise funds during the financial year.

#### (b) Audit Fees

##### (i) Audit Fees for the Company:

The Company's internal audit function is performed in-house by a team of internal auditors led by the Head of Internal Audit and Internal Control. The total cost incurred by the Internal Audit and Internal Control Department in relation to the conduct of its functions for FY2025 was RM676,195.89. The amount of audit fees paid to External Auditors by the Company for FY2025 was RM115,000.

##### (ii) Non-Audit Fees

The non-audit fees of RM186,387 paid to the External Auditors for FY2025 are made up as follows:

- 1) RM24,087 for review of the Statement of Risk Management and Internal Control; and
- 2) RM162,300 for Malaysia tax advisory services (RM81,000 for Corporate Income Tax, RM65,000 for ITA Incentive and RM16,300 for Indirect tax)

#### (c) Material Contracts Involving Substantial Shareholders

Save and except for the recurrent related party transactions entered into pursuant to the shareholders' mandate, there were no material contracts either still subsisting at or entered into since the end of FY2025 by the Company and/or its subsidiaries which involved Directors' and/or substantial shareholders' interest.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 25 February 2026.

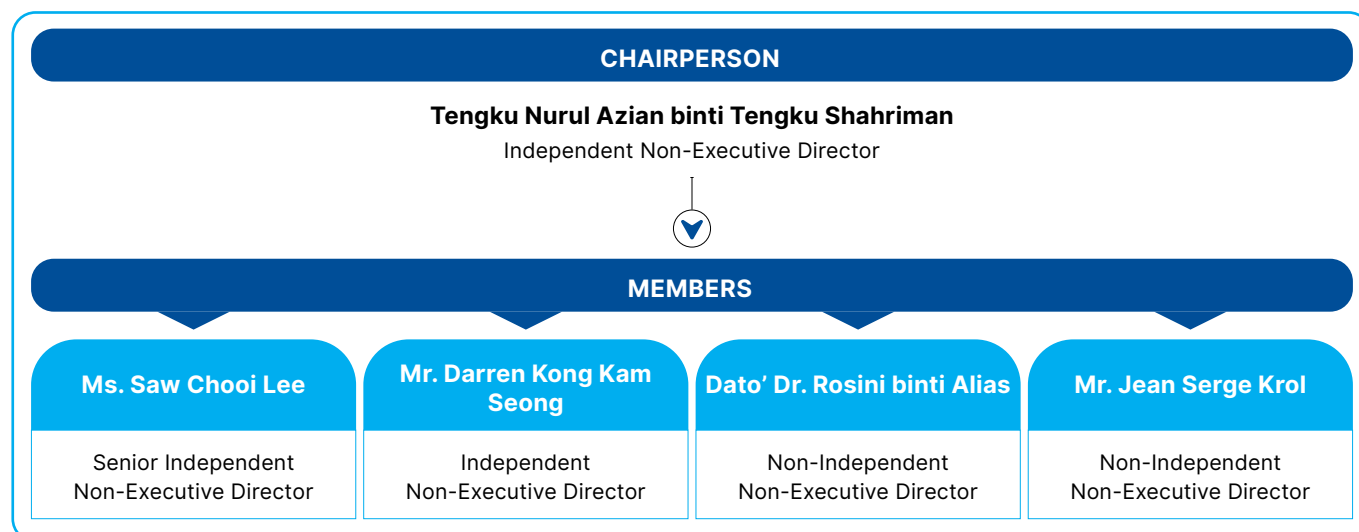
# Audit and Risk Committee Report

**The Audit & Risk Committee (“Committee”) provides critical oversight of the Company’s financial reporting process, monitoring the external and internal auditing process, compliance with relevant legal and statutory matters and other matters delegated by the Board.**

The primary purpose of the Committee is to assist the Board of Directors to:

- (i) discharge its statutory and fiduciary responsibilities of overseeing the financial risk processes and accounting and financial reporting practices within the Company;
- (ii) review the quality of the Company’s accounting function, financial reporting and internal controls;
- (iii) enhance the independence of the External and Internal Audit functions by providing direction to and oversight of these functions.

## A. COMPOSITION



The Committee is chaired by Tengku Nurul Azian binti Tengku Shahrman who is an Advocate and Solicitor of the High Court in Malaya, a Barrister of Law of the Honourable Society of Inner Temple and has an LLB (Hons) from the School of Oriental & African Studies, University of London. She has over 19 years of broad experience in investment banking and corporate finance and was previously the Executive Vice President & Partner of PEMANDU Associates Sdn Bhd, a management consulting firm which is focused on public sector transformation and business turnaround with global experience. She sits on the Boards and Audit and Risk Committees of other listed companies in Malaysia.

Ms. Saw Chooi Lee has a Bachelor of Science in Business Administration and an MBA from the University of Nebraska-Lincoln, USA. She first joined the Company in March 2003 as its Commercial Director after which she held various leadership positions in the FrieslandCampina Group including the role of the Company’s Managing Director from 2015 to 2017. She was appointed as the Adjunct Professor for Graduate Business School - MBA Programme for Universiti Kebangsaan Malaysia in 2018 and mentors in the Women in Leadership (WIL) programme by Lead-Women Malaysia Organisation.



## Audit and Risk Committee Report

Mr. Darren Kong has a BSc (Hons) in Applied Accounting, Oxford Brookes University, United Kingdom. He is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), a Member of the Malaysian Institute of Accountants (MIA) Associate, and an associate member of the Association of Certified Fraud Examiners (ACFE). He was previously the Chief Operating Officer of AutoCraver Trading Sdn Bhd, a company providing automotive technology solutions and prior to that, he was the Managing Director, Corporate Strategy & Alliance of a data technology company that specialises in Analytics, Big Data, Machine Learning and Artificial Intelligence.

Dato' Dr. Rosini binti Alias is Doctor of Veterinary Medicine, DVM, from Universiti Pertanian Malaysia. She was formerly the Deputy Director-General of the Department of Veterinary Services ("DVS"), Malaysia and has vast experience in the veterinary and agricultural sector with a career spanning over 30 years.

Mr. Jean Serge Krol has a Master's of Economics as well as a Post-Master's Degree for Certified Public Accountants from the Rijksuniversiteit in Groningen. He also has as a Post-Master's Degree for Certified Controllers from the Vrije Universiteit in Amsterdam. He has held various senior finance managerial positions within the FrieslandCampina group from 2002 to 2019. In July 2019, he was appointed as the Director of Finance for FrieslandCampina's Specialised Nutrition Business Group and in 2023, he assumed the position of Director of Finance Business Group Asia.

### B. TERMS OF REFERENCE

#### Structure of the Audit & Risk Committee

The Committee's roles and responsibilities are clearly defined in its Terms of Reference. The Terms of Reference is reviewed periodically whereby the latest review was carried out and approved by the Board in August 2025.

The Committee is appointed by the Board and shall comprise of at least three (3) directors. All members should be Non-Executive Directors with Independent Non-Executive Directors making up the majority. The Chairperson of the Board shall not be a member of the Committee. In the event of any vacancy in the Committee (including Chairperson) resulting in non-compliance to the above, the Board shall within three (3) months of the event fill the vacancy. At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or have at least three (3) years' working experience and be a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967. The Chairperson of the Committee shall be an Independent Non-Executive Director and be elected from amongst the members of the Committee. All members of the Committee, including the Chairperson, will hold office until otherwise determined by the Board.

#### Authority

The Committee has authority to carry out the following:

- (i) investigate any matter within its terms of reference;
- (ii) has full and unrestricted access to any information, records and documents pertaining to the Company;
- (iii) has the resources which are required to perform its duties;
- (iv) has direct communication channels with both the External and Internal Auditors;
- (v) be able to obtain independent professional or other advice; and
- (vi) be able to convene meetings with External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

## Audit and Risk Committee Report

### Functions

The functions of the Committee are as follows:-

#### 1. In relation to External Auditors

- (i) To consider and recommend to the Board the appointment or re-appointment of the External Auditors and fix their audit fee, and to consider any issues regarding their resignation or dismissal and the reasons thereof; In considering the appointment or re-appointment of the external auditors, to consider among others:-
    - (a) the adequacy of the experience and resources of the accounting firm;
    - (b) the persons assigned to the audit;
    - (c) the accounting firm's audit engagements;
    - (d) the size and complexity of the Company being audited;
    - (e) the number and experience of supervisory and professional staff assigned to the particular audit; and
    - (f) the performance of the external auditors and its independence inter-alia:-
      - i. communication with the management;
      - ii. the external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
      - iii. the competence, audit quality and resource capacity of the external auditors in relation to the audit;
      - iv. the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee; and
      - v. whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.
- In making the assessment on the External Auditor's performance and independence, the Committee should consider the information presented in the Annual Transparency Report of the audit firm, to the extent that it is applicable.
- (ii) To take note and be informed of the audit tender process that is run by FrieslandCampina globally including ensuring that an objective criterion is established when assessing the appointment of External Auditors;
  - (iii) To review and discuss with the External Auditors their audit plan, the nature and scope of audit, evaluation of the Company's systems of internal controls and their audit report on the annual financial statements, including Key Audit Matters, and report the same to the Board;
  - (iv) Ensure External Auditors have sufficient understanding of business, operations and risk areas, that senior audit team members are sufficiently involved throughout the audit process, and that the team has the capacity and ability to work in different geographical regions;
  - (v) To assess the External Audit firm's measures to uphold audit quality and manage risks including adopting indicators of audit quality;
  - (vi) To discuss issues and reservations arising from the interim and final audits with the External Auditors, and any other matters the External Auditors or other consultants may wish to discuss, in the absence of Executive Directors and management, where necessary and in any case at least twice a year;



## Audit and Risk Committee Report

- (vii) To review the External Auditors' Management letter and management's response thereon and ensure management provides information and records in a timely manner;
  - (viii) Obtain assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, and that following such annual assessment review and the assurance obtained, the Committee remains confident of the External Auditor's independence and suitability;
  - (ix) Ensure that advance approval by the Board of Directors is required for non-audit services provided by the External Auditor, on recommendation of the Committee; and
  - (x) Review all non-audit services performed by the External Auditors to reinforce the independence and objectivity of the External Auditors. In the event the non-audit fees paid to External Auditors or a firm or corporation affiliated to the External Auditors are significant i.e. constitutes 50% of the total audit fees paid to the External Auditors, the Committee is required to state the details on the nature of the non-audit services rendered in the Committee's report.
- (f) Significant adjustments arising from the audit;
  - (g) Significant matters highlighted including financial reporting issues; and
  - (h) Significant judgements made by management, significant and unusual events or transactions and how these matters are addressed.
- (ii) Review the Company's dividend proposals including considering the quantum, timing and cash flow of dividend payments, and recommending the same to the Board for approval;
  - (iii) To consider and review the appropriateness of any related party transaction and conflict of interest situations that may arise within the Company including ensuring compliance with applicable laws and regulations to ensure:
    - (a) internal control procedures with regards to such transactions are sufficient and have been complied with;
    - (b) transactions are fair, reasonable and undertaken on the Company's normal commercial terms; and
    - (c) transactions are not detrimental to the interest of minority shareholders;

### 2. In relation to the financial statements

- (i) To review the quarterly and annual financial statements of the Company before submission to the Board of Directors, focusing particularly on:-
  - (a) Public announcement of the results and dividend payment;
  - (b) Any changes in accounting policies and practices;
  - (c) The going concern assumption;
  - (d) Compliance with approved accounting standards;
  - (e) Compliance with Bursa Securities and legal requirements;
- (iv) Review the Company's annual report prior to submission to the Board for their perusal and approval, to ensure compliance in accordance with the provisions of the Companies Act 2016 and Bursa Securities Main Market Listing Requirements, the applicable approved accounting standards as per MASB Standards and any other laws or regulations which might apply;
- (v) Review major audit findings and management's response during the year with management, External Auditors and Internal Auditors, including the status of previous audit recommendations; and



## Audit and Risk Committee Report

- (vi) Review the assistance given by the Company's officers to the External Auditors and any issues encountered in the course of the audit work, including restrictions on the scope of activities or access to required information.

### 3. In relation to Internal Audit and Internal Controls

- (i) To do the following, in relation to the Internal Audit Department:
  - (a) Review the adequacy of the scope, functions, competency and resources of the Internal Audit Department, and that it has the necessary authority and resources to carry out its work, including training programmes for the staff;
  - (b) Consider whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
  - (c) Review the internal audit plan for the year and findings of the internal audit assessment and where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Department by management;
  - (d) Ensure the Head of Internal Audit reports functionally to the Committee directly and that the Committee reviews the performance of the Internal Audit function annually. The Head of Internal Audit should have the relevant qualifications and be responsible for providing assurance to the Committee that the internal controls are operating effectively.
- (ii) In relation to Internal Controls:
  - (a) Ensure that the members of the Global Risk & Control Team have the relevant qualifications and are responsible for providing assurance to the Committee that the internal controls are operating effectively;
  - (b) Ensure that the Company has an Internal Control Framework, and periodically reviews the controls, organises self-assessments and ensures effectiveness of the system;
- (c) Review the Global Risk & Control Team's coordination of both the Control Design Assessment and the Control Self-Assessment exercise which is performed at different frequencies throughout the year in accordance with FC's Internal Control Framework (ICF) compliance programme. This programme emphasises on key controls surrounding the financial reporting process, the Company's compliance with applicable laws and internal policies and the effectiveness of the internal processes.
- (d) Ensure that the Global Risk & Control Team provides reports on the Internal Control assessment results, deficiencies and controls requiring improvement with the Committee during quarterly Committee meetings. Further, the Committee may hear the views of the Head of Internal Audit on any disagreements on the findings of the reports with management and the Global Risk & Control Team.

### 4. In relation to Enterprise Risk Management

- (i) To review and assess the adequacy of the Enterprise Risk Management framework and controls on a quarterly basis to mitigate identified business risks which enables the Company to update key risks direction, identify material economic, environmental, social or governance (EES&G) risks and other emerging risks and to define an adequate and practical mitigation action plan where necessary;
- (ii) To review and assess the effectiveness and adequacy of the business continuity plan and monitoring its implementation;
- (iii) To ensure that the Enterprise Risk Management Framework focuses on the Company's core business operations and it allows the Company to:
  - ❖ Establish clear functional responsibilities and accountabilities within the Company's structures for management of risks;
  - ❖ Enhance and improve corporate governance with a clear, concise and comprehensive structure for the Company;



## SECTION 5: CORPORATE GOVERNANCE

## Audit and Risk Committee Report

- ❖ Put in place policies and procedures on business ethics and good business conduct which includes focus on anti-bribery and corruption;
- ❖ Promote an effective risk awareness where risk management is an integral aspect of the Company's business plan and project portfolio;
- ❖ Ensure appropriate skills and resources are applied to risk management;
- ❖ Review periodic reports from the management on risk exposure, risk portfolio composition and risk management activities;
- ❖ Review and recommend new policies or changes to policies and to consider risk implications including the procedures put in place by management to prevent and detect fraud including cyber fraud.

### 5. Other Scope of Work

- (i) To consider major findings of any internal investigations and management's response thereon;
- (ii) To review the draft circulars with respect to obtaining shareholders' mandate on any Recurrent Related Party Transactions of a Revenue or Trading Nature, before submission to the Board of Directors; and
- (iii) To consider any other topics, as defined by the Board.



The Committee's Terms of Reference can be found on the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my).

### C. MEETINGS AND MINUTES

The Committee shall meet at least four (4) times a year and the quorum for any meeting shall be two (2) members, consisting of Independent Directors. The Managing Director, Finance Director, Head of Internal Audit, Global Risk & Control team member (when required by the Audit & Risk Committee) and other members of the Management Team may attend the meetings at the invitation of the Committee. There shall be at least two (2) meetings a year with External Auditors as well as two (2) meetings with External Auditors without the members of Management. External Auditors will be invited to attend additional

meetings when appropriate and they may request a meeting with the Committee if they consider it necessary. Other Board members may attend meetings upon the invitation of the Committee.

The Company Secretary is the Secretary of the Committee and as a reporting procedure, the minutes of each Committee meeting is circulated to all members of the Board.

The Nominating & Remuneration Committee reviews the performance of the Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

The Committee will observe a minimum three (3) year cooling-off period before any former key audit partner can be appointed as a member of the Committee.

A total of four (4) meetings were held during the financial year 2025. The membership status and attendance record of each of the members are as follows:-

	Attendance
<b>Members</b>	
Tengku Nurul Azian binti Tengku Shahrman (Chairperson, Independent Non-Executive Director)	4/4
Ms. Saw Chooi Lee (Member, Senior Independent Non-Executive Director)	4/4
Mr. Darren Kong Kam Seong (Member, Independent Non-Executive Director)	4/4
Dato' Dr. Rosini binti Alias (Member, Non-Independent Non-Executive Director)	4/4
Mr. Jean Serge Krol (Member, Non-Independent Non-Executive Director)	4/4



## Audit and Risk Committee Report

### D. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

**A summary of the key activities carried out by the Committee during the financial year is listed below:-**

#### (a) Financial Reporting and compliance

The Company's quarterly and annual financial statements as well as announcements made to Bursa Securities were reviewed by the Committee before submission to the Board for its subsequent approval. In doing so, the Committee deliberated and focused on changes in major accounting policies and practices as well as any adjustments and/or issues affecting audit related matters to ensure compliance with Main Market Listing Requirements, the approved Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements.

As part of their accounting oversight duties, the Committee also reviewed the External Auditors' ("PricewaterhouseCoopers PLT", or "PwC") annual and interim audit reports, together with accompanying Management responses.

#### (b) Assessing Independence, Suitability, Objectivity and Cost Effectiveness of the External Auditors

The Committee carried out an annual review of the independence, suitability, objectivity and cost effectiveness of PwC before approving their remuneration and recommending their re-appointment to the shareholders. The factors considered include the competency and the adequacy of experience and resources of the firm and professional staff assigned to perform the audit.

In August 2025, PwC shared its Transparency Report for 2024 and in November 2025, PwC shared its Transparency Report for 2025 with the Committee. The Transparency Report is provided as part of an initiative by the Securities Commission's Audit Oversight Board to enhance transparency and audit quality. The Transparency Report spells out PwC's audit methodology, describes what they do to maintain the right culture, equip their employees with the right training and invest in cutting edge audit tools.

As part of the annual audit exercise, the Committee obtained assurance from PwC confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Following the annual assessment review and the assurance obtained, the Committee remains confident of PwC's independence and suitability.

#### (c) Risk management and internal controls

The Committee took note of the Company's risk management and the control environment guidelines as implemented using the FC Internal Control Framework and the Enterprise Risk Management programme. In August 2025, the Committee reviewed and accepted the Enterprise Risk Assessment which was conducted by the FC EGRC Department in accordance with FC's Enterprise Risk Assessment and Fraud Risk Assessment reporting procedures. This structured approach allows the Company to continuously monitor and manage fraud risks while maintaining alignment with its long-term goals.

The Committee also received Risk Management progress reports from Management quarterly whereby the Committee took note of the mitigating controls and action plans taken to mitigate the identified business risks.



## Audit and Risk Committee Report

### (d) Going Concern assessment

The Committee reviewed the going concern basis for preparing the Company's financial statements, including the assumptions underlying the going concern statement and the period of assessment.

### (e) External audit

Throughout the financial year, the Committee had three (3) meetings with External Auditors and two (2) meetings with them without the presence of Management. The Committee is pleased to report that there was no significant matter of disagreement that arose between the External Auditors and Management.

To reinforce the independence and objectivity of the External Auditors, the Committee reviewed all non-audit services performed by the External Auditors.

The audit fees paid to the External Auditors by the Company for FY2025 amounted to RM115,000. Notably, non-audit fees, which was approved by the Board prior to the commencement of the engagement, totaled RM186,387, representing 162.1% of the total fees paid to the External Auditors. This unusually high proportion of non-audit fees is primarily due to the current External Auditors' final year as the Company's auditor, as the audit appointment will transition to another audit firm. As part of the transition, the External Auditors assumed responsibility as the Company's tax advisors. These advisory services significantly increased the non-audit fees for the year.

The non-audit fees of RM186,387 are made up as follows:

- 1) RM24,087 for review of the Statement of Risk Management and Internal Control; and
- 2) RM162,300 for Malaysia tax advisory services (RM81,000 for Corporate Income Tax, RM65,000 for ITA Incentive and RM16,300 for Indirect tax)

### (f) Internal Audit and Internal Controls

During FY2025, the Committee had four (4) meetings with the Internal Auditor. During the engagements, the Committee discussed the results arising from the Internal Audit findings and recommendations by the Internal Auditor on the controls environment and operational weaknesses and verified that timely corrective actions were taken by Management.

In pursuit of FC's one Global Risk & Control strategy and direction setting, the Internal Auditor also works collaboratively with the Global Risk & Internal Control team to review the risk management process of the FC Group as a whole. The Global Risk & Control Team provides reports on the Internal Control assessment results, deficiencies and controls requiring improvement with the Committee during quarterly Committee meetings.

### (g) Governance

The Committee reviewed the Audit & Committee Report and the Statement of Internal Control and Risk Management and recommended to the Board for inclusion in the 2025 Annual Report.

### (h) Other Matters

During the financial year, the Committee also carried out the following activities:-

- reviewed the Company's dividend proposals
- considered the quantum, timing and cash flow of dividend payments, and recommended the same to the Board for approval
- reviewed the recurrent related party transactions and any conflict-of-interest situations during the year
- reviewed its report for the year under review to ensure that they were in compliance with the relevant requirements and guidelines
- reviewed the Circular on the Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and recommended the same to the Board for shareholders' approval
- discussed with the External Auditors on Key Audit Matters and any issues arising from the audit (in the absence of the Management)

## Audit and Risk Committee Report

### E. INTERNAL AUDIT FUNCTION

The Committee is supported by the Internal Audit function in discharging its duties and responsibilities. The Internal Audit function is an integral part of the assurance framework, and its principal role is to undertake independent and systematic reviews of the Company's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Company's overall governance, risk management and internal control processes.

The Internal Audit function is performed in-house and is led by the Head of Internal Audit who reports functionally to the Committee and administratively to the Finance Director. It assists the Committee and Management in the effective discharge of their responsibilities and its principal role is to undertake independent and systematic reviews of the Company's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Company's risk management, internal controls and the overall governance processes. The Internal Auditors are empowered with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any and all of the Company's records, physical properties, to carrying out any internal audit or investigation engagement.

The Internal Audit function is independent from the activities of other operating departments and undertakes to review key processes of the Company and its relationships with third parties.

The Head of Internal Audit up to September 2025 was Mr. Inderjit Singh. He is a holder of a Bachelor's Degree of Accounting (Honours) from Multimedia University (MMU). He is a member of the Institute of Internal Auditors Malaysia (IIA). He has over 10 years of experience in various finance functions including internal audit. He

was supported by an Assistant Manager Internal Audit and a Sustainability Control Specialist. From October to December 2025, Mr. Kum Jen Sen. The Assistant Manager Internal Audit, assumed the role of Interim Head of Internal Audit, pending appointment of the new Head of Internal Audit. He is a member of the Association of Chartered Certified Accountants (ACCA) and a qualified Chartered Accountant with the Malaysian Institute of Accountants (MIA). He has over 10 years of experience in internal audit functions.

The activities of the Internal Audit function are carried out based on the Internal Audit Plan approved by the Committee which is developed based on the risk profiles identified in accordance with the Company's Risk Management Framework and in consultation with the Management Team. The Committee reviews the extent of the audit scope and coverage of the Internal Audit activities; and the adequacy and competency and the internal audit resources to support the completion of the plan. At the quarterly Committee meetings, the Head of Internal Audit reports to the Committee on the progress of Internal Audit activities and the resource requirements, including interim changes and the impact of resource limitations. The report to the Committee also covers significant risk and control issues, including fraud risks, governance issues and other matters that require the Committee's attention.

In carrying out the audit activities, the Internal Audit function has adopted the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the International Internal Audit Standards Board. The internal audit staff adhere to the Code of Ethics adopted by the IIA which sets out, among others, the principles relevant to the profession and practice of internal auditing and the rules of conduct expected of internal auditors.



## SECTION 5: CORPORATE GOVERNANCE

## Audit and Risk Committee Report

During the financial year, the Internal Auditors undertook the following activities:

- a. Prepared the internal audit plan for the year, which is reviewed and approved annually by the Committee, and updated where necessary by the Committee
- b. Prepared the internal audit programme based on the internal audit plan, for each activity or process to be audited
- c. Discussed with auditees, process owners and Management on the results of the audit for each activity or process, root cause analysis will be assessed prior any recommendations in order to mitigate the identified risk or control work flow improvements
- d. Carried out a review on the indicators under the National Sustainability Reporting Framework (NSRF)
- e. Reported to the Committee on a quarterly basis, the results from the internal audit and governance issues identified together with Management Team's response and action plans
- f. Followed up on all the action plans agreed from the previous internal audit reports to ensure that all matters arising are adequate addressed by the Management
- g. Attended both internal and external training primarily focused on the National Sustainability Reporting Framework (NSRF)

The Internal Audit function also works collaboratively with the Global Risk & Internal Controls team to review the risk management process of the Group as a whole. The total costs incurred by the Internal Audit function in discharging its functions and responsibilities for FY2025 amounted to RM676,195.89. The costs incurred comprised mostly of salaries and departmental overheads.

The ARC had evaluated the performance of the Internal Audit function for FY2025 and was satisfied with the overall performance of the function as it had been effective in performing its duties. The Internal Audit function also provided value added recommendations to the organisation, strengthening its internal controls, improving efficiency of processes whilst enabling cost savings, and was able to function independently.



Further details of the activities of the Internal Audit and Internal Control Department are set out in the Statement on Risk Management and Internal Control of this Annual Report.

### F. ANNUAL REVIEW AND PERFORMANCE EVALUATION

An annual performance evaluation was carried out on the Committee in an effort to enhance and improve its processes of the control environment.

The Committee's responsibility is to monitor and review the practices and processes performed by Management and the External Auditors. It is not the Committee's duty or responsibility to conduct auditing or accounting reviews. The Committee members are not employees of the Company. Therefore, the Committee has relied, without independent verification, on Management's representation that the financial statements have been prepared with integrity and objectivity, in conformity with approved accounting principles and standards generally accepted in Malaysia and on the representations of the External Auditors included in its reports on the Company's financial statements and internal control over financial reporting.

# Statement of Risk Management and Internal Control

**The Board of Directors affirms its responsibility for maintaining a sound and effective system of risk management and internal control and outlines the nature of risk management procedures and internal control system within Dutch Lady Milk Industries Berhad for the year under review.**

## RESPONSIBILITY AND ACCOUNTABILITY

The Board is responsible and accountable for the Company's systems of risk management and internal control and for reviewing the effectiveness, adequacy and integrity of the system. In this regard, the Board is assisted by the Audit & Risk Committee ("ARC") who is responsible for ensuring that appropriate methods and procedures are adopted in the risk management and internal control activities and to obtain the level of assurance required by the Board.

The ARC assists the Board, in overseeing the following operations and processes:-

- ▶ **Periodic reviews of key business risks, and control measures to mitigate or reduce such risks**
- ▶ **Periodic reviews of the strengths and weaknesses of the overall internal controls system and action plans to address the risk of the weaknesses or key improvement opportunities**
- ▶ **Periodic reviews of the business's internal process and operations as reported by the Risk and Control ("R&C") and Internal Audit ("IA") team, including action plans to address the identified control weaknesses and monitor the implementation of its recommendations**
- ▶ **Review any key findings highlighted by the external auditors on control issues identified via their audit-related and non-audit-related work and the scope of their respective reviews and findings**

The Board maintains full control over strategic, financial, organisational and compliance matters and has put in place an organisational structure with formal lines of responsibility and delegation of authority. The board has received assurance from the Managing Director and the Finance Director via the bi-annual Management Statement process, that the Company's risk management and internal control system is adequate and operating effectively, in all material respect. The Board and the ARC have delegated to Management the implementation of risk management system and internal controls within an established governance framework throughout the Company.

## RISK MANAGEMENT FRAMEWORK

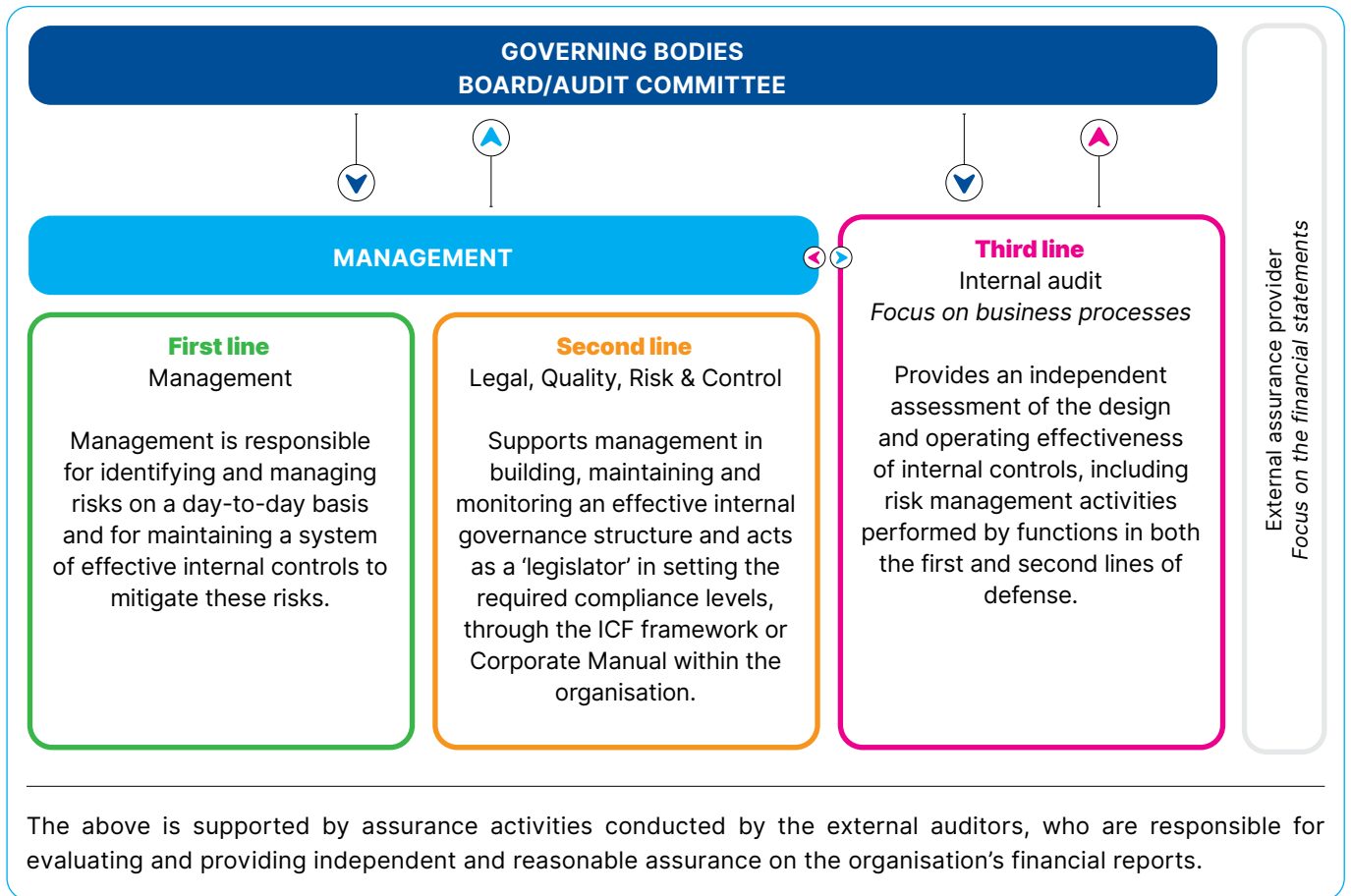
The Company aims for transparency in identifying, evaluating and mitigating risks by adopting the Enterprise Risk Management ("ERM") programme that was developed and issued by Royal FrieslandCampina ("FC") based on internationally recognised COSO framework. This framework describes the management's risk appetite, structure, responsibilities, processes and governance reporting procedures. It has been developed to provide a reasonable degree of certainty that strategic objectives are achieved by creating focus, integrating control measures into the Company's activities, ensuring compliance with applicable laws and regulations and by safeguarding the reliability of financial and non-financial reporting.

Integration of the Enterprise Risk Assessment ("ERA") practices throughout the organisation enables the Company to accelerate its growth and enhance its performance. This success is built upon by timely identifying, evaluating and effectively mitigating risks that could prevent the organisation from realising its strategic objectives.

In order to facilitate an effective risk management process, a governance process has also been established. The **Three Lines Model** is developed to ensure a structured approach is used and clear roles and responsibilities is defined between the different roles.



# Statement of Risk Management and Internal Control



The Company's risk management programme is led by the Managing Director and supported by the Management Team and Business Leaders from all functional units of the Company.

The ERM framework focuses on the Company's core business operations and it allows the Company to:

- Establish clear functional responsibilities and accountabilities within the Company's structures for management of risks;
- Enhance and improve corporate governance with a clear, concise and comprehensive structure for the Company;
- Promote effective risk awareness, where risk management is an integral aspect of the Company's business plan and project portfolio; and
- Ensure appropriate skills and resources are applied to risk management.

The Company stimulates a culture in which employee risk awareness is continuously addressed through targeted communication and periodic (mandatory) training, while weak areas in its risk management programmes or control measures can be transparently reported and effectively dealt with, for example through the specific dashboards and KPIs and the Company's Speak Up process.

In providing assurance to the Board of Directors on the Company's adequacy and effectiveness of risk management, the R&C team coordinates a continuous risk dialogue session with all the risk owners and functional heads, these helps the Company in:-

- Embedding risk management in the mindset and behaviour of employees
- Strengthen risk management capabilities and methods
- Continuously improving risk mitigation
- Unlocking expertise/synergies to support business
- Fostering simplicity (speed, focus, pragmatism)

## Statement of Risk Management and Internal Control

### The Enterprise Risk Management (“ERM”) Process

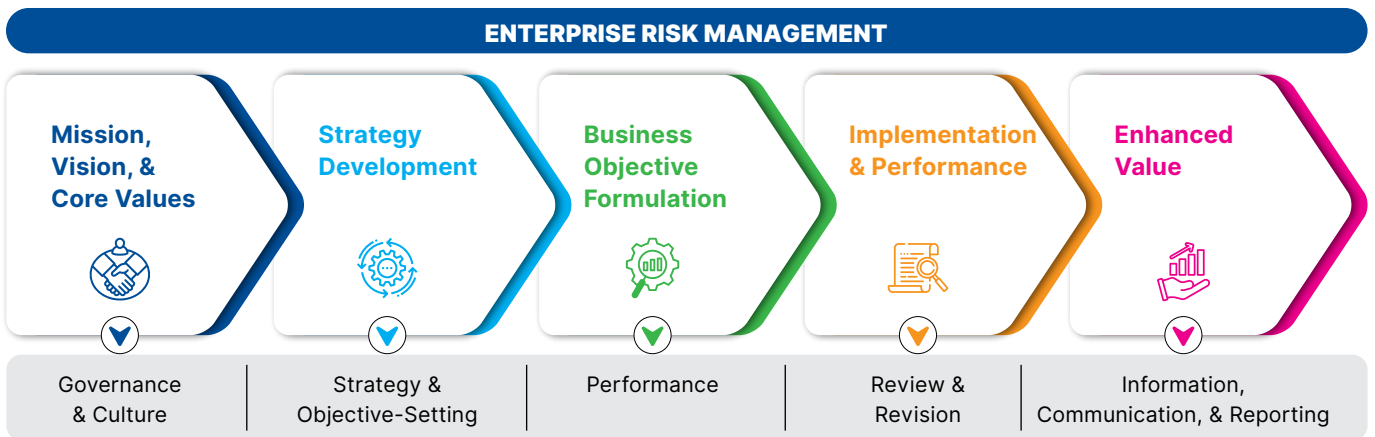
The ERM process involves a systematic application of the risk management methodology to facilitate risk identification, assessment, reporting, monitoring and review as described below;

#### Risk Identification & Assessment

The ERM process begins with the business strategies and objectives setting which is aligned to the Company’s vision and mission. Subsequently, risks arising from the business strategies and objectives to be pursued are identified.

The risks identified are assessed as part of the Risk Assessment Criteria and categorised based on the level of probability and likelihood to reflect the risk appetite approved by the Board.

The outcome of the risk assessment process at respective functional levels will then be consolidated at the Company level. Deliberations and discussions are held with the Management Team and Business Leaders. In 2025, the Company, via the Group Enterprise Governance, Risk and Compliance (“EGRC”) team, reviewed key risk areas, conducted an overview of risk assessments and updated the Company’s risk profiles. A Fraud Risk Assessment was conducted in 2025. In line with MACC Section 17A, which recommends organisations to conduct a Fraud Risk Assessment (FRA) every 3 years. The assessment was conducted through a survey distributed to the Management Team (MT), responses were collected, and results consolidated, mitigating actions defined and accepted by the MT members.



### Risk Reporting & Review

Risk appetite sets out the nature and extent of risks that the Company is willing to accept or retain in pursuit of its goals and objectives.





SECTION 5: CORPORATE GOVERNANCE

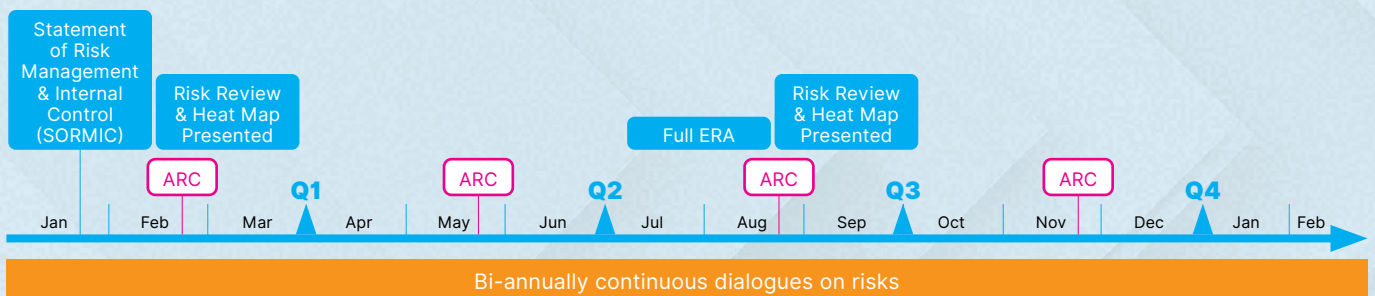
# Statement of Risk Management and Internal Control

The Company’s general risk appetite depends on the risk categories, and is set out in the table below.

### Risk Category and Risk Appetite

Risk Category	General Risk Appetite
<b>Strategic</b>	The Company is prepared to take a certain degree of calculated risks relating to the realisation of its performance objectives and long-term goals.
<b>Operational</b>	The Company attempts to minimise the impact of unforeseen disruption on its operating activities.
<b>Financial</b>	The Company has a conservative and sound framework of financial policies and procedures to prevent risks that could have a significant impact on the financial results and material misstatements in its financial statements reporting.
<b>Compliance</b>	The Company applies a zero-tolerance policy.

Bi-annually, the risk profiles are updated by the Management Team and Business Leaders. The updated risk profiles are then tabulated into a heat map, which sets out the priority and focus for risk mitigation strategies based on risk ratings at net levels. The net risk level is determined after taking into consideration the effectiveness of existing controls and risk mitigation plans. This exercise is facilitated by R&C team and is part of the continuous risk dialogue session.



ERA planning and Bi-annually Continuous Risk Updates.

The finalised risk profiles and heat maps are identified and promptly brought to the attention of the ARC.

### INTERNAL CONTROL STRUCTURE AND PROCESSES

The system of internal controls is designed to safeguard the assets of the Company, to ensure the maintenance of proper accounting records and to provide reliable financial and non-financial information for use within the business and for publication. However, these controls provide only reasonable and not absolute assurance against material error, misstatement, loss or breach of set regulations.

The principal features of the Company’s internal control structure are summarised as follows:

- Board Committees**

The functions and responsibilities of the various committees of the Board of Directors are defined in the terms of reference. These include the ARC and the Nominating and Remuneration Committee (“NRC”).

As part of the Risk Management Framework, and in line with the Malaysian Code of Corporate Governance, the Board has an organisational structure with clearly defined lines of accountability and responsibilities and delegated authority to the Board Committees and the Management to ensure they discharge their duties. Matters concerning risk management and internal controls are under the purview of the ARC which is chaired by the ARC Chairperson.

## Statement of Risk Management and Internal Control

- **Organisational Structure and Responsibility Levels**

The Company has an organisational structure with formal lines of responsibility and authorisation procedures within which senior management operates with clearly defined accountability.

- **Authority Levels, Acquisitions and Disposals**

Authorisation procedures and delegated authority levels are in place for tenders, capital expenditure projects, acquisitions and disposal of businesses and other significant transactions.

Investment decisions are made in accordance with authority limits which include approval from Board. Appraisal and monitoring procedures are applied to all major investment decisions and at times external consultants are used for advisory services.

Board of Directors' approval is required for key treasury matters including equity and loan financing, material acquisitions and disposals of assets not in the ordinary course of business, investment in capital projects, cheque signatories and the opening of bank accounts.

Furthermore, the FrieslandCampina Corporate Manual includes the procedures and guidelines in which responsibilities and authorisations are stipulated and are applicable for the day-to-day management of the Company.

- **Procedure and Control Environment**

In addition to internal controls, the Directors have ensured that health and safety regulations, environmental controls and economic risks have been considered and relevant laws and regulations complied with. The quality of the Company's products is paramount. Quality Assurance, Quality Control and meeting customers' requirements are prime considerations therefore the Company is FSSC 22000 certified. Ultimately, the Company aims to deliver safe food to consumers, whilst demonstrating compliance with the prevailing laws and regulations.

In addition, strong emphasis is also given to food safety with Good Manufacturing Practices and Hazard Analysis and Critical Control Point ("HACCP") System, which cover all plants.

The Company has in place the ISO 14001 Environment Management System (EMS), a systematic management approach to the environmental concerns of the Company and ISO 45001, the Occupational Health and Safety Management System (OSHMS) for the protection of employees from hazards and the mitigation of work-related injuries and health-related issues.

The Company has formal guidelines on safety, health and environment which apply to all employees and third-party contractors.

The integrity and competence of personnel are continuously assessed through the Performance Management System, talent assessment programme, management organisation development and Hay Reward Management System.

- **Standards of Business Ethics**

Employees are contractually bound to observe prescribed standards of business ethics when conducting themselves at work and in their relationship with external parties, such as customers and suppliers.

The Company's code for good business conduct, Compass, is pivotal in managing compliance risk by fostering honest, respectful and transparent business conduct among employees and third parties. It encompasses guidelines like the Speak Up Procedure, Fair Competition Policy and Doing Honest Business Policy. These standards are disseminated to all employees through a robust communication and training programme via an internal learning platform. Moreover, the appointment of local trusted representatives across various departments provides an alternative platform for employees to raise concerns effectively.

Compass is supported globally by FC Corporate Headquarters with an established Integrity Committee and a reporting platform (Speak Up) that is available to employees 24 hours a day, seven days a week. Through this platform they can, in confidence, express their concerns regarding a suspected infringement of the code or a guideline.

In line with this, the Company has an Employee Handbook that guides the Company's employees in their day-to-day conduct. Employees are expected to conduct themselves with integrity and objectivity and not be placed in a position of conflict of interest.

Suppliers are also bound by the "FC Business Practices for Suppliers" to ensure honest conduct of business is being practiced within the Company's business operations.



SECTION 5: CORPORATE GOVERNANCE

# Statement of Risk Management and Internal Control

- Formalised Strategic Planning and Operating Plan Processes**

The Strategic Planning process is led by the Business Group level and is focused on the long-term strategic direction of the Company, prioritising future investments and resources. The Company performs business planning and budgeting process each year, to establish plans and targets against which performance is monitored on a monthly basis by Management.

The annual planning process involves respective functions preparing and reviewing their strategies and activity plans including budgets before a new financial year commences. The annual plan which embeds the budget is reviewed by the Management Team and approved by the Board and the Business Group. Monthly review of performance and expenditure versus the plan is carried out by the Management Team to ensure effectiveness of execution and spends are managed in line with the strategic and financial objectives of the organisation. Performance gaps or key variances, if any, are followed up and addressed by respective functions.

The Company formulated a Sales & Operations Planning process to align product demand and supply together with financial resources in order to provide the Company with defined business strategies and priorities. In addition, the process also aims to continuously improve business performance, improving customer service levels, forecasting accuracy and inventory turnover management.

- Reporting and Review**

The Company's Management Team meets monthly to review business performance, identify, discuss and resolve operational, financial and key management issues. This is then followed by Quarterly Business Review ("QBR") process where key KPIs of the organisation are tracked and reviewed with the FC Business Groups leadership. Last but not least on a monthly basis results are communicated to employees at the Company's town hall sessions.

The Managing Director reports on a quarterly basis to the ARC and the Board of Directors on significant changes in the business and external environment in which the Company operates, including its key business performance.

On behalf of the Management Team, the Managing Director and the Finance Director sign off on a bi-annual Management Statement to the Business Group as well as the ARC. This demonstrates the management's accountability over financial and non-financial reporting disclosures including:

- (a) adequacy of the Internal Control Framework ("ICF")
- (b) responsibility for proper Segregation of Duty ("SOD")
- (c) sustainability-related controls and
- (d) ensuring full and transparent disclosure is made on any fraud and non-compliance with laws and regulations.

- Financial Performance**

The preparation of quarterly and full-year financial results and the state of affairs, as published to shareholders, are reviewed by the ARC and later approved by the Board.

- Assurance Compliance**

The Board, the ARC and Management review the Internal Control and Internal Audit reports on a quarterly basis and monitor the status of implementation of corrective actions that are prepared by the R&C and Internal Audit teams to address internal control weaknesses.

- Employee Competency and Awareness**

On an annual basis, all employees are required to complete the following online courses as part of the Company's efforts to drive awareness and assess their understanding of the respective codes and the underlying principles, the results from the online courses assessment are closely monitored by the HR team.

 Compass	 Cyber-Security Awareness
 Human Rights	 Fraud Awareness
 Anti-Bribery	 Silver & Golden Purchasing Rules
 Responsible Marketing Code (selected employees)	 Safety at Work

## Statement of Risk Management and Internal Control

Training and development programmes such as health and safety, psychological safety at work, technical knowledge training, coaching and leadership capability building are organised for employees to ensure that they are equipped with necessary knowledge and skills and are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Company's objectives. The Company leverages on FC's integrated learning platform for employees to access a vast selection of courses ranging from cross functional business skills and digital trends to self-development.

The Company relies on the IT systems to support its operations via data, analysis and reports essential for business decision making. As part of the measures to raise awareness on cyber security, mandatory trainings were conducted for all employees through an online learning platform. A simulated phishing email exercise was also carried out during the year to enhance awareness on phishing and its methods of attack.

### • Internal Control Framework (ICF)

The Company has adopted FC's Internal Control Framework (ICF) compliance programme that emphasises on key controls surrounding the financial reporting process, the Company's compliance with applicable laws and internal policies, and the effectiveness of the internal processes.

In an effort to drive the importance and awareness of internal controls, the R&C team continuously creates awareness on the principles of Internal Control Framework (ICF) within the Company.

On an annual basis, a Risk Based Control Allocation (RBA) exercise is performed to ensure the right coverage of controls being implemented and assessed within the Company. Thereafter, the assessment cycle starts with a Test of Design ("ToD") exercise to evaluate the control design effectiveness to mitigate the risk, followed by continuous Test of Effectiveness ("ToE") exercise to evaluate the effectiveness of the control execution activity. The R&C team coordinates these 3 exercises (RBA, ToD & ToE) which is performed in sequence annually.

The R&C team discusses non-compliance areas, if any, and control deficiencies with relevant process owners and reports it using an internal monitoring tool, whilst ensuring the necessary remediation action plan is in place. Completed action plans are then retested to ensure adequate remediation is in place. Assessment results, deficiencies and controls requiring improvement are regularly reported and updated to the ARC during their quarterly meetings.

### • Update on Developments

Quarterly reporting is made to the Board on legal, regulatory, accounting and sustainability developments where applicable. Briefings are also conducted to keep employees informed of changes to legislation or local by-laws that are expected to affect the Company's operations or the way the Company conducts its business, where relevant.

In 2025, the Company has also taken the opportunity to update key policies and procedures relating to functions of the business: Finance, Sales, Corporate Affairs & Legal.

Global Sales Compliance Policies was successfully implemented, accompanied by Continuous Monitoring (CM) of transaction executed by Distributors to identify potential red flags, ensuring data integrity and strengthen compliance across sales operations. The Distributor audit programme was also enhanced to incorporate these initiatives, reinforcing governance and compliance.

The continuous monitoring tool (Sofy) has been incorporated to monitor SAP Segregation of Duties conflicts and critical access rights, increasing the efficiency and effectiveness of the monitoring process.

The Company has formalised the Local Privacy Officer (LPO) role to strengthen Data Privacy governance, ensure compliance with global standards and enhance accountability for personal data management.

FC's Corporate Internal Audit (CIA) department has conducted a business process review of the Company, focusing on the new production facility, distribution centre and payroll process with overall processes rated satisfactory, whole improvements proposed are undergoing implementation.

All localised policies and procedures are reviewed and updated every two years by business owners, in consultation with Internal Audit to incorporate internal control and risk considerations. The Company has also implemented a SharePoint platform to publish approved policies and procedures, ensuring all employees have easy access.



## Statement of Risk Management and Internal Control

### INTERNAL AUDIT FUNCTION

The Internal Audit function is performed in-house with its primary function to provide an independent and objective assessment on the adequacy and effectiveness of the governance, risk management and internal control processes established by the Management and the Board. The Internal Audit function has an independent reporting line to the ARC and its performance is reviewed by the ARC annually. It focuses on key areas of business and operational risk, based on the audit plan approved annually by the ARC. The audit plan is developed based on the risk profiles identified in accordance with the Company's Risk Management Framework and in consultation with the Management Team. Internal Audit reports are presented every quarter to the ARC.

#### • Summary of Work Performed by Internal Audit

During 2025, the Internal Audit function completed the audit assignments as approved by the ARC. The audit assignments were inclusive of special reviews and investigative audits as requested by the Management.

The Internal Audit team highlights, to the ARC and Management, areas for improvement and follow-up on the progress of implementation of the agreed actions arising from the internal audit report. The Management is responsible for ensuring all agreed action plans are addressed within the required timeframe.

The ARC in turn reviews the effectiveness of the system of internal controls in operation and reports the results thereon to the Board.

### ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Directors have reviewed the effectiveness, adequacy and integrity of the system of risk management and internal controls in operation during the financial year through the monitoring process set out above.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

Taking into account the limitations that are inevitably inherent in any risk management and internal control system and the possibilities for improving the system, the Company's risk management and internal control systems provide a reasonable degree of assurance that:

- ▶ The Board will be informed quarterly of the degree to which the Company's strategic, operational, financial and compliance objectives are being achieved
- ▶ The internal and external financial reporting do not contain any material misstatement and that the risk management and internal control systems functioned effectively during 2025
- ▶ The Company has complied with the relevant legislation and regulations

This Statement is prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers (Guidelines) with an effective date of 31 December 2012, in line with the Paragraph 15.26(b) of the Bursa Malaysia Listing Requirements and Principle B of the Malaysian Code of Corporate Governance 2017 as issued by the Securities Commission Malaysia.

### THE REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, issued by the Malaysian Institute of Accountants ("MIA").

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company.

The statement was approved by the Board on the 25<sup>th</sup> of February 2026.

# Directors' Report

For the financial year ended 31 December 2025

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2025.

## DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Saw Chooi Lee  
 Dato' Dr Rosini binti Alias  
 Tengku Nurul Azian Tengku Shahrman  
 Datin Seri Sunita Mei-Lin Rajakumar  
 Jean Serge Krol  
 Darren Kong Kam Seong  
 Corine Danielle Tap  
 Veronika Winanti Wahyu Utami (Appointed on 15 April 2025)  
 Ramjeet Kaur Virik A/P Bhagwan Singh (Resigned on 15 April 2025)

In accordance with Article 105 of the Company's Constitution, Dato' Dr Rosini binti Alias and Jean Serge Krol shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-election.

## PRINCIPAL ACTIVITIES

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. The Company markets these products under various brand names such as Dutch Lady, Dutch Baby, Frisolac, Friso Gold and Dutch Lady PureFarm. There has been no significant change in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	RM'000
Net profit for the financial year	103,283

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.



## SECTION 6: FINANCIAL STATEMENTS

## Directors' Report

For the financial year ended 31 December 2025

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits for certain Directors shown under Directors' Remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			As at 31.12.2025
	As at 1.1.2025	Acquired	Disposed	
<b>The Company</b>				
Datin Seri Sunita Mei-Lin Rajakumar	2,000	-	-	2,000

### DIVIDENDS

Since the end of the previous financial year, the Company paid:

- a first interim ordinary dividend of 25.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM16,000,000 in respect of the financial year ended 31 December 2025 on 17 June 2025; and
- a second interim ordinary dividend of 25.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM16,000,000 in respect of the financial year ended 31 December 2025 on 10 December 2025.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2025.

### DIRECTORS' REMUNERATION

Directors' remuneration for the financial year as set out in Note 16 to the financial statements are as follows:

	RM'000
Fees	537
Remuneration	1,313
	1,850



## Directors' Report

For the financial year ended 31 December 2025

### INSURANCE EFFECTED FOR DIRECTORS

During the financial year, the total cost of insurance effected for Directors of the Company is RM12,696 (2024: RM16,444).

### HOLDING COMPANIES

The immediate and ultimate holding companies are FrieslandCampina DLMI Malaysia Holding BV and Koninklijke FrieslandCampina NV respectively. Both companies are incorporated in the Netherlands.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) At the date of this report:
- (i) there are no charges on the assets of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) there are no contingent liabilities in the Company which have arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.



## Directors' Report

For the financial year ended 31 December 2025

### OTHER STATUTORY INFORMATION (CONTINUED)

- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
  - (i) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

### AUDITORS' REMUNERATION

The auditors' remuneration for the financial year amounted to RM139,087.

This report was approved by the Board of Directors on 25 February 2026.

Signed on behalf of the Board of Directors:

.....  
**Veronika Winanti Wahyu Utami**

.....  
**Jean Serge Krol**

25 February 2026

# Statement of Financial Position

As at 31 December 2025

	Note	2025 RM'000	2024 RM'000
<b>Assets</b>			
Property, plant and equipment	3	630,522	620,135
Right-of-use assets	4	1,348	3,782
Intangible assets	5	22,919	25,032
Other receivables	6	2,054	2,029
Deferred tax assets	7	-	3,426
<b>Total non-current assets</b>		<b>656,843</b>	654,404
Inventories	8	219,492	236,756
Trade and other receivables	6	109,187	122,682
Prepayments		1,803	1,147
Current tax receivable		6,352	-
Cash and bank balances	9	92,566	47,796
Derivative financial assets	10	-	10,947
<b>Total current assets</b>		<b>429,400</b>	419,328
<b>Total assets</b>		<b>1,086,243</b>	1,073,732
<b>Equity</b>			
Share capital	11	64,000	64,000
Retained earnings		509,175	437,892
<b>Total equity</b>		<b>573,175</b>	501,892
<b>Liabilities</b>			
Lease liabilities	4	242	1,456
Deferred tax liabilities	7	27,646	-
Borrowings	14	-	70,205
<b>Total non-current liabilities</b>		<b>27,888</b>	71,661
Trade and other payables	13	381,922	488,158
Provision	12	4,114	2,185
Current tax liabilities		-	6,239
Lease liabilities	4	1,214	2,538
Derivative financial liabilities	10	7,296	-
Borrowings	14	90,634	1,059
<b>Total current liabilities</b>		<b>485,180</b>	500,179
<b>Total liabilities</b>		<b>513,068</b>	571,840
<b>Total equity and liabilities</b>		<b>1,086,243</b>	1,073,732

The accompanying notes form an integral part of the financial statements.



## SECTION 6: FINANCIAL STATEMENTS

# Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2025

	Note	2025 RM'000	2024 RM'000 (Restated)
<b>Revenue from contracts with customers - sales of goods recognised point in time</b>		<b>1,500,357</b>	1,445,071
Cost of sales		<b>(1,064,654)</b>	(1,038,864)
<b>Gross profit</b>		<b>435,703</b>	406,207
Other income		-	-
Distribution expenses		<b>(197,826)</b>	(197,385)
Administrative expenses		<b>(54,184)</b>	(38,442)
Other expenses		<b>(19,532)</b>	(36,366)
Other (losses)/gains – net		<b>(9,425)</b>	(2,620)
<b>Results from operating activities</b>		<b>154,736</b>	131,394
Interest income		<b>358</b>	367
Finance costs		<b>(8,427)</b>	(6,716)
<b>Profit before tax</b>	15	<b>146,667</b>	125,045
Tax expense	17	<b>(43,384)</b>	(28,398)
<b>Net profit for the financial year/Total comprehensive income for the financial year</b>		<b>103,283</b>	96,647
<b>Basic and diluted earnings per ordinary share (sen)</b>	18	<b>161.4</b>	151.0

The accompanying notes form an integral part of the financial statements.

# Statement of Changes in Equity

For the financial year ended 31 December 2025

	Note	<i>Distributable</i>		Total Equity RM'000
		Share capital RM'000	Retained earnings RM'000	
<b>At 31 December 2024/1 January 2025</b>		<b>64,000</b>	<b>437,892</b>	<b>501,892</b>
Net profit/Total comprehensive income for the financial year		-	<b>103,283</b>	<b>103,283</b>
Dividends to owners of the Company	19	-	<b>(32,000)</b>	<b>(32,000)</b>
<b>At 31 December 2025</b>		<b>64,000</b>	<b>509,175</b>	<b>573,175</b>
		Note 11		
<b>At 31 December 2023/1 January 2024</b>		<b>64,000</b>	<b>373,245</b>	<b>437,245</b>
Net profit/Total comprehensive income for the financial year		-	96,647	96,647
Dividends to owners of the Company	19	-	(32,000)	(32,000)
<b>At 31 December 2024</b>		<b>64,000</b>	<b>437,892</b>	<b>501,892</b>

The accompanying notes form an integral part of the financial statements.



## SECTION 6: FINANCIAL STATEMENTS

# Statement of Cash Flows

For the financial year ended 31 December 2025

	Note	2025 RM'000	2024 RM'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers and other receivables		1,499,103	1,406,339
Cash paid to suppliers and employees		(1,314,252)	(1,297,011)
<b>Cash generated from operations</b>		<b>184,851</b>	109,328
Income tax paid		(24,841)	(24,488)
Withholding tax penalty paid		(62)	-
<b>Net cash generated from operating activities</b>		<b>159,948</b>	84,840
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3(b)	(97,649)	(128,089)
Purchase of intangible assets	5(a)	(3,743)	(4,326)
Interest received		358	367
<b>Net cash used in investing activities</b>		<b>(101,034)</b>	(132,048)
<b>Cash flows from financing activities</b>			
Drawdown of revolving credit	14	28,887	73,470
Interest paid for borrowings	14	(4,722)	(1,121)
Interest paid to licensed financial institutions		(3,651)	(4,256)
Dividends paid	19	(32,000)	(32,000)
Payment for lease liabilities	4	(2,658)	(7,241)
<b>Net cash (used in)/generated from financing activities</b>		<b>(14,144)</b>	28,852
Net increase/(decrease) in cash and cash equivalents		44,770	(18,356)
Cash and cash equivalents at 1 January		47,796	66,152
<b>Cash and cash equivalents at 31 December</b>	9	<b>92,566</b>	47,796

## Note to the statement of cash flows

The reconciliation of movement of liabilities to cash flows arising from financing activities is disclosed in Note 4 and Note 14.

Interest paid shown in cash flows from financing activities includes interest paid to a licensed financial institution to enable certain trade customers to pay goods invoiced through a corporate purchasing card issued by the financial institution.

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

Dutch Lady Milk Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

## Registered office

Level 5, Quill 9  
No 112, Jalan Prof Khoo Kay Kim  
46300 Petaling Jaya, Selangor Darul Ehsan

## Principal place of business

PT 1585, Persiaran Teknologi 6  
Taman Teknologi 2 @ Enstek  
71760 Bandar Enstek, Negeri Sembilan Darul Khusus

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. The Company markets these products under various brand names such as Dutch Lady, Dutch Baby, Frisolac, Friso Gold, Dutch Lady PureFarm and Debic.

These financial statements were authorised for issue by the Board of Directors on 25 February 2026.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- (i) Standards, amendments to published standards and interpretations that are effective

The Company has applied the following amendments for the first time for the financial year beginning on 1 January 2025:

- Amendments to MFRS 121 'Lack of Exchangeability'

The adoption of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (ii) IFRIC® agenda decisions that are concluded and published

During the year, the Company have assessed the implication of the IFRIC agenda decision on guarantees issued on obligations of other entities.

At its April 2025 meeting, the IFRS Interpretations Committee (the "Committee") discussed and clarified the applicable accounting standards for guarantees issued on obligations of other entities. Specifically, the Committee clarified that MFRS 137/IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' ("MFRS 137") applies when a guarantee does not fall within the scope of other MFRS/IFRS Accounting Standards, specifically MFRS 9/IFRS 9 'Financial Instruments' ("MFRS 9") and MFRS 17/IFRS 17 'Insurance Contracts' ("MFRS 17").

The IFRIC agenda decision did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.



## Notes to the Financial Statements

### 1. BASIS OF PREPARATION (CONTINUED)

#### (a) Statement of compliance (continued)

(iii) Standards and amendments that have been issued but not yet effective:

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Company. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except for the following set out below:

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.
  - The new MFRS introduces a new structure of profit or loss statement.
    - (a) Income and expenses are classified into 3 new main categories:
      - i. Operating category which typically includes results from the main business activities;
      - ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
      - iii. Financing category that presents income and expenses from financing liabilities.
    - (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
  - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
  - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

Management is currently assessing the detailed implications of applying MFRS 18 on the Company's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of MFRS 18 will have no impact on the Company's net profit, the Company expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Company has performed, the following items might potentially impact operating profit:
  - (a) Foreign exchange differences currently aggregated in 'other (losses)/gains - net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
  - (b) MFRS 18 requires the derivative gains or losses to be classified in the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the Company currently recognises some gains or losses in operating profit, there might be a change to where these gains or losses are recognised, and the Company is currently evaluating the need for change.

## Notes to the Financial Statements

### 1. BASIS OF PREPARATION (CONTINUED)

#### (a) Statement of compliance (continued)

(iii) Standards and amendments that have been issued but not yet effective: (continued)

Management is currently assessing the detailed implications of applying MFRS 18 on the Company's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified: (continued)

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Company does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - (a) management-defined performance measures;
  - (b) a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
  - (c) for the first annual period of application of MFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying MFRS 18 and the amounts previously presented applying MFRS 101.

MFRS 18 will be applied retrospectively.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:
  - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment system if specified criteria are met;
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").



## Notes to the Financial Statements

### 1. BASIS OF PREPARATION (CONTINUED)

#### (a) Statement of compliance (continued)

(iii) Standards and amendments that have been issued but not yet effective: (continued)

The amendments are in line with the Company's current practices, where the financial assets are derecognised on the date the contractual rights to the cash flows expire and financial liabilities are derecognised when obligation under the contract is discharged (i.e. the settlement date). It is not expected to have significant effect on the financial statements when the amendments become effective.

The following amendments are not expected to have a significant impact on the financial statements of the Company:

- Annual Improvements to MFRS Accounting Standards for enhanced consistency

#### (b) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as disclosed in Note 2(k)(iii).

## Notes to the Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

#### (a) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, import duties and any non-refundable purchase taxes and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other (losses)/gains - net" respectively in profit or loss.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Freehold land is not depreciated as it has an infinite life.



## Notes to the Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (a) Property, plant and equipment (continued)

##### (iii) Depreciation (continued)

The estimated useful lives are as follows:

Buildings	10 – 30 years
Plant and machinery	5 – 33 years
Furniture and equipment	5 – 15 years
Motor vehicles	5 years

##### (iv) Impairment

At the end of the reporting period, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(e) on impairment of non-financial assets.

##### (v) Change in useful life

The useful life and residual value of an item of property, plant and equipment is reviewed regularly and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods should be adjusted. A change in the useful life or depreciation method is accounted for prospectively as a change in accounting estimate.

#### (b) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs, including import duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

#### (c) Leases – Accounting by lessee

Leases are recognised as right-of-use (“ROU”) asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

#### (d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

## Notes to the Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (e) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (f) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.



## Notes to the Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (f) Current and deferred income tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

The tax benefit arising from investment tax allowance ("ITA") will only be recognised when the tax credit is utilised as a reduction of current tax and no deferred tax asset is recognised for the deductible temporary differences arising from the initial recognition of the asset that the tax credit is granted for.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (g) Trade payables

Trade payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade payables are subsequently measured at amortised cost using the effective interest method.

The Company enters into a supplier finance arrangement for certain suppliers of which liabilities due to these suppliers are presented within the Company's trade payables. Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of amounts owed by the Company and receives settlement from the Company at a later date.

The Company has not derecognised the trade payables that are part of the supplier finance arrangement because neither a legal release was obtained nor the original liability was substantially modified on entering into the arrangement.

The arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Company does not incur any additional security towards the bank on the amounts due to the suppliers.

Consequently, the Company presents the amounts factored to bank within trade payables because the nature and function of the financial liability remain the same as those of other trade payables that are not part of the arrangement. The cash flows associated with the arrangement are included within operating cash flows.

## Notes to the Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (h) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs, directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (i) Employee benefits

##### (i) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

#### (j) Provisions

##### (i) Restructuring

Restructuring provisions mainly comprise employee termination payments and are recognised in the period in which the Company becomes legally or constructively committed to payment. Future operating costs are not provided for.



## Notes to the Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (k) Revenue from contracts with customers

##### (i) Goods sold

The Company manufactures and distributes a wide range of dairy products, such as specialised powders for infant and growing up children, liquid milk in different packaging formats and yoghurts. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The dairy products are often sold with trade discounts and volume rebates based on aggregate sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated trade discounts and volume rebates. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term ranging from 1 to 60 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

##### (ii) Accounting for refunds

The Company is obliged to refund the purchase price of the product sold in situations where the customer has a contractual right to return the product within a given period. The Company recognised refund liability for returns which was measured based on the sales consideration and the corresponding entry to revenue.

Under MFRS 15, a refund liability for the expected refunds to customers is recognised as an adjustment to revenue and classified as part of the 'trade and other payable' balances.

##### (iii) Trade spend accruals

Trade spend accruals of RM86.8 million (2024: RM112.5 million), which consists primarily of conditional rebates and promotional discounts, are based on agreed trading terms and promotional activities with trade customers and distributors. Trade spend accruals are recognised under the terms of these agreements, to reflect the expected rebates, promotional activities and historical experience based on estimated sales volume. These accruals are reported within Trade and Other Payables (Note 13). The estimates for these accruals are regularly reviewed by senior management of the Company.

Based on a 5% increase in sales volume, consistent with the prior year (2024: 5%) would have increase the trade spend accrual and decrease post-tax profit by RM4.3 million (2024: RM5.6 million) and RM3.3 million (2024: RM4.3 million) respectively.



## Notes to the Financial Statements

### 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (l) Foreign currencies

##### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the Company’s functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses are presented in profit or loss on a net basis within other gains/(losses).

#### (m) Derivatives

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. A derivative is presented as a financial asset when the fair value is positive and as a financial liability when the fair value is negative. Changes in the fair value are recognised immediately in profit or loss and are included in other gains/(losses).



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work- in progress RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2024	60,311	4,153	163,615	166	43,828	398,584	670,657
Additions	-	-	-	-	-	134,997	134,997
Reclassifications	-	12	(12)	-	-	-	-
Written off	-	-	(114,926)	-	(25,521)	-	(140,447)
Transfers	-	265,942	182,340	-	6,597	(454,879)	-
Transfers from intangible asset	-	-	-	-	-	5,295	5,295
At 31 December 2024/1 January 2025	<b>60,311</b>	<b>270,107</b>	<b>231,017</b>	<b>166</b>	<b>24,904</b>	<b>83,997</b>	<b>670,502</b>
Additions	-	-	-	-	-	37,130	37,130
Reclassification	-	(150)	150	-	-	-	-
Written off	-	-	-	(166)	-	-	(166)
Transfers	-	59,741	49,742	-	1,270	(110,753)	-
Transfers from intangible asset	-	-	-	-	-	-	-
At 31 December 2025	<b>60,311</b>	<b>329,698</b>	<b>280,909</b>	<b>-</b>	<b>26,174</b>	<b>10,374</b>	<b>707,466</b>

## Notes to the Financial Statements

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Capital work- in progress RM'000	Total RM'000
<b>Depreciation and impairment loss</b>							
At 1 January 2024							
Accumulated depreciation	-	3,774	124,465	166	39,046	-	167,451
	-	3,774	124,465	166	39,046	-	167,451
Depreciation for the year	-	4,273	16,639	-	2,407	-	23,319
Written off	-	-	(114,882)	-	(25,521)	-	(140,403)
At 31 December 2024/1 January 2025							
Accumulated depreciation	-	8,047	26,222	166	15,932	-	50,367
	-	8,047	26,222	166	15,932	-	50,367
Depreciation for the year	-	10,123	14,035	-	2,585	-	26,743
Written off	-	-	-	(166)	-	-	(166)
Reclassification	-	(10)	450	-	(440)	-	-
At 31 December 2025							
Accumulated depreciation	-	18,160	40,707	-	18,077	-	76,944
	-	18,160	40,707	-	18,077	-	76,944
<b>Carrying amounts</b>							
At 31 December 2024							
	60,311	262,060	204,795	-	8,972	83,997	620,135
At 31 December 2025							
	60,311	311,538	240,202	-	8,097	10,374	630,522



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

- (a) Included in property, plant and equipment of the Company are fully depreciated assets, which are still in use, with an aggregate cost of approximately RM24,095,228 (2024: RM13,897,732).
- (b) Payment for purchase of property, plant and equipment

	2025 RM'000	2024 RM'000
Additions during the year	37,130	134,997
Add:		
Unpaid purchase as of prior year	74,043	67,135
Less:		
Unpaid and included under accrued expenses	(4,320)	(58,641)
Unpaid and included under other payables	(9,204)	(15,402)
Payment during the year	97,649	128,089

**Contractual commitments**

Contractual commitments for acquisition of property, plant and equipment not yet recognised in the financial statements amounted to RM4.4 million (2024: RM62.5 million).

## Notes to the Financial Statements

## 4. RIGHT-OF-USE ASSETS

## The Company as a lessee

## (i) Information about ROU assets, lease liabilities, expenses and cash flows related to leases:

## ROU assets

	Leasehold land and buildings RM'000	Motor vehicles RM'000	Plant and equipment RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2024	10,386	347	3,523	14,256
Derecognition	(5,659)	(347)	-	(6,006)
At 31 December 2024/1 January 2025	<b>4,727</b>	-	<b>3,523</b>	<b>8,250</b>
Derecognition	<b>(136)</b>	-	-	<b>(136)</b>
At 31 December 2025	<b>4,591</b>	-	<b>3,523</b>	<b>8,114</b>
<b>Accumulated depreciation charge</b>				
At 1 January 2024	4,810	313	660	5,783
Depreciation for the year	3,776	34	881	4,691
Derecognition	(5,659)	(347)	-	(6,006)
At 31 December 2024/1 January 2025	<b>2,927</b>	-	<b>1,541</b>	<b>4,468</b>
Depreciation for the year	<b>1,553</b>	-	<b>881</b>	<b>2,434</b>
Derecognition	<b>(136)</b>	-	-	<b>(136)</b>
At 31 December 2025	<b>4,344</b>	-	<b>2,422</b>	<b>6,766</b>
<b>Carrying amounts</b>				
At 31 December 2024	1,800	-	1,982	3,782
At 31 December 2025	<b>247</b>	-	<b>1,101</b>	<b>1,348</b>



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 4. RIGHT-OF-USE ASSETS (CONTINUED)

## The Company as a lessee (continued)

## (i) Information about ROU assets, lease liabilities, expenses and cash flows related to leases: (continued)

## Lease liabilities

	2025 RM'000	2024 RM'000
Balance at 1 January	3,994	10,955
Interest charged during the year	120	280
Repayment of lease liabilities (included in cash flows from financing activities)	(2,658)	(7,241)
	<b>1,456</b>	<b>3,994</b>

Lease liabilities are presented in the statement of financial position as follows:

	2025 RM'000	2024 RM'000
Current liabilities	1,214	2,538
Non-current liabilities	242	1,456
	<b>1,456</b>	<b>3,994</b>

## Charged to statement of profit or loss and other comprehensive income

Expenses related to leases are disclosed in Note 15.

	2025 RM'000	2024 RM'000
Lease payments not recognised as liabilities:		
Expense related to low value leases	6,972	5,411
Expense related to short-term leases	12	605
Non-lease components	4,275	493

## (ii) The Company's leasing activities and how these are accounted for

The Company leases other offices, motor vehicles, plant and equipment, and office equipment. Rental contracts are typically made for fixed periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

## Notes to the Financial Statements

**4. RIGHT-OF-USE ASSETS (CONTINUED)****The Company as a lessee (continued)****(iii) Extension and termination options**

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide the Company with greater flexibility to align its need for access to equipment with the fulfilment of customer contracts.

As of 31 December 2025, there is no potential future (undiscounted) cash outflows that have not been included in lease liabilities.

**5. INTANGIBLE ASSETS**

	Computer software RM'000	Capital work-in progress RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2024	17,478	26,956	44,434
Additions	-	4,251	4,251
Written off	(7,152)	-	(7,152)
Transfers	24,046	(24,046)	-
Transfer to property, plant and equipment	-	(5,295)	(5,295)
At 31 December 2024/1 January 2025	<b>34,372</b>	<b>1,866</b>	<b>36,238</b>
Additions	-	3,446	3,446
Written off	-	-	-
Transfers	5,161	(5,161)	-
Transfer to property, plant and equipment	-	-	-
At 31 December 2025	<b>39,533</b>	<b>151</b>	<b>39,684</b>
<b>Accumulated amortisation</b>			
At 1 January 2024	16,942	-	16,942
Amortisation for the year	1,416	-	1,416
Written off	(7,152)	-	(7,152)
At 31 December 2024/1 January 2025	<b>11,206</b>	-	<b>11,206</b>
Amortisation for the year	5,559	-	5,559
Written off	-	-	-
At 31 December 2025	<b>16,765</b>	-	<b>16,765</b>
<b>Carrying amounts</b>			
At 31 December 2024	23,166	1,866	25,032
At 31 December 2025	<b>22,768</b>	<b>151</b>	<b>22,919</b>



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 5. INTANGIBLE ASSETS (CONTINUED)

(a) Payment for purchase of intangible assets

	2025 RM'000	2024 RM'000
Additions during the year	3,446	4,251
Add:		
Unpaid purchase as of prior year	1,550	1,625
Less:		
Unpaid and included under accrued expenses	(118)	(1,270)
Unpaid and included under other payables	(1,135)	(280)
Payment during the year	3,743	4,326

## 6. TRADE AND OTHER RECEIVABLES

	Note	2025 RM'000	2024 RM'000
<b>Trade</b>			
Trade receivables		103,160	118,121
Less: Loss allowance	6.1	(165)	(173)
Net trade receivables		102,995	117,948
Amounts owing by related companies	6.2	1,090	3,136
		104,085	121,084
<b>Non-trade</b>			
Other receivables		6	1,615
Amounts owing by related companies		4,985	-
Deposits		2,165	2,012
		7,156	3,627
		111,241	124,711

Trade and other receivables is presented in the statement of financial position as follows:

	2025 RM'000	2024 RM'000
Current assets	109,187	122,682
Non-current assets	2,054	2,029
	111,241	124,711

## Notes to the Financial Statements

**6. TRADE AND OTHER RECEIVABLES (CONTINUED)**

**6.1** The movements in the loss allowance of trade receivables during the financial year are disclosed in Note 22.4.

**6.2** The credit terms of amounts owing by related companies ranged from 0 to 30 days (2024: 0 to 30 days).

**7. DEFERRED TAX ASSETS/(LIABILITIES)**

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, plant and equipment	-	-	(36,330)	(29,068)	(36,330)	(29,068)
Right-of-use assets	-	-	(324)	(908)	(324)	(908)
Inventories	1,360	2,721	-	-	1,360	2,721
Receivables	46	42	-	-	46	42
Payables	5,502	5,671	-	-	5,502	5,671
Lease liabilities	350	959	-	-	350	959
Derivatives	1,750	-	-	(2,627)	1,750	(2,627)
Unutilised capital allowance	-	26,636	-	-	-	26,636
Deferred tax assets/(liabilities)	<b>9,008</b>	36,029	<b>(36,654)</b>	(32,603)	<b>(27,646)</b>	3,426

**Movement in temporary differences during the year**

	At 1.1.2024 RM'000	Recognised in profit or loss RM'000	At 31.12.2024/ 1.1.2025 RM'000	Recognised in profit or loss RM'000	At 31.12.2025 RM'000
	Property, plant and equipment	(6,841)	(22,227)	(29,068)	(7,262)
Right-of-use assets	(2,034)	1,126	(908)	584	(324)
Inventories	635	2,086	2,721	(1,361)	1,360
Receivables	558	(516)	42	4	46
Payables	6,841	(1,170)	5,671	(169)	5,502
Lease liabilities	2,629	(1,670)	959	(609)	350
Derivatives	432	(3,059)	(2,627)	4,377	1,750
Unutilised capital allowance	-	26,636	26,636	(26,636)	-
	2,220	1,206	<b>3,426</b>	<b>(31,072)</b>	<b>(27,646)</b>

Note 17

Note 17



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

**7. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)****Movement in temporary differences during the year (continued)**

The Company revised certain estimates related to the allocation of expenses for provisional tax computations among business sources. This revision resulted in a higher utilisation of capital allowances, which gave rise to a timing difference by deferring tax payable to a future year of assessment and leading to the recognition of a deferred tax liability. The effect of this change has been accounted for as a change in accounting estimate in the financial year ended 31 December 2025.

**8. INVENTORIES**

	2025 RM'000	2024 RM'000
Finished goods	117,971	116,966
Work-in-progress	878	6,785
Raw materials	75,431	85,219
Packaging materials	25,703	31,653
Spare parts	5,175	2,058
	<b>225,158</b>	242,681
Provision for obsolescence of inventories	<b>(5,666)</b>	(5,925)
	<b>219,492</b>	236,756

**9. CASH AND BANK BALANCES**

	2025 RM'000	2024 RM'000
Cash and cash at bank	72,566	47,796
Deposits placed with licensed banks	20,000	-
Cash and bank balances	<b>92,566</b>	47,796

Bank balances are held at call with licensed banks.

During the financial year, the Company placed deposits with a licensed bank have an average maturity period of 9 days (2024: 10 days) with weighted average interest rate of 1.90% (2024: 1.88%) per annum.

## Notes to the Financial Statements

## 10. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	2025			2024		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Derivatives held for trading at fair value through profit or loss						
- Forward exchange contracts	161,878	-	(3,970)	154,021	5,371	-
- Swap exchange contracts	92,804	-	(3,326)	64,016	5,576	-
	<b>254,682</b>	-	<b>(7,296)</b>	218,037	10,947	-

The Company uses forward exchange contracts to manage the foreign currency exposures arising from operation denominated in currencies other than the functional currency of the Company. Foreign exchange swap contracts are used to manage foreign currency risk in relation to borrowings. All the forward and swap exchange contracts have maturities of less than one year after the end of the reporting period.

## 11. SHARE CAPITAL

	Amount	Number	Amount	Number
	2025 RM'000	of shares 2025 '000	2024 RM'000	of shares 2024 '000
Issued and fully paid:				
Ordinary shares with no par value	64,000	64,000	64,000	64,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 12. PROVISION

	2025 RM'000	2024 RM'000
<b>Employees' pension contribution</b>		
At 1 January	254	214
Addition during the year	-	40
Reversal during the year	(36)	-
At 31 December	218	254
<b>Restructuring provision</b>		
At 1 January	1,931	12,850
Addition during the year	3,703	524
Reversal during the year	(643)	(2,499)
Utilisation during the year	(1,095)	(8,944)
At 31 December	3,896	1,931

Provision is presented in the statement of financial position as follows:

	2025 RM'000	2024 RM'000
Current liabilities	4,114	2,185
Non-current liabilities	-	-
	4,114	2,185

**Employees' pension contribution**

Provision for employees' pension contribution reflects provisions made for additional contributions to be made to the statutory Employees Provident Fund that would vest upon unionised staff having completed five years of service. The provision has been made on the assumption that all relevant staff will complete their five year term and that therefore their benefits will vest in its entirety.

**Restructuring provision**

In the current financial year, the Company recognised a restructuring cost of RM3.7 million related to the optimisation of its organisational structure. The related restructuring provision was partially reversed, as the restructuring process has been largely completed, with most payments settled and certain affected employees successfully redeployed within the Company. The remaining provision will be settled in 2026.

## Notes to the Financial Statements

## 13. TRADE AND OTHER PAYABLES

	Note	2025 RM'000	2024 RM'000
<b>Trade</b>			
Amounts owing to related companies	13.1	58,558	73,527
Trade payables	13.2, 13.3, 13.4	148,664	157,527
Trade spend accrual		86,830	112,501
		<b>294,052</b>	343,555
<b>Non-trade</b>			
Amounts owing to related companies	13.1	11,806	325
Accrued expenses		50,013	111,577
Payroll liabilities		13,921	15,562
Other payables	13.3, 13.4	12,130	17,139
		<b>87,870</b>	144,603
		<b>381,922</b>	488,158

- 13.1** The current trade and non-trade portion of amounts due to related companies are unsecured, interest free and is subject to credit terms ranged from 0 to 45 days (2024: 0 to 30 days).
- 13.2** Included in trade payables is refund liability in respect of market returns of RM3.3 million (2024: RM2.9 million).
- 13.3** The credit term for trade and non-trade payables that are not part of supplier financing arrangement is ranged from 0 to 120 days (2024: 0 to 120 days).
- 13.4** Included in trade and non-trade payables is an amount of RM12.8 million (2024: RM35.8 million) under supplier financing arrangement. Out of which, RM2.9 million (2024: RM0.4 million) have been paid by the bank. The terms and conditions of the supplier financing arrangement as below:
- The credit terms for the trade and non-trade payables under this arrangement is 90 to 120 days and there is no extension on the credit terms.
  - The Company settles the payments directly to the bank.
  - The Company does not incur any interest expenses from this arrangement instead the supplier bears the interest when the supplier requested for early settlement before the invoice due date.



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 14. BORROWINGS

	2025 RM'000	2024 RM'000
<b>Non-current</b>		
<u>Unsecured</u>		
Revolving credits	-	70,205
<b>Current</b>		
<u>Unsecured</u>		
Revolving credits	90,634	1,059
	<b>90,634</b>	71,264
Total borrowings	<b>90,634</b>	71,264

Movements in the borrowings to the cash flow are as follows:

	2025 RM'000	2024 RM'000
At 1 January	71,264	-
Drawdown of borrowings	28,887	73,470
Finance costs	4,656	2,180
Finance costs paid	(4,722)	(1,121)
Exchange differences	(9,451)	(3,265)
At 31 December	<b>90,634</b>	71,264

**14.1** The Company has a total revolving credit facility of USD35 million (2024: USD35 million) from the ultimate holding company. As of 31 December 2025, the Company has a revolving credit outstanding balance amounting to RM90.6 million (2024: RM71.3 million).

**14.2** The weighted average effective interest rates per annum at the end of the reporting period for revolving credit is 5.13% (2024: 5.52%).

## Notes to the Financial Statements

## 15. PROFIT BEFORE TAX

	2025 RM'000	2024 RM'000 (Restated)
<b>Profit before tax is arrived at after charging/(crediting):</b>		
Amortisation of intangible assets	5,559	1,416
Auditors' remuneration:		
- Statutory audit - current year	115	127
- Other services	24	24
Non-audit services	162	-
Depreciation of property, plant and equipment	26,743	23,319
Depreciation of ROU assets	2,434	4,691
Finance costs:		
- Interest expense	3,651	4,256
- Finance charge arising from lease liabilities	120	280
- Finance charge arising from borrowings	4,656	2,180
Interest income	(358)	(367)
Inventories recognised as cost of sales	854,141	830,801
Property, plant and equipment:		
- Written off	-	44
Marketing expenses	155,928	151,360
Net loss/(gain) on derivatives	18,243	(12,747)
Net loss/(gain) on foreign exchange:		
- Realised	292	17,231
- Unrealised	(9,131)	(1,864)
Personnel expenses (including key management personnel):		
- Wages, salaries and others	71,311	68,547
- Contributions to state plans	10,716	11,089
Provision for obsolescence of inventories	(259)	3,279
Rental in respect of (Note 4):		
- Premises	5,293	590
- Equipment	5,743	5,901
- Vehicles	223	18
Provision for loss allowance of trade receivables	(7)	76
Restructuring provision	3,060	(1,975)
SAP design and set up costs	8,066	-
Know-how, trademark license and management support fees	42,292	40,720



## Notes to the Financial Statements

### 16. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	2025 RM'000	2024 RM'000
Directors:		
- Fees	537	516
- Remuneration	1,313	1,673
	<b>1,850</b>	<b>2,189</b>
Other key management personnel:		
- Wages, salaries and others	4,992	3,089
- Contributions to state plans	455	358
	<b>5,447</b>	<b>3,447</b>
	<b>7,297</b>	<b>5,636</b>

Directors' remuneration includes salaries, allowance and all other Directors related expenses.

Other key management personnel comprise persons other than Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

## Notes to the Financial Statements

## 17. TAX EXPENSE

## Recognised in profit or loss

	Note	2025 RM'000	2024 RM'000
<b>Current tax expense</b>			
- current year		<b>16,654</b>	28,189
- (over)/under provision in prior financial year		<b>(4,342)</b>	1,415
		<b>12,312</b>	29,604
<b>Deferred tax expense</b>			
- origination and reversal of temporary differences		<b>18,999</b>	(1,206)
- under provision in prior financial year		<b>12,073</b>	-
	7	<b>31,072</b>	(1,206)
Total income tax expense		<b>43,384</b>	28,398
<b>Reconciliation of tax expense</b>			
Profit before tax		<b>146,667</b>	125,045
Income tax calculated using Malaysian tax rate of 24% (2024: 24%)		<b>35,200</b>	30,011
Non-deductible expenses		<b>539</b>	438
Income not subject to tax		<b>(86)</b>	(3,682)
Under provision in prior financial year		<b>7,731</b>	1,534
Prior year tax impact from Bilateral Advance Pricing Arrangement ("BAPA")		-	97
		<b>43,384</b>	28,398

The Company's ultimate holding company is subject to OECD 'Pillar Two' reforms. As of 31 December 2025, the Company does not expect any material impact under the Pillar Two Model Rules in accordance with the applicable tax policy reforms in Malaysia.



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

**18. EARNINGS PER ORDINARY SHARE****Basic and diluted earnings per ordinary share**

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2025	2024
Net profit for the financial year (RM'000)	103,283	96,647
Average number of ordinary shares in issue ('000)	64,000	64,000
Basic and diluted earnings per ordinary share (sen)	161.4	151.0

There are no potential dilutive ordinary shares in issue as at 31 December 2025 and 2024, and therefore, diluted earnings per share equal basic earnings per share.

**19. DIVIDENDS**

Dividends paid by the Company:

	Sen per share	Total amount RM'000	Date of payment
<b>2025</b>			
Single tier first interim 2025 ordinary	25.00	16,000	17.06.2025
Single tier second interim 2025 ordinary	25.00	16,000	10.12.2025
Total amount		32,000	
<b>2024</b>			
Single tier first interim 2024 ordinary	25.00	16,000	20.06.2024
Single tier second interim 2024 ordinary	25.00	16,000	13.12.2024
Total amount		32,000	

## Notes to the Financial Statements

### 20. OPERATING SEGMENTS

The Company operates principally in Malaysia and in one major business segment being manufacturing and distribution of a wide range of dairy products. The Company's Board of Directors (the chief operating decision maker) reviews internal management reports in respect of this segment at least on a quarterly basis.

Accordingly, no segment information is provided as the financial position and performance are as already shown in the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

At the end of the financial year, there were no significant concentrations of revenue other than two major customers with net revenues of approximately RM491.2 million (2024: three major customers with net revenues of approximately RM593.0 million). These customers contribute to approximately 33% (2024: 41%) of the net revenues in the financial statements or 23% and 10% respectively (2024: 21%, 10% and 10% respectively).

### 21. RELATED PARTIES

#### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include all the Directors of the Company, and certain members of senior management of the Company. The key management personnel compensation are shown in Note 16.

The immediate and ultimate holding companies are FrieslandCampina DLMI Malaysia Holding BV and Koninklijke FrieslandCampina NV respectively. Both companies are incorporated in the Netherlands.



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 21. RELATED PARTIES (CONTINUED)

## Related party transactions and balances

The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Note 6, Note 13 and Note 14.

	2025 RM'000	2024 RM'000
Management fee paid to ultimate holding company		
- Koninklijke FrieslandCampina NV (Comp)	<b>(156)</b>	(148)
Purchases of fully packed dairy products and raw materials from fellow subsidiaries		
- FrieslandCampina Nederland B.V.	<b>(224,829)</b>	(198,938)
- P.T. Frisian Flag Indonesia	<b>(261,110)</b>	(311,399)
- FrieslandCampina Domo B.V.	<b>(92,675)</b>	(93,237)
- FrieslandCampina (Thailand) PCL	-	(10,444)
Sales of fully packed dairy products to fellow subsidiaries		
- FrieslandCampina Nederland B.V.	<b>1,321</b>	1,831
Borrowings from ultimate holding company		
- Koninklijke FrieslandCampina NV (Comp)	<b>28,887</b>	73,470
Interest charged by ultimate holding company		
- Koninklijke FrieslandCampina NV (Comp)	<b>(4,656)</b>	(2,180)
Know-how, trademark license and management support fees paid to fellow subsidiary		
- FrieslandCampina Nederland B.V.	<b>(42,292)</b>	(40,720)
Information, communication and technology services paid to fellow subsidiary		
- FrieslandCampina C.V. (Comp)	<b>(31,703)</b>	(17,853)
Finance shared services paid to fellow subsidiary		
- FrieslandCampina Service Centre Asia Pacific Sdn Bhd	<b>(1,287)</b>	(2,762)
Shared services fee received from fellow subsidiary		
- FrieslandCampina Service Centre Asia Pacific Sdn Bhd	<b>323</b>	290

## Notes to the Financial Statements

## 22. FINANCIAL INSTRUMENTS

## 22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised costs ("AC"); and  
 (b) Fair value through profit or loss ("FVTPL");

	Carrying amount 2025 RM'000	AC 2025 RM'000	FVTPL 2025 RM'000	Carrying amount 2024 RM'000	AC 2024 RM'000	FVTPL 2024 RM'000
<b>Financial assets</b>						
Trade and other receivables	111,241	111,241	-	124,711	124,711	-
Derivative financial assets	-	-	-	10,947	-	10,947
Cash and bank balances	92,566	92,566	-	47,796	47,796	-
	<b>203,807</b>	<b>203,807</b>	-	183,454	172,507	10,947
<b>Financial liabilities</b>						
Trade and other payables	(378,669)	(378,669)	-	(485,229)	(485,229)	-
Derivative financial liabilities	(7,296)	-	(7,296)	-	-	-
Borrowings	(90,634)	(90,634)	-	(71,264)	(71,264)	-
	<b>(476,599)</b>	<b>(469,303)</b>	<b>(7,296)</b>	(556,493)	(556,493)	-

## 22.2 Net gains and losses arising from financial instruments

	2025 RM'000	2024 RM'000
Net gains/(losses) from:		
Fair value through profit or loss	(18,243)	12,747
Financial assets measured at amortised costs	365	291
Financial liabilities measured at amortised cost	(4,776)	(2,459)
	<b>(22,654)</b>	10,579



## Notes to the Financial Statements

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### 22.3 Financial risk management

The Company has exposure to the following risks relating to financial instruments:

- Credit risk
- Funding and liquidity risk
- Market risk

#### 22.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has adopted a policy of only dealing with creditworthy customers, based on evaluation of the customers' financial condition and credit history, as a means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risk arises principally from its receivables from customers and related companies and deposits placed with licensed banks.

##### Trade receivables

##### ***Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company performs credit evaluations on customers requiring credit over a certain amount.

The Company has entered into an arrangement with a licensed financial institution to enable certain trade customers to pay goods invoiced through a corporate purchasing card issued by the financial institution. This has resulted in the financial institution assuming the debts to the Company and credit risk is effectively transferred to the financial institution.

A significant portion of these trade receivables are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 60 days which are deemed to have higher credit risk, are monitored individually.

The Company's approach to the expected loss rates are based on the payment profiles of sales over a period of 60 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and retail volume growth to be the most relevant factors.

The expected loss rate is depicted in the table below:

Age profile	Not past due	Past due 1 - 7 days	Past due 7 - 14 days	Past due 14 - 30 days	Past due 31 - 90 days	Past due more than 90 days
%	0.01	0.10	1.00	1.50	2.5	10.00

No significant changes to estimation techniques or assumptions were made during the reporting period.

## Notes to the Financial Statements

**22. FINANCIAL INSTRUMENTS (CONTINUED)****22.4 Credit risk (continued)****Trade receivables (continued)****Changes to loss allowance**

The movements in the loss allowance of trade receivables during the financial year were:

	2025 RM'000	2024 RM'000
At 1 January	173	2,279
Bad debt written off	(1)	(2,182)
Increase in loss allowance recognised in profit and loss during the financial year	(7)	76
At 31 December	165	173

There were no significant changes to the gross carrying amount that contributed to changes in loss allowances. The allowance account in respect of trade receivables is used to record expected credit losses and individual impairment losses. Unless the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivable directly.

**Exposure to credit risk, credit quality and collateral**

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the gross carrying amounts in the statement of financial position. The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross RM'000	Individual impairment RM'000	Expected credit loss RM'000	Net RM'000
<b>2025</b>				
Not past due	87,022	-	(10)	87,012
Past due 1 – 7 days	6,123	-	(3)	6,120
Past due 7 – 14 days	6,501	-	(13)	6,488
Past due 14 – 30 days	2,441	-	(53)	2,388
Past due 31 – 90 days	273	-	(17)	256
Past due over 90 days	800	-	(69)	731
	103,160	-	(165)	102,995



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.4 Credit risk (continued)

## Trade receivables (continued)

*Exposure to credit risk, credit quality and collateral (continued)*

	Gross RM'000	Individual impairment RM'000	Expected credit loss RM'000	Net RM'000
<b>2024</b>				
Not past due	86,206	-	(6)	86,200
Past due 1 – 7 days	16,581	-	(5)	16,576
Past due 7 – 14 days	7,391	-	(18)	7,373
Past due 14 – 30 days	5,180	-	(52)	5,128
Past due 31 – 90 days	2,180	-	(19)	2,161
Past due over 90 days	583	-	(73)	510
	118,121	-	(173)	117,948

## Other receivables and deposits

*Exposure to credit risk, credit quality and collateral*

Credit risk on other receivables and deposits are mainly arising from deposits paid to suppliers. The Company monitors the exposure to credit risk on individual basis. Other receivables and deposits are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include amongst others, the failure of a debtor to engage in repayment plan with the Company, and a failure to make contractual payments or refund. Nevertheless, other receivables and deposits that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

## Related company balances

*Risk management objectives, policies and processes for managing the risk*

The Company undertakes trade and non-trade transactions with a number of related companies. The Company monitors the repayment from its related companies on a regular basis.

## Notes to the Financial Statements

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### 22.4 Credit risk (continued)

##### **Related company balances (continued)**

##### ***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company regularly follows up on timely settlement of the amount owing by related companies. The related companies are not required to place any collateral with the Company.

As at the end of the reporting period, there was no indication that the amounts owing by related companies are not recoverable as substantially all of these amounts are aged less than a year.

##### **Deposits placed with licensed banks**

##### ***Risk management objectives, policies and processes for managing the risk***

Credit risk arises from deposits with licensed banks and financial institutions. The deposits are placed with credit-worthy financial institutions with high credit rating. The Company considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

##### ***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the Company has only placed deposits with domestic licensed banks. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

As deposits are only placed with licensed banks, management does not expect the banks to fail to meet their obligations.

The deposits placed with licensed banks are unsecured.

#### 22.5 Funding and liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its borrowings and various payables.

The Company maintains a level of cash and cash equivalents including intercompany loan and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

In the current financial year, the Company is in a net current liabilities position of RM55.8 million (2024: RM80.9 million) in which the Company has reassessed the cash flow and funding requirements for the upcoming 12 months. This reassessment ensures the Company's capability to fulfil financial obligations and utilise available facilities efficiently. The Company is employing cash generated from its operations and working capital to fund the property, plant & equipment investments into the new production facility at Bandar Enstek. Should there be any short-term shortfall in working capital, the Company has sufficient committed undrawn overdraft facilities.



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.5 Funding and liquidity risk (continued)

The Company has a revolving credit facility of USD35 million (approximately RM157.5 million) from its ultimate holding company as part of its financial infrastructure to obtain internal loans when required. This revolving credit facility is set to expire on 31 March 2026. In January 2026, the Company repaid the principal of RM30 million of its outstanding revolving credit facility, as disclosed in Note 14, to the ultimate holding company.

In January 2026, the ultimate holding company assures to renew or extend the revolving credit facility upon its expiry, with key terms substantially consistent except for a reduction in the committed facility amount to USD15 million (approximately RM60.9 million). The Company expects to be able to meet its liabilities as and when they fall due and will utilise the available undrawn overdraft facility, if required.

	2025 RM'000	2024 RM'000
<b>Undrawn committed credit facilities</b>		
Expiring within one year	-	-
Expiring beyond one year	-	84,526
	-	84,526
<b>Undrawn overdraft facilities</b>		
Expiring within one year	-	-
Expiring beyond one year	6,000	6,000
	6,000	6,000

It is not expected that the cash flows included in the maturity analysis below could occur significantly earlier, or at significantly different amounts.

## Notes to the Financial Statements

## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.5 Funding and liquidity risk (continued)

**Maturity analysis**

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ coupon RM'000	Contractual cash flows RM'000	Under 1 year RM'000	1 year to 2 years RM'000	Over 2 year but not later than 5 years RM'000
<b>2025</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	378,669	-	378,669	378,669	-	-
Lease liabilities	1,456	255	1,711	1,387	324	-
Borrowings	90,634	1,231	91,865	91,865	-	-
<b>Derivative financial liabilities</b>						
Forward exchange contracts	3,970	-	3,970	3,970	-	-
Swap exchange contracts	3,326	-	3,326	3,326	-	-
	<b>478,055</b>	<b>1,486</b>	<b>479,541</b>	<b>479,217</b>	<b>324</b>	<b>-</b>
<b>2024</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	485,229	-	485,229	485,229	-	-
Lease liabilities	3,994	379	4,373	2,662	1,387	324
Borrowings	71,264	5,126	76,390	5,172	71,218	-
	<b>560,487</b>	<b>5,505</b>	<b>565,992</b>	<b>493,063</b>	<b>72,605</b>	<b>324</b>



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

## 22.6.1 Currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The main currencies giving rise to this risk are United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR").

**Risk management objectives, policies and processes for managing the risk**

The Company uses forward and swap exchange contracts to hedge its foreign currency risk. All exchange contracts have maturities of less than one year after the end of the reporting period.

**Exposure to foreign currency risk**

The Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in		
	USD RM'000	SGD RM'000	EUR RM'000
<b>2025</b>			
Amounts owing by related companies	260	-	3,345
Cash at bank	1,429	1,475	-
Trade receivables	40	12,445	-
Derivative financial liabilities	(7,296)	-	-
Trade payables	(9,828)	(4,841)	(17,469)
Amounts owing to related companies	(45,878)	-	(11,407)
Borrowings	(90,634)	-	-
	<b>(151,907)</b>	<b>9,079</b>	<b>(25,531)</b>
<b>2024</b>			
Amounts owing by related companies	187	-	372
Cash at bank	536	3	-
Trade receivables	76	9,234	-
Derivative financial assets	10,947	-	-
Trade payables	(8,091)	(227)	(10,888)
Amounts owing to related companies	(52,764)	(200)	(1,739)
Borrowings	(71,264)	-	-
	<b>(120,373)</b>	<b>8,810</b>	<b>(12,255)</b>

## Notes to the Financial Statements

## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.6 Market risk (continued)

## 22.6.1 Currency risk (continued)

**Currency risk sensitivity analysis**

A 10% (2024: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased equity and post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Increase/(Decrease)			
	Equity		Profit	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
USD	11,545	9,148	11,545	9,148
SGD	(690)	(670)	(690)	(670)
EUR	1,940	931	1,940	931

A 10% (2024: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant. The movements in other currency exchange rates are not expected to have any significant effect on the profit or loss.

## 22.6.2 Interest rate risk

The Company does not have fixed rate borrowings. The Company's variable rate borrowings are primarily its overdraft facility and revolving credit which are exposed to a risk of change in cash flows due to fluctuation in market interest rate. The Company places short term deposits with licensed banks which are not significantly exposed to risk of changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

A change of 25 basis point in interest rate at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/(Decrease)			
	Equity		Profit	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Increase in 25 basis points in market interest rates	(256)	(186)	(256)	(186)
Decrease in 25 basis points in market interest rates	256	186	256	186



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.6 Market risk (continued)

## 22.6.3 Other price risk

Other price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, excluding risks arising from interest rate changes or currency fluctuations. The Company's exposure to other price risk primarily relates to commodity price risk, specifically fluctuations in the price of dairy raw materials.

The Company is exposed to an overall weighted average price change (2025: increased 11%; 2024: decreased 4%) in the two key materials.

To mitigate this risk, the Company has implemented a pricing strategy by fixing milk purchase prices with its related company five months in advance based on prevailing market rates.

The Company does not have exposure to equity price risk as it does not hold significant investments in equity securities.

The Company is not exposed to any other price risk.

## 22.7 Fair value information

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of lease liabilities and borrowings reasonably approximate their fair value.

The table below analyses financial instruments carried at fair value together with their carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
<b>2025</b>					
<b>Financial assets</b>					
Forward exchange contracts	-	-	-	-	-
<b>Financial liabilities</b>					
Forward exchange contracts	-	(3,970)	-	(3,970)	(3,970)
Swap exchange contracts	-	(3,326)	-	(3,326)	(3,326)

## Notes to the Financial Statements

### 22. FINANCIAL INSTRUMENTS (CONTINUED)

#### 22.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value together with their carrying amounts shown in the statement of financial position. (continued)

	Fair value of financial instruments carried at fair value			Total RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2024</b>					
<b>Financial assets</b>					
Forward exchange contracts	-	5,371	-	5,371	5,371
Swap exchange contracts	-	5,576	-	5,576	5,576

#### Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the asset or liability.

#### Derivatives

The fair value of forward and swap exchange contracts is based on the quoted price provided by the licensed banks with which the foreign exchange contracts are entered into.

### 23. CAPITAL MANAGEMENT

The Company defines capital as share capital (Note 11) and this is unchanged from the prior year.

The Company's objectives when managing capital are to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as results from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to shareholders.



## SECTION 6: FINANCIAL STATEMENTS

## Notes to the Financial Statements

**23. CAPITAL MANAGEMENT (CONTINUED)**

The return on capital at 31 December 2025 and 31 December 2024 were as follows:

	2025	2024
Results from operating activities (RM'000)	154,736	131,394
Total equity attributable to owners of the Company (RM'000)	573,175	501,892
Return on capital (%)	27.0	26.2

The Company monitors and maintains a prudent level of total equity attributable to the owners of the Company to ensure it is adequate to balance the support for future development of the business and the payment of dividends to owners of the Company.

**24. PRIOR YEAR RECLASSIFICATIONS**

During the financial year, the Company restated comparatives relating to the following matters:

- (i) As at 31 December 2024, expenses that are production-related of RM81.7 million is reclassified from 'Other expenses' to 'Cost of sales' on the face of statement of profit or loss and other comprehensive income to reflect the nature of the expenses.
- (ii) The Company previously recognised gains from derivatives amounting to RM7.3 million under 'Other income' and net loss from foreign exchange of RM10.0 million under 'Other expenses'. These transactions have been reclassified to 'Other gains/(losses) – net' on the face of statement of profit or loss and other comprehensive income to reflect the nature of the transactions.

The above restatement did not have any impact to profit before tax, net profit for the financial year and basic and diluted earnings per ordinary share of the Company as the restatement are primarily relates to presentation. The prior year reclassification has no impact on the statement of financial position and statement of cash flows in the current or prior financial year.

**Statement of profit or loss and other comprehensive income**  
**For the financial year ended 31 December 2024**

	As previously reported RM'000	Reclassification RM'000	Restated RM'000
Cost of sales	(957,142)	(81,722)	(1,038,864)
Gross profit	487,929	(81,722)	406,207
Other income	7,347	(7,347)	-
Other expenses	(128,055)	91,689	(36,366)
Other (losses)/gain – net	-	(2,620)	(2,620)



# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Veronika Winanti Wahyu Utami and Jean Serge Krol, two of the Directors of Dutch Lady Milk Industries Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 195 to 240 are drawn up so as to give a true and fair view of the financial position and financial performance of the Company for the financial year ended 31 December 2025 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Veronika Winanti Wahyu Utami**

.....  
**Jean Serge Krol**

25 February 2026

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Kai Roelof Maria Henricus De Klerk, the Officer primarily responsible for the financial management of Dutch Lady Milk Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 195 to 240 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya, Selangor Darul Ehsan on 25 February 2026.

**Kai Roelof Maria Henricus De Klerk**

Before me:

COMMISSIONER FOR OATHS



# Independent Auditors' Report

To the Members of Dutch Lady Milk Industries Berhad  
(Incorporated in Malaysia)  
Registration No. 196301000165 (5063-V)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Our opinion**

In our opinion, the financial statements of Dutch Lady Milk Industries Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### **What we have audited**

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 195 to 240.

### **Basis for opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence and other ethical responsibilities***

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### **Our audit approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

## Independent Auditors' Report

To the Members of Dutch Lady Milk Industries Berhad  
(Incorporated in Malaysia)  
Registration No. 196301000165 (5063-V)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Use of estimates in revenue recognition arising from rebates and discounts given to customers</b></p> <p>Revenue is recognised net of rebates and discounts. Rebates and discounts recognised are based on the expected entitlement earned up to reporting date under each customer trading agreement and promotions run.</p> <p>The Company has two categories of rebates and discounts where estimates are used:</p> <ul style="list-style-type: none"> <li>- Conditional rebates</li> <li>- Promotional discounts</li> </ul> <p>Conditional rebates and promotional discounts are triggered when certain conditions are met. The amount payable is based on conditions achieved, multiplied by rates contracted with each customer in their trading agreements.</p> <p>During the financial year, the Company incurred rebates and promotional discounts totalling RM358.7 million. A total of RM86.8 million of these rebates and discounts were included in accruals as at 31 December 2025.</p> <p>We focused on this area because of the high volume of transactions incurred during the financial year and estimation, involved in determining the appropriate amount of accruals as at financial year end and especially in relation to those promotions and campaigns that were still ongoing at the financial year end and those in which the actual data with regards the conditions to be met have not been confirmed.</p> <p>Refer to Note 1(d) (Use of estimates and judgements) and Note 2(k)(iii).</p>	<p>We read and understood the key terms and conditions of significant contracts with customers regarding the rebates.</p> <p>We evaluated and tested the operating effectiveness of controls in relation to the authorisation of rebates and promotional activities and the determination of year end accruals.</p> <p>We traced samples of rebates and discounts incurred during the year to customers' claims.</p> <p>We evaluated the reasonableness of management's estimates on meeting volume or sales targets in relation to conditional rebates and promotional discounts. For selected samples we have performed the following:</p> <ul style="list-style-type: none"> <li>(a) comparison of actual sales volume and values achieved by the customer against the sales volume and values recorded, and</li> <li>(b) traced sample of accruals made to customers contracts and relevant supporting documents.</li> </ul> <p>There were no material exceptions noted from our procedures.</p>



## SECTION 6: FINANCIAL STATEMENTS

## Independent Auditors' Report

To the Members of Dutch Lady Milk Industries Berhad  
(Incorporated in Malaysia)  
Registration No. 196301000165 (5063-V)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### **Information other than the financial statements and auditors' report thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the 2025 Annual Report, which we obtained prior to the date of this auditors' report, and Overview, Key Highlights 2025, Management Discussion and Analysis (including Sustainability Statement), DLMI Leadership, Corporate Governance Overview Statement, Audit and Risk Committee Report, Analysis of Shareholdings and Recurrent Related Party Transactions of a Revenue or Trading Nature, which is expected to be made available to us after that date. Other information does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors for the financial statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditors' Report

To the Members of Dutch Lady Milk Industries Berhad  
(Incorporated in Malaysia)  
Registration No. 196301000165 (5063-V)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### **Auditors' responsibilities for the audit of the financial statements (continued)**

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

**ANG GUAT IM**  
03515/08/2026 J  
Chartered Accountant

Kuala Lumpur  
25 February 2026



## SECTION 7: ADDITIONAL INFORMATION

# Analysis of Shareholdings

## ANALYSIS OF SHAREHOLDINGS AS AT 10 MARCH 2026

Class of Shares	Ordinary shares		
Voting Rights	On show of hands	:	1 vote
	On a poll	:	1 vote for each share held

## DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Less than 100 shares	689	10.90	3,026	0.0
100 to 1,000 shares	3,783	59.80	1,765,103	2.8
1,001 to 10,000 shares	1,604	25.35	5,305,299	8.3
10,001 to 100,000 shares	215	3.39	5,995,265	9.4
100,001 to 3,199,999(*)	33	0.53	13,916,507	21.7
3,200,000 & above(**)	2	0.03	37,014,800	57.8
	6,326	100.00	64,000,000	100.0

Note:

\* - Less than 5% of Issued Holdings

\*\* - 5% and above of Issued Holdings

Name of 30 Largest Shareholders	No. of Shares	% of Holdings
1. FrieslandCampina DLMI Malaysia Holding B.V.**	32,614,800	50.96
2. Amanahraya Trustees Berhad** Amanah Saham Bumiputera	4,400,000	6.88
3. Amanahraya Trustees Berhad** Amanah Saham Malaysia	2,565,000	4.01
4. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Siva Kumar A/L M Jeyapalan (PB)	1,888,000	2.95
5. Citigroup Nominees (Tempatan) Sdn Bhd** Employees Provident Fund Board	1,796,469	2.81
6. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	1,169,938	1.83
7. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aun Huat & Brothers Sdn Bhd (E-IMO/BCM)	763,400	1.19
8. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Kian Aik (PB)	567,700	0.89
9. Amanahraya Trustees Berhad ASN Umbrella for ASN Equity 3	500,000	0.78
10. Yeo Khee Bee	442,900	0.69

## Analysis of Shareholdings

Name of 30 Largest Shareholders	No. of Shares	% of Holdings
11. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siva Kumar A/L M Jeyapalan	368,800	0.58
12. Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (AHAM AM2)	323,400	0.51
13. Amanda Wynne Ng Miu Wye	264,000	0.41
14. Wyatt Miles Ng Mun Wye	252,200	0.39
15. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Muthukumar A/L Jeyapalan (PB)	218,800	0.34
16. Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	200,000	0.31
17. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Neoh Choo Ee & Company Sdn Bhd	200,000	0.31
18. Citigroup Nominees (Tempatan) Sdn Bhd Lembaga Tabung Haji (UOB)	200,000	0.31
19. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustees Bhd for AHAM ALLMAN Growth Fund	182,600	0.29
20. Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)	163,000	0.26
21. Chow Kok Meng	160,000	0.25
22. Yayasan Guru Tun Hussein Onn	156,300	0.24
23. Universal Trustee (Malaysia) Berhad ETSW SBS (Clients' Acc)	144,000	0.23
24. AAHA Management (M) Sdn Bhd	134,000	0.21
25. Hong Leong Assurance Berhad as Beneficial Owner (Unitlinked DP)	127,400	0.20
26. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (UOM AM SC EQ)	121,300	0.19
27. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Sharon A/P S I Josop (PB)	118,000	0.18
28. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Mahesh A/L Siva Kumar (PB)	118,000	0.18
29. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Akkheshe (PB)	118,000	0.18
30. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for AHAM Asset Management Berhad (TSTAC/CLNTT)	115,100	0.18
<b>Total</b>	<b>50,392,107</b>	<b>78.74</b>



## SECTION 7: ADDITIONAL INFORMATION

## Analysis of Shareholdings

## SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	%	Indirect	%
1. FrieslandCampina DLMI Malaysia Holdings B.V.	32,614,800	50.96	0	0
2. Amanahraya Trustees Berhad Amanah Saham Bumiputera	4,400,000	6.88	0	0

## DIRECTORS SHAREHOLDINGS

Name	Direct	%	Indirect	%
1. Datin Seri Sunita Mei-Lin Rajakumar	2,000	0.00	-	0.00
2. Veronika Winanti Wahyu Utami	-	-	-	-
3. Saw Chooi Lee	-	-	-	-
4. Corine Danielle Tap	-	-	-	-
5. Dato' Dr. Rosini binti Alias	-	-	-	-
6. Tengku Nurul Azian binti Tengku Shahrman	-	-	-	-
7. Jean Serge Krol	-	-	-	-
8. Darren Kong Kam Seong	-	-	-	-

## PARTICULARS OF PROPERTIES AS AT 31 DECEMBER 2025

<b>Location of Property</b>	PT 1585, Mukim Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan Darul Khusus
<b>Brief description</b>	Factory buildings, office complex and warehouse
<b>Approximate land area</b>	1,419,759 sq ft.
<b>Tenure</b>	Freehold
<b>Date of acquisition</b>	17.12.2020
<b>Age of property</b>	1.5 Years
<b>Net Book Value (RM)</b>	60.311 million

# Recurrent Related Party Transactions of a Revenue or Trading Nature

Related Party	Nature of Transaction	Value of Transactions from 23 May 2025 to 31 December 2025 RM'000
FrieslandCampina Nederland B.V., and/or FrieslandCampina Domo B.V., the Netherlands	Purchase by DLMI of fully packed dairy products and raw materials	183,977
P.T. Frisian Flag Indonesia, Indonesia	Purchase by DLMI of fully packed dairy products including products and raw materials	159,938
FrieslandCampina Foremost (Thailand) Pte Ltd, Thailand	Purchase by DLMI of fully packed dairy products and raw materials	-
FrieslandCampina Nederland B.V., the Netherlands and/or FrieslandCampina Domo B.V., the Netherlands	Sale by DLMI of fully packed dairy products	864
Alaska Milk Corporation, Philippines	Sale of fully packed dairy products	-
FrieslandCampina Foremost (Thailand) Pte Ltd, Thailand	Sale by DLMI of fully packed dairy products	-
FrieslandCampina Nederland B.V., the Netherlands	Payment of fees by DLMI for know-how, Trademark licence and Management support	24,953
FrieslandCampina DLMI Malaysia Holding B.V., the Netherlands	Payment of fees by DLMI for corporate management fees	80
FrieslandCampina B.V., the Netherlands and/or FrieslandCampina C.V., the Netherlands	Fees for shared ICT, communication and related services	23,187
FrieslandCampina Service Centre Asia Pacific Sdn. Bhd., Malaysia	Payment of fees by DLMI for shared finance, procurement and HR services	751
FrieslandCampina Service Centre Asia Pacific Sdn. Bhd., Malaysia	Receipt of fees by DLMI for the provision of shared corporate services	223
Royal FrieslandCampina N.V., the Netherlands	Interest on inter-company credit facility	3,532



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN that the Sixty-Third Annual General Meeting (“63<sup>rd</sup> AGM”) of the Company will be carried out in a hybrid format, whereby Main Venue will be at Grand Ballroom, KLGCC Convention Centre, No. 1A, Jalan Bukit Kiara, Bukit Kiara, 60000 Kuala Lumpur, Malaysia and the meeting will be equipped with live streaming and online remote voting on Wednesday, 20 May 2026 at 10.00 a.m. for the purpose of transacting the following purposes:**

## AGENDA

### AS ORDINARY BUSINESS

- |   |                            |
|---|----------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2025, together with the Reports of the Directors and Auditors thereon (Please refer to Explanatory Note to the Agenda (i)). |                            |
| 2. To approve the payment of Directors’ fees of up to RM600,000 for the financial year ending 31 December 2026, to be made payable quarterly (Please refer to Explanatory Note to the Agenda (ii)).                 | <b>Resolution 1</b>        |
| 3. To approve the payment of Directors’ benefits of up to RM120,000 to Non-Executive Directors for the financial year ending 31 December 2026 (Please refer to Explanatory Note to the Agenda (ii)).                | <b>Resolution 2</b>        |
| 4. To re-elect the following Directors who retire by rotation pursuant to Rule 105 of the Constitution of the Company:  | <b>Resolutions 3 and 4</b> |
| <ul style="list-style-type: none"> <li>(a) Dato’ Dr. Rosini binti Alias; and</li> <li>(b) Mr. Jean Serge Krol</li> </ul>  |                            |
| 5. To appoint Ernst & Young PLT as Auditors of the Company in place of the retiring Auditors, PricewaterhouseCoopers PLT, and to authorise the Directors to fix their remuneration.                                 | <b>Resolution 5</b>        |

“**THAT** Ernst & Young PLT having consented to act, be and are hereby appointed Auditors of the Company for the financial year ending 31 December 2026 in place of retiring Auditors, PricewaterhouseCoopers PLT, and to hold office until the conclusion of the next Annual General Meeting of the Company and that the Directors be authorised to determine their remuneration.”

## Notice of Annual General Meeting

### AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

**Resolution 6**

**"THAT** approval be and is hereby given to the Company to enter into and to give effect to the Recurrent Related Party Transactions of a Revenue or Trading Nature with the specified classes of Related Parties as stated in Sections 2.4 and 2.3 of the Circular to Shareholders dated 21 April 2026 which are necessary for the Company's day-to-day operations subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- (ii) the aggregate value of such transactions conducted pursuant to the Shareholders' Mandate during the financial year will be disclosed in the Integrated Annual Report for the said financial year;

**AND THAT** such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the Meeting the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by the Proposed Shareholders' Mandate."

7. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act, 2016.



## Notice of Annual General Meeting

By Order of the Board

**KATINA NURANI BINTI ABD RAHIM**

**(L.S. No. 9652)**

SSM Practising Certificate No. 201908001190

Company Secretary

Petaling Jaya

21 April 2026

### NOTES

1. *The Sixty-Third Annual General Meeting ("63<sup>rd</sup> AGM") will be conducted in a hybrid format, physically held at Grand Ballroom, KLGCC Convention Centre ("Main Venue") and will be equipped with live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on the meeting platform at <https://meeting.boardroomlimited.my>. With RPEV facilities, members may exercise their rights to participate and vote at the 63<sup>rd</sup> AGM through the following modes of communication: i) Typed text in the Meeting Platform ii) E-mail questions to [finance.dept@frieslandcampina.com](mailto:finance.dept@frieslandcampina.com) prior to the Hybrid Meeting iii) You may submit questions in advance on the AGM resolutions and Integrated Annual Report 2025 not later than 10.00 a.m. on Tuesday, 19 May 2026 via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, and select "SUBMIT QUESTION" to pose questions ("Pre-AGM Meeting Questions"). The Company has appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as the Poll Administrator for the 63<sup>rd</sup> AGM to facilitate the Hybrid Meeting. Please follow the procedures set out in the Administrative Guide for the 63<sup>rd</sup> AGM below to register, participate and vote remotely via RPEV facilities.*
2. *A Member entitled to attend and vote at the 63<sup>rd</sup> AGM of the Company is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a Member to speak at the Meeting.*
3. *Save for an Exempt Authorised Nominee as defined under the Central Depositories Act which may appoint multiple proxies in respect of each Omnibus Account it holds with ordinary shares of the Company standing to the credit of the said securities account, a Member (including an authorised nominee) shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. In any case, where more than one (1) proxy is appointed, such appointment shall not be valid unless the proportion of the holdings represented by each proxy is specified.*
4. *The instrument appointing the proxy must be signed by the Member or his attorney duly authorised in writing, or if the appointer is a corporation, the instrument must be executed under its common seal or under the hand of its officer or attorney duly authorised.*
5. *For the purpose of determining members who shall be entitled to attend the 63<sup>rd</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **13 May 2026** ("General Meeting Record of Depositors"). Only depositors whose names appear on the Record of Depositors as at **13 May 2026** shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.*
6. *To be valid, the original instrument appointing a proxy, duly completed (and if applicable, the power of attorney or other authority under which it is originally signed or notarially certified copy of that power of authority) must be deposited at the office of Boardroom Share Registrars Sdn Bhd at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof (or in the case of poll, not less than 24 hours before the time appointed for the taking of the poll); or by electronic means using the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Please refer to Administrative Guide below.*
7. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 63<sup>rd</sup> AGM will be put to vote by way of poll.*

## Notice of Annual General Meeting

### EXPLANATORY NOTES TO THE AGENDA

#### (i) First item of the Agenda

This item of the Agenda is meant for discussion only in accordance with the provision of Section 340(1)(a) of the Companies Act, 2016. As such this item on the Agenda is not put forward for voting.

#### (ii) Resolutions 1 and 2:

The Company is seeking for shareholders' approval for payment of the increased Directors' fees and the payment of benefits for the financial year ending 31 December 2026. The amount of Fees and Benefits to be paid in FY2026 are as follows:

Directors' Fees and Benefits	2025 (per annum)	2026 (per annum)
Chairperson's Fees	RM136,358	RM143,176
Non-Executive Directors' fees (other than FC DLMI's Nominee Directors)	RM76,247	RM78,916
Chairperson of Audit, Risk & Sustainability Committee's fees	RM9,573	RM9,908
Risk & Sustainability Lead of the Audit, Risk & Sustainability Committee's fees	-	RM8,479
Member of Audit & Risk Committee fees (other than FC DLMI's Nominee Directors)	RM6,260	RM6,479
Member of Nominating & Remuneration Committee fees (other than FC DLMI's Nominee Directors)	-	RM1,000
Chairperson of Nominating & Remuneration Committee fees	RM1,915	RM1,982
Meeting Attendance allowance	RM1,300 per meeting	RM1,300 per meeting

The calculation is based on the estimated number of scheduled and/or special Board and Board Committees' Meetings and on the assumption that all the Directors will remain in office until the financial year ending 31 December 2026.

#### (iii) Resolutions 3 and 4

The Board through its Nominating & Remuneration Committee ("NRC") had assessed each of the retiring Directors and considered the following: (i) If the retiring Directors meet the criteria for appointment and re-appointment of directors as set out in the Directors' Fit and Proper Policy; and (ii) The retiring Director's performance and contribution based on the externally conducted Board Capability Assessment.

For item (i), the NRC considered and found that the retiring Directors each met the criteria for appointment and re-appointment of directors set out in the policy.

For item (ii), the NRC found that Dato' Dr. Rosini binti Alias and Mr. Jean Serge Krol had performed well based on the performance criteria evaluated.

Based on the above, the Board approved the NRC's recommendation and supports the re-election of Dato' Dr. Rosini binti Alias and Mr. Jean Serge Krol who retire in accordance with Rule 105 of the Company's Constitution.



## Notice of Annual General Meeting

**(iv) Resolution 5: To appoint Ernst & Young PLT as Auditors of the Company in place of the retiring Auditors PricewaterhouseCoopers PLT, and to authorise the Directors to fix their remuneration.**

The Company had received a Notice of Nomination from a substantial shareholder of the Company for the appointment of Ernst & Young PLT as Auditor of the Company in place of PricewaterhouseCoopers PLT who will be retiring as Auditor at the forthcoming 63<sup>rd</sup> AGM.

A copy of the Notice of Nomination of Ernst & Young PLT as the new Auditors of the Company, has been received by the Company is annexed to the Company's Integrated Annual Report 2025.

**(v) Resolution 6: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Please refer to the Circular to Shareholders dated 21 April 2026.

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

**1. Details of individuals who are standing for election as Directors**

(Pursuant to Paragraph 8.27(2) of the Bursa Securities Listing Requirements)

No individual is seeking election as a Director at the forthcoming 63<sup>rd</sup> AGM of the Company.

**2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

No general mandate to issue securities in the Company is being sought at the forthcoming 63<sup>rd</sup> AGM of the Company.

#### Personal Data Privacy:

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the processing of the member's personal data by the Company (or its agents) for the Meeting and matters related thereto, including but not limited to: (a) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof); (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and (c) for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) undertakes and warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Company (or its agents) processing of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will fully indemnify the Company in respect of any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

## Notice of Annual General Meeting

### ADMINISTRATIVE GUIDE FOR THE SIXTY-THIRD ANNUAL GENERAL MEETING ("63<sup>RD</sup> AGM")

Meeting Platform	: <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>
Day and Date	: Wednesday, 20 May 2026
Time	: 10.00 a.m.
Main Venue & Broadcast Venue	: Grand Ballroom, KLGCC Convention Centre, No. 1A, Jalan Bukit Kiara, Bukit Kiara, 60000 Kuala Lumpur, Malaysia
Mode of Communication	: 1) Typed text in the Meeting Platform. 2) E-mail questions to <a href="mailto:finance.dept@frieslandcampina.com">finance.dept@frieslandcampina.com</a> prior to the Meeting. 3) Submit question via Boardroom Smart Investor Portal at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> prior to the Meeting.

### Integrated Annual Report 2025

1. Members are encouraged to download a digital copy of the Integrated Annual Report 2025 from the Company's website in the interest of preserving the environment. The Annual Report 2025 can be downloaded from the Company's website [www.dutchlady.com.my](http://www.dutchlady.com.my).
2. If you need a copy of the printed Integrated Annual Report 2025, kindly complete the enclosed Request Slip and send the same to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd.
3. Any request for the Integrated Annual Report 2025 would be forwarded to the requestor within four (4) market days from the date of receipt of the written request.

### Proxy




1. Shareholders who are unable to remote participate in Dutch Lady Milk Industries Berhad's 63<sup>rd</sup> AGM are encouraged to appoint the Chairperson of the Meeting to vote on their behalf.
2. You may deposit the Proxy Form electronically with the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd using Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> *not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Kindly follow the link at <https://investor.boardroomlimited.com> to login and select E-PROXY LODGEMENT" to deposit your Proxy Form electronically.*
3. If you wish to participate in the Hybrid Meeting yourself, please do not submit any Proxy Form. You will not be allowed to participate in the Hybrid Meeting together with a proxy appointed by you.
4. If you have submitted the Proxy Form prior to the Hybrid Meeting and subsequently decide to appoint another person or wish to participate in the Hybrid Meeting yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy forty-eight (48) hours before the Meeting.



## SECTION 7: ADDITIONAL INFORMATION

## Notice of Annual General Meeting

### Poll Voting (For Hybrid Meeting)

1. The voting will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-Voting).
2. For the purposes of this AGM, the remote participation and e-voting will be carried out via the following voting devices:-
  - a. Personal smart mobile phones ,
  - b. tablets  or
  - c. Laptops 
3. There are 2 methods for members and proxies who wish to use their personal voting device to vote as follows:-
  - a. Using QR Scanner Code given in the email to you **OR**
  - b. Using website URL <https://meeting.boardroomlimited.my>
4. The polling will only commence after the announcement of poll voting session open by the Chairperson and until such time when the Chairperson announces the closure of poll.
5. The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairperson. Scrutineers will announce the results thereafter and the Chairperson will declare whether the resolutions put to vote were successfully carried or not.

### Remote Participation and Electronic Voting

6. Please note that this option is available to **(i) individual member; (ii) corporate shareholder; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.**
7. If you choose to participate in the meeting online, you will be able to view a live webcast of the Meeting, post questions to the Board and submit your votes in real time whilst the meeting is in progress.
8. Kindly follow the steps below on how to request for login ID and password.

#### Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)

*[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password.]*

- a. Access website <https://investor.boardroomlimited.com>
- b. Click <<Login>> and click <<Register>> to sign up as a user.
- c. Please select the correct account type i.e. sign up as "Shareholder" or "Corporate Shareholder".
- d. Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG, PNG or PDF format. Upload the authorisation letter if for Corporate Shareholder.
- e. Please enter a valid email address and wait for Boardroom's email verification.
- f. Once your email address is verified, you will be re-directed to Boardroom Smart Investor Portal for verification of mobile number. Click on <<Request OTP Code>> and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click <<Enter>> to complete the process.
- g. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

## Notice of Annual General Meeting

### Step 2 – Submit Request for Remote Participation User ID and Password

*[Note: The registration for remote access will be opened on 21 April 2026]*

#### Individual Members

- Login to <https://investor.boardroomlimited.com> using your user ID and password above.
- Select “Meeting Event(s)” from main menu and select the correct Corporate Event “Dutch Lady Milk Industries Berhad 63<sup>rd</sup> Annual General Meeting.
- Read and agree to the terms and conditions.
- Enter your CDS account and thereafter submit your request.

#### Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

##### 1) Via email

- Write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
- Please also provide a copy of Corporate Representative’s MyKad (Front and Back) in JPEG, PNG or PDF format or Passport as well as his/her email address.

##### 2) Via Boardroom Smart Investor Portal

- Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- Select “Dutch Lady Milk Industries Berhad 63<sup>rd</sup> Annual General Meeting” from the list of Meeting Event and click “Enter”.
- Click on “Submit eProxy Form”.
- Select the company you would like to represent.
- Proceed to download the file format for “Submission of Proxy Form” from the investor portal.
- Prepare the file for the appointment of proxies by inserting the required data.
- Proceed to upload the duly completed proxy appointment file.
- Review and confirm your proxy appointment and click “Submit”.
- Download or print the eProxy form as acknowledgement.

### Step 3 – Login to Meeting Portal

*[Please note that the quality of the connectivity to the Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]*

- a. The Meeting portal will be open for login starting one (1) hour before the commencement of Hybrid Meeting at 10.00 a.m. on 20 May 2026.
- b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Meeting portal. (Refer to Step 2 above)
- c. The steps will also guide you how to view live web cast, ask questions and vote.
- d. The live web cast will end and the Messaging window will be disabled the moment The Chairperson announces the closure of the Hybrid Meeting.
- e. You can now logout from Meeting Portal.



## Notice of Annual General Meeting

### Live Webcast, Question and Voting at the Hybrid Meeting

The Login User Guide for participation, posing questions and voting at the 63<sup>rd</sup> AGM, will be emailed to the shareholders together with the remote access user ID and password once their registration have been approved.

Shareholders who participate in the Hybrid Meeting are able to view the Company's presentation or slides via the live web-streaming.

The Chairperson and the Board of Directors will endeavour their best to respond to the questions submitted by shareholders which are related to the resolutions to be tabled at the 63<sup>rd</sup> AGM, as well as financial performance/prospect of the Company.

Shareholders may proceed to cast votes on each of the proposed resolutions, to be tabled at the 63<sup>rd</sup> AGM, after the Chairman has opened the poll voting session on the resolutions. Shareholders are reminded to cast their votes before the poll is closed.

No recording or photography of the hybrid AGM proceedings is allowed without the prior written permission of the Company.

Shareholders/Proxies must ensure that you are connected to the internet at all times in order to participate and vote when the hybrid AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

### Enquiry

Please email to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) if you have queries pertaining to the remote participation and electronic voting, prior to the Hybrid Meeting.

**FrieslandCampina DLMI  
Malaysia Holding B.V.**

P.O. Box 1551, 3800 BN Amersfoort, The Netherlands

Stationplein 4  
3818 LE Amersfoort  
The Netherlands

P.O. Box 1551  
3800 BN Amersfoort  
The Netherlands

t +31 (0)33 7133 333  
f +31 (0)33 7133 092

[www.frieslandcampina.com](http://www.frieslandcampina.com)

**BY COURIER**

The Board of Directors  
Dutch Lady Milk Industries Berhad  
Level 5, Quill 9  
112 Jalan Prof. Khoo Kay Kim  
46300 Petaling Jaya  
Selangor Darul Ehsan

Phone: +603 7953 2600

Date: 23 March 2026

Dear Sirs,

**NOTICE OF NOMINATION OF NEW AUDITORS**

We, as a registered shareholder of Dutch Lady Milk Industries Berhad (“the Company”), hereby give notice, of our nomination of Ernst & Young PLT (AF 0039) as Auditors of the Company in place of the retiring Auditors and of our intention to propose the following ordinary resolution to be passed at the Sixty-Third Annual General Meeting of the Company:-

**APPOINTMENT OF AUDITORS**

“**THAT** Ernst & Young PLT be and is hereby appointed Auditors of the Company in place of the retiring Auditors, PricewaterhouseCoopers, to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to determine their remuneration accordingly.”

Yours faithfully,

**FrieslandCampina DLMI Malaysia Holding B.V.**

J.G. Janssen  
Director

L.M. Kooi  
Proxy holder

**FrieslandCampina DLMI Malaysia Holding B.V.:** registration number 01068204, with its registered office in Amersfoort, The Netherlands. FrieslandCampina Nederland B.V. is a subsidiary of Royal FrieslandCampina N.V. The general terms and conditions of purchase respectively sale and delivery of Royal FrieslandCampina N.V., that have been registered at the Chamber of Commerce under registration number 11057544, are applicable to all transactions and undertakings resulting there from.

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# Proxy Form



CDS Account	No. of shares

**DUTCH LADY MILK INDUSTRIES BERHAD**  
(Registration No. 196301000165 (5063-V))  
(incorporated in Malaysia under the then Companies Ordinances, 1940 – 1946)

I/We \_\_\_\_\_  
(full name in block letters, NRIC No./Company No.)  
of \_\_\_\_\_

being a member/members of DUTCH LADY MILK INDUSTRIES BERHAD hereby appoint:-

Full name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
<b>Email Address</b>			

And/or (delete as appropriate)

Full name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
<b>Email Address</b>			

or failing him/her, the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Sixty-Third Annual General Meeting of the Company which will be held in a hybrid format, physically at Grand Ballroom, KLGCC Convention Centre, No. 1A, Jalan Bukit Kiara, Bukit Kiara, 60000 Kuala Lumpur, Malaysia ("Main Venue") and will be equipped with live streaming and online remote voting from the Main Venue, on Wednesday, 20 May 2026 at 10.00 a.m. and any adjournment thereof, in respect of my/our shareholding in the manner indicated below:-

RESOLUTION NO.	RESOLUTION	FOR	AGAINST
Resolution 1	Proposed payment of Directors' fees for the financial year ending 31 December 2026, to be paid quarterly		
Resolution 2	Proposed payment of Directors' benefits (other than Directors' fees) for the financial year ending 31 December 2026		
Resolution 3	Re-election of Dato' Dr. Rosini binti Alias		
Resolution 4	Re-election of Mr. Jean Serge Krol		
Resolution 5	Appointment of Ernst & Young as the Company's Auditors		
Resolution 6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instruction, your proxy will vote or abstain as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2026

\_\_\_\_\_  
Signatures(s) of Shareholder/Attorney  
(if Shareholder is a corporation, this  
part should be executed under seal or  
under the hand of its officer or attorney  
duly authorised)

**Notes:-**

1. The Sixty-Third Annual General Meeting ("63<sup>rd</sup> AGM") will be conducted in a hybrid format, physically at Grand Ballroom, KLGCC Convention Centre ("Main Venue"), equipped with live streaming from the Main Venue with online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available on the meeting platform at <https://meeting.boardroomlimited.my>. With RPEV facilities, members may exercise their rights to participate and vote at the 63<sup>rd</sup> AGM through the following modes of communication: i) Typed text in the Meeting Platform ii) E-mail questions to [finance.dept@frieslandcampina.com](mailto:finance.dept@frieslandcampina.com) prior to the Hybrid Meeting iii) You may submit questions in advance on the AGM resolutions and Integrated Annual Report 2025 not later than 10.00 a.m. on Tuesday, 19 May 2026 via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, and select "SUBMIT QUESTION" to pose questions ("Pre-AGM Meeting Questions"). The Company has appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as the Poll Administrator for the 63<sup>rd</sup> AGM to facilitate the Hybrid Meeting. Please follow the procedures set out in the Administrative Guide for the 63<sup>rd</sup> AGM below to register, participate and vote remotely via RPEV facilities.
2. A Member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a Member to speak at the Meeting.
3. Save for an Exempt Authorised Nominee as defined under the Central Depositories Act which may appoint multiple proxies in respect of each Omnibus Account it holds with ordinary shares of the Company standing to the credit of the said securities account, a Member (including an authorised nominee) shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. In any case, where more than one (1) proxy is appointed, such appointment shall not be valid unless the proportion of the holdings represented by each proxy is specified.
4. The instrument appointing the proxy must be signed by the Member or his attorney duly authorised in writing, or if the appointer is a corporation, the instrument must be executed under its common seal or under the hand of its officer or attorney duly authorised.
5. For the purpose of determining members who shall be entitled to attend the 63<sup>rd</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **13 May 2026** ("General Meeting Record of Depositors"). Only depositors whose names appear on the Record of Depositors as at **13 May 2026** shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.
6. To be valid, the original instrument appointing a proxy, duly completed (and if applicable, the power of attorney or other authority under which it is originally signed or notarially certified copy of that power of authority) must be deposited at the office of Boardroom Share Registrars Sdn Bhd at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof (or in the case of poll, not less than 24 hours before the time appointed for the taking of the poll); or by electronic means using the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not later than 48 hours before the time set for holding the Meeting or any adjournment thereof. Please refer to Administrative Guide.
7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Sixty-Third AGM will be put to vote by way of poll.

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Stamp

**DUTCH LADY MILK INDUSTRIES BERHAD**

(Registration No. 196301000165 (5063-V))

c/o Boardroom Share Registrars Sdn Bhd  
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