

DUTCH LADY MILK INDUSTRIES BERHAD

Registration No. 196301000165 (5063-V)

SIXTY-THIRD (63RD) ANNUAL GENERAL MEETING

Responses to Questions Received from Shareholders

QUESTION 1

Would appreciate if DLMI can include its Operating Cashflow in its 5-year performance as in page 40.

RESPONSE

DLMI will take your input along in the preparation of the 2026 Annual Report. Below are the 5-year comparatives:

2021: -RM14.8m (negative)

2022: RM153.6m

2023: RM206.6m

2024: RM84.8m

2025: RM159.9m

QUESTION 2

Page 49, Domestic Dairy and Self-Sufficiency — when does DLMI expect to operate at full capacity at Enstek?

RESPONSE

FY2025 marked the first full year of operations at DLMI@Enstek following the successful transition from the legacy Petaling Jaya facility. As with most large-scale manufacturing transitions, the facility continues to progress in optimising its operations.

While the Company does not manage the facility towards a single “100% utilisation” target across all lines (e.g. seasonal effects), overall utilisation improves progressively in line with category demand, product mix and operational requirements (maintenance, line cleaning etc.). Certain high-demand lines are already operating 24/7 schedules with utilisation levels at 80–90%, while other lines continue operating with additional flexibility and room for future growth.

Operational efficiency is managed through an end-to-end optimisation approach across manufacturing, warehousing and supply chain operations. One of the key operational KPIs monitored is Overall Equipment Efficiency (OEE). Management is pleased that factory OEE improved significantly during 2025 — from approximately 54% during the earlier transition phase to above 70% by year-end — with further improvements expected moving forward.

The Enstek facility was intentionally designed with additional scalability and operational flexibility to support long-term growth, supply resilience and evolving consumer demand over time, including future opportunities across both locally sourced and imported dairy-based product portfolios.

Further volume growth will improve capacity utilisation going forward.

QUESTION 3

Page 51 — how is DLMI managing purchase of milk from parent and how is the pricing mechanism done? Please share how DLMI is managing its inventory and supply.

RESPONSE

Dairy raw materials are sourced in two forms: dairy raw material powder from the global market through the FrieslandCampina group (90–95%), and liquid raw milk from local farmers (5–10%).

FrieslandCampina’s global procurement network provides access to multiple approved suppliers and sourcing locations for key dairy raw materials across the globe. This increases the Company’s supply reliability, quality consistency and overall procurement competitiveness. Purchases are made based on the best integral sourcing price available across the approved global supply network.

The pricing mechanism for related-party purchases is governed under established transfer pricing and governance frameworks, including applicable bilateral cross-country tax arrangements (BAPA) between the competent authorities in Netherlands and Malaysia, with operational benchmarking methodologies. These arrangements are subject to internal governance processes, external authority agreements and regulatory compliance requirements to ensure transactions are conducted on an arm’s length basis.

In terms of inventory and supply management, DLMI adopts a disciplined end-to-end planning approach covering demand and supply planning, procurement, production scheduling, warehousing and logistics coordination. The integrated manufacturing and distribution setup at DLMI@Enstek further strengthens inventory visibility, supply responsiveness and operational resilience.

The Company maintains targeted safety stock levels for raw materials and finished goods. We continuously monitor global supply chain developments, commodity markets and logistics conditions to proactively manage supply continuity risks and measure our forecast accuracy against set KPIs.

QUESTION 4

Page 64 — Local milk vs total milk used. Total local milk used for 2025 was 5.24M litres, and how does that compare with total imported milk?

RESPONSE

Please refer to the response above on milk sourcing from FrieslandCampina (90–95% imported dairy raw material powder) and from local farmers (5–10% liquid raw milk).

QUESTION 5

Page 210 — Capital works in progress outstanding was RM10.37 million. Please elaborate what these capital expenses relate to.

RESPONSE

The remaining Capital Work-in-Progress (“CWIP”) balance of approximately RM10.37 million primarily relates to final closing activities associated with the completion of the DLMI@Enstek transition and the broader “Big Blue” project.

These amounts mainly comprise final vendor settlements, punch list closure works, variation order finalisations and related project completion adjustments that remained outstanding as at the financial year-end.

Approximately RM5.8 million relates to final Phase 1 closure works, while approximately RM4.8 million relates mainly to Phase 2 variation order closures and related project settlement items. A smaller portion, approximately RM1 million, relates to operational and factory adjustments outside of the main Big Blue project scope. The majority of these amounts have already been substantially finalised and capitalised during Q1 FY2026 as the project moves into its final closure and normalisation phase.

These balances do not represent a new expansion phase, but rather the final completion and settlement activities associated with the successful commissioning and stabilisation of the Enstek manufacturing and distribution facilities.

QUESTION 6

Page 211 — Write-off amounting to RM140 million in FY2024. What are the tax implications?

RESPONSE

The RM140 million reflected in FY2024 represents the gross asset values (see page 210) relating to the derecognition of assets associated with the transition from the legacy Petaling Jaya facility to DLMI@Enstek. These assets were already fully depreciated (page 211) from an accounting perspective prior to the write-off exercise.

As such, the write-off did not result in a material additional tax impact to the Company. The exercise was largely an accounting and asset register clean-up related to assets no longer in use and not transferred to Enstek during the manufacturing transition.

QUESTION 7

Note 9 — FD rate at 1.9% seems too low. We hope DLMI is managing its capital and cashflows well, as Note 14 shows the Company pays 5.13% on its loans. It was brought up last year at the AGM to consider local funding as our business is in Malaysia, so it is best to borrow locally vs taking foreign debt.

RESPONSE

Deposits by DLMI are short term — the deposit tenor is typically 9 days. It is limited in amount, short term and at market rates. The deposit rate is slightly higher than in 2024 even though the OPR rate went down by 25bps as of July 2025. As going forward deposits may increase, we are in the process of evaluating additional banking partners to achieve a higher deposit rate.

The Company had evaluated various financing options, including loans from local banks, and determined that the intercompany facility was the most cost-effective and efficient solution. The intercompany revolving credit facility offers greater flexibility with fewer formalities, covenants and lower charges compared to external bank financing. This allows the Company to manage its funding needs at lower cost and respond more swiftly to operational requirements. Overall, these benefits translate into better savings and lower costs to the Company.

The intercompany revolving credit facility is denominated in USD. As disclosed in the audited financial statements, the weighted average interest rate per annum for 2024 was 5.13%. This figure was the nominal interest rate. However, taking into account the USD/MYR exchange rate hedge, the effective (often referred to as the “synthetic”) interest rate of the facility is 4.13% per annum in local currency.

QUESTION 8

Page 223 — Net loss on foreign derivatives was RM18 million. Please explain why, and the mitigating factors going forward.

RESPONSE

DLMI utilises foreign exchange hedging as part of its normal risk management and procurement practices to manage volatility in foreign currency-denominated purchases, particularly for imported dairy raw materials and other inputs. The Company does not undertake speculative hedging activities.

DLMI generally hedges several months forward to provide greater cash flow visibility and cost certainty on committed purchases. During FY2025, the strengthening of the Malaysian Ringgit resulted in certain foreign exchange derivatives being in a mark-to-market loss position, contributing to the approximately RM18 million

derivative loss recorded during the year. This was partially offset by approximately RM8.8 million of foreign exchange gains, resulting in a net impact within the “Other (losses)/gains – net” line of approximately negative RM9.4 million.

Importantly, the stronger Ringgit also provided meaningful operational purchasing benefits across imported raw materials and inputs. Taking both the derivative revaluation and operational foreign exchange benefits together, the overall net positive impact from foreign exchange movements during FY2025 is RM25 million.

Going forward, DLMI will continue maintaining a disciplined and prudent hedging approach focused on managing volatility, protecting cash flow visibility and supporting operational planning.

QUESTION 9

Page 223 — Wages increased from RM68.5 million to RM71.3 million. Please explain why. Also, please explain the restructuring provision of RM3 million and the SAP set-up cost of RM8 million.

RESPONSE

The increase in wages from RM68.5 million to RM71.3 million in FY2025 represents an increase of approximately 4%, which was mainly driven by normal annual merit adjustments, slightly higher shift-related costs associated with production volume ramp-up at Enstek, as well as the filling of existing vacancies which had remained open in the prior year. In 2024, wage costs were flat vs 2023 following a restructuring; as the restructuring was completed in 2024, the increase in 2025 is in line with expected salary inflation.

The restructuring provision of approximately RM3 million relates primarily to some organisational and management layer adjustments undertaken as part of the Company’s broader operational optimisation and transition activities. This did not involve large-scale redundancies affecting shop-floor personnel or core manufacturing operations.

Regarding the SAP-related costs, FrieslandCampina globally is transitioning towards the next-generation SAP S/4HANA platform, as the current SAP environment will no longer be supported beyond 2028. Under current accounting standards, a significant portion of cloud-based system design and configuration costs cannot be capitalised and are therefore expensed directly through the Profit & Loss statement as incurred.

DLMI is expecting to go live with the SAP S/4HANA platform in 2027, and some additional implementation-related costs are expected in FY2026 and FY2027 as the project progresses. The transition is expected to strengthen long-term digital integration, operational visibility and process efficiency across the business.

QUESTION 10

Page 224 — A big jump in key management compensation. Please explain.

RESPONSE

The increase in key management compensation in FY2025 was mainly due to two factors. Firstly, the scope of key management personnel increased as the Management Team expanded from 7 members to 8 members during the year. Secondly, the FY2025 amount included an end-of-service payment made to one of the management employees during the year.

QUESTION 11

Page 225 — Tax. Please explain the errors in prior years and how we are mitigating those. Explain the Company's taxable profits and allowances we will receive going forward. Have these exemptions received approvals from the relevant authorities?

RESPONSE

ETR in 2025 was 29.6%, vs 22.7% in 2024. DLMI recognised an underprovision of tax expenses in the prior financial year (RM7.7m). The main reason is the allocation of profit between the Enstek and non-Enstek part of the business in the actual tax filing vs the provisional tax estimate computations. This led to higher utilisation of capital allowances, increasing the deferred tax liability and expense, while current tax expenses (cash tax) are lower. In addition, there were a number of increased non-deductible tax expenses identified during the tax return.

Current year tax expense in 2025 is only RM12.3m (8.4%) vs RM29.6m (23.7%) in 2024, while deferred tax expense is higher in 2025 at RM31.1m (of which RM12m is correction over prior year) (21.1%), vs -RM1.2m (-1%) in 2024.

Capital allowances — both initial and annual — are applied in accordance with the categories of qualifying assets under Malaysian income tax law.

DLMI secured a tax incentive from MIDA related to the expansion of the Bandar Enstek facility. The incentive provides 100% tax allowance on 70% of qualifying income attributable to Enstek-related operations (approximately 50% of the Company's profit), effective from 2025 subject to meeting stipulated conditions.

The tax expense recognised in the 2025 Income Statement does not include this tax incentive, as formal approval from MIDA on compliance to the incentive's conditions is to be obtained. The approval is expected to be obtained in Q3 2026. DLMI engages tax advisors from a Big 4 firm to advise on tax computations and returns to ensure full compliance with all applicable regulations.

QUESTION 12

Would DLMI be considering any further expansion? If yes, how is it going to be funded? It was a bad precedent to fund expansion via internal funds vs taking on a local loan via the bond market where rates are normally between 4% to 5% for papers of between 5Y to 10Y. This will indirectly increase DLMI's profile within the local investment community.

RESPONSE

At this stage, there are no immediate plans for another major expansion project of a similar scale following the completion of the DLMI@Enstek investment. Management's current priority remains focused on growing our business, optimising operational efficiency and returns from the Enstek manufacturing and distribution platform.

QUESTION 13

Since the BIG BLUE project is now completed, what will be the operational/maintenance CAPEX required per annum on the new factory going forward?

RESPONSE

The transition to DLMI@Enstek has been completed and the Company does not expect material one-off transition costs going forward.

We anticipate annual maintenance and operational capex to be in the range of RM15 million to RM30 million in a typical year. DLMI remains open to making further investments if required to drive efficiency and/or support future expansions into new product lines.

QUESTION 14

What is the outlook for raw materials and production cost inflation?

RESPONSE

Management currently expects overall cost inflation to remain at around mid-single-digit levels, although the operating environment continues to remain dynamic and subject to external volatility, especially related to the conflict in the Middle East. Dairy commodity prices are currently expected to trend upward in the second half of FY2026 following earlier softer market conditions, driven by evolving global supply-demand imbalances across key dairy commodities.

While the stronger Malaysian Ringgit helps to soften part of these pressures, we anticipate continued volatility depending on how commodity markets, foreign exchange movements and geopolitical developments evolve over the coming quarters.

DLMI manages these pressures through procurement discipline, operational efficiencies, productivity initiatives under the Performance+ programme, supplier diversification and disciplined pricing and portfolio management.

QUESTION 15

Are there plans to increase the liquidity of its shares on Bursa Malaysia via a share split? It has almost no cost to the Company and would enhance its brand in the eye of the public and its shareholders.

RESPONSE

Share liquidity is influenced by several factors including market participation and the overall investor base. At this point in time, the Board has no immediate plans to undertake a share split.

The Board remains committed to acting in the best interests of the Company and all its stakeholders. Capital structure matters are reviewed periodically by the Board as part of the Company's overall capital management approach.

DLMI remains focused on maintaining transparent engagement with investors while delivering sustainable long-term shareholder value.

QUESTION 16

Will DLMI finally put on its website its top 30 shareholders for good governance? Will it be consistently providing it on a quarterly basis or ad hoc basis?

RESPONSE

Management has disclosed the information in December 2025, March 2026 and will disclose at the end of June 2026 as well. Management will disclose on a quarterly basis moving forward.

QUESTION 17

What are the actions taken by DLMI to maintain its investors (both institutional and individuals)? As of right now, I only see people and funds that I have spoken to increasing their holding in DLMI. What is DLMI's initiative to increase its visibility in the investment community?

RESPONSE

DLMI continues placing strong importance on maintaining transparent, consistent and constructive engagement with both institutional and retail shareholders. Over the past year, the Company has increased the frequency and consistency of investor engagement touchpoints, including analyst briefings, shareholder engagements, meetings with institutional investors and ongoing communication through Bursa announcements and Annual Report disclosures.

DLMI is also progressively enhancing broader shareholder engagement initiatives, including organising shareholder visits to DLMI@Enstek to provide investors with better visibility into the Company's operations,

manufacturing capabilities and long-term strategic direction. The upcoming shareholder visit scheduled for August 2026 forms part of these efforts.

QUESTION 18

In addition to organic growth strategies, has DLMI considered other growth strategies (e.g. acquiring other F&B brands or obtaining distribution rights for brands which are not yet in Malaysia)?

RESPONSE

DLMI's current priority remains on strengthening its core dairy and nutrition portfolio through organic growth, supported by product innovation, brand building and operational excellence. The Company continues to leverage opportunities for growth within its existing categories and channels, particularly in consumer dairy, across formats, occasions and channels, in both in-home and out-of-home consumption segments.

At the same time, management continuously evaluates opportunities that may complement the Company's long-term strategic direction, including potential partnerships in B2B & B2C, adjacent categories or portfolio expansion opportunities where commercially and strategically relevant. Any such opportunities would be assessed carefully against strategic fit, operational capabilities, financial discipline and long-term value creation for shareholders.

QUESTION 19

Has DLMI considered undertaking a share split or bonus issue? The rationale for this suggestion is that — although the shares may not be expensive on a relative value basis — some investors may perceive it to be expensive on an absolute basis. If the share price is brought to a “psychologically affordable” level (for example, below RM5 on a post split or bonus issue basis), this may potentially attract more investors.

RESPONSE

Share liquidity is influenced by several factors including market participation and the overall investor base. At this point in time, the Board has no immediate plans to undertake a share split.

The Board remains committed to acting in the best interests of the Company and all its stakeholders. Capital structure matters are reviewed periodically by the Board as part of the company's overall capital management approach.

DLMI remains focused on maintaining transparent engagement with investors while delivering sustainable long-term shareholder value.

QUESTION 20

What impact (if any) has DLMI seen and expects to see from the Iran war, whether for FY2026 or beyond?

RESPONSE

DLMI continues closely monitoring geopolitical developments and put discipline in place to mitigate the potential implications on global energy markets, freight routes, packaging feedstocks and broader supply chain conditions. The current situation around the Strait of Hormuz remains an important area of focus as it is a key global shipping and energy corridor. Recent industry reports indicate increasing pressure on freight rates, petrochemical feedstocks and packaging-related inputs linked to the ongoing disruptions.

At this stage, DLMI has not experienced any material disruption to production continuity or product availability. However, management expects gross cost inflation under the current environment to remain at around mid-single-digit levels, with potential escalation towards high-single digit to approximately 10% if disruptions persist beyond Q2 2026, before considering mitigating factors such as operational savings initiatives and favourable foreign exchange movements.

Packaging-related inputs remain one of the more closely monitored areas due to exposure to petrochemical feedstocks, resin pricing and freight costs. Certain categories such as plastics, shrink films and beverage carton-related inputs continue experiencing elevated market volatility and logistics pressure.

To manage these uncertainties, DLMI continues implementing a balanced 3-pronged strategy focused on:

- 1. Secure Supply & Continuity — Active procurement management, supplier coordination, inventory planning, selective safety stock build-up and leveraging FrieslandCampina’s global sourcing network to support supply resilience and continuity.
- 2. Protect Cost Base & Maintain Discipline to Secure Profitability — Continued operational efficiency and productivity initiatives under the Performance+ programme across logistics, procurement, manufacturing and energy usage, alongside disciplined sourcing and foreign exchange hedging practices. Selective and smart pricing is also planned with both shareholder and consumers in mind.
- 3. Protect Consumers — Sustain value and affordability for consumers from balanced smart pricing strategies, leverage on portfolio play, promotional discipline and continued focus on affordability and competitiveness while protecting long-term profitability and market relevance.

Overall, management continues monitoring developments closely through ongoing business continuity and enterprise risk management processes, while commanding the needful action to respond to evolving market conditions.

We expect the effect of increased costs to materialise towards the second half of the year, especially dairy raw materials, packaging, logistics and potentially fuel and energy costs. Under the current scenario where the conflict is expected to be settled within the second quarter of this year, the expected cost increase of raw materials is mid-single digit (5%); if the situation prolongs beyond Q2, we expect costs to increase by up to 10%.

DLMI is undertaking measures to offset cost increases with further focus on Performance+ savings, as well as Revenue Growth Management initiatives, while the strong Ringgit may have some offsetting effect on the costs.

DLMI therefore continues balancing pricing competitiveness, consumer affordability and sustainable profitability, while maintaining flexibility to respond to evolving market conditions. Yet given the expected cost increases, a limited price increase of up to 3% on selective products is likely.

QUESTION 21

Has DLMI considered revising its dividend payout to a quarterly basis?

RESPONSE

The Company's dividend framework is periodically reviewed by the Board as part of its broader capital management considerations, taking into account profitability, cash flow, operational requirements and future investment priorities.

At this stage, the current dividend approach remains appropriate for the Company's operational and financial needs. The Board remains committed to balancing sustainable shareholder returns with long-term business growth and financial resilience. Any changes to the dividend framework would be communicated in accordance with applicable regulatory requirements.

QUESTION 22

Has DLMI considered broadening its product base (for example, yoghurt, yoghurt drinks, cheese, paneer / cottage cheese, chocolates, ice cream, etc.)? In addition, has DLMI considered broadening the accessibility of its products (for example, ready-to-consume / drink products through vending machines at strategic locations)?

RESPONSE

DLMI continuously evaluates opportunities to strengthen its portfolio based on evolving consumer preferences, nutritional needs, operational capabilities and long-term commercial attractiveness. The Company's current focus remains on strengthening its core dairy and nutrition portfolio, including ready-to-drink, growing-up milk, specialised nutrition and foodservice portfolio, while continuing to explore adjacent opportunities where strategically relevant.

As part of the transition to DLMI@Enstek and a broader portfolio rationalisation strategy, the Company discontinued selected non-core product categories in 2024, including sterilised milk. These decisions were driven by a strategic focus on categories with stronger consumer relevance, profitability and long-term growth potential, as well as softer performance observed in certain categories.

In terms of accessibility, DLMI continues to strengthen its multi-channel presence across modern trade, general trade, convenience stores, e-commerce, food service and school milk programmes. The Company is already actively expanding ready-to-consume and accessible consumption formats and will continue to grow its reach across different consumer touchpoints. DLMI also remains open to exploring additional channels and formats,

including vending machine solutions and alternative retail touchpoints, where operationally feasible and commercially attractive. Going forward, innovation portfolio and channel expansion will continue to be assessed based on the most relevant moments and needs of our consumers.

QUESTION 23

The Audit and Risk Committee Report (AR, pg. 180) discloses that non-audit fees paid to the External Auditors (PwC) amounted to RM186,387, representing 162.1% of the total audit fees of RM115,000. While the report notes this unusually high proportion is due to the transition and tax advisory services, this significantly exceeds the 30% threshold that typically triggers independence concerns. Can the Board clarify the specific safeguards the Audit & Risk Committee implemented to ensure the external auditor's independence and objectivity were not compromised during FY2025?

RESPONSE

The Board and the Audit, Risk & Sustainability Committee recognise the importance of maintaining the external auditor's independence and objectivity at all times. As explained in the Audit & Risk Committee Report, the higher proportion of the non-audit fees is primarily because it is PwC's final year as DLMI's auditor, and the audit appointment will transition to EY who previously acted as the Company's tax advisors. During this transition, PwC assumed the responsibility of the Company's tax advisors from EY, which increased the non-audit fees for the year. The details are contained in page 180 of the IAR.

In assessing the appropriateness of these engagements, the Audit, Risk & Sustainability Committee undertook reviews in accordance with the Company's governance processes and considered, among others:

- The nature and scope of the non-audit services provided
- Whether the services would create any self-review, advocacy or management participation threats
- The segregation of engagement teams and responsibilities between audit and non-audit assignments
- Confirmation from the external auditors on compliance with applicable professional independence requirements and ethical standards
- The overall impact of the engagements on auditor independence and objectivity

Following its review, the Audit, Risk & Sustainability Committee remained satisfied that the non-audit services provided did not impair the external auditor's independence or objectivity in carrying out the statutory audit for FY2025.

QUESTION 24

The Economic Landscape and Outlook section (AR, pg. 45 & 47) notes an oversupply in the global dairy industry exerting downward pressure on commodity prices, alongside a

strengthening Malaysian Ringgit (appreciating 9.4% against the USD). Given these twin tailwinds for imported raw material costs, does management anticipate a further expansion in gross margins for FY2026, or will these savings be reinvested into pricing and promotional activities to capture market share?

RESPONSE

Global dairy commodity prices and foreign exchange movements remain dynamic and continue to be influenced by global supply-demand conditions, weather patterns, geopolitical developments and broader macroeconomic factors. While softer dairy commodity prices in Q1 and a stronger Malaysian Ringgit may provide some support to input costs, the operating environment remains fluid.

The recent war in the Middle East has significantly disrupted supply and demand balances, and puts upward pressure on the costs of energy, shipping and raw materials. The Company has not faced any significant raw material shortages so far, but foresees input costs to significantly increase, especially in the second half of 2026. Dairy Raw Material (DRM) prices have been relatively stable in the first quarter of 2026, but are also expected to increase in the remainder of the year, exerting pressure on production costs and margins. In addition, ongoing inflation of fuel prices increases the costs of energy, services and logistics. The strong Ringgit helps cushion higher commodity costs. However, currency fluctuations remain a key operational risk.

DLMI's approach remains balanced. The Company continues to focus on maintaining healthy and sustainable margins through procurement discipline, operational efficiencies, productivity initiatives under the Performance+ programme and portfolio optimisation. At the same time, DLMI will continue investing selectively in brand building, innovation, pricing competitiveness and consumer engagement to support long-term growth and market relevance. Dynamic resource allocation will also be key to navigate the VUCA environment.

Overall margin performance in FY2026 will continue to depend on the combined impact of commodity prices, foreign exchange movements, geopolitical developments, product mix, commercial investments and broader market conditions.

QUESTION 25

The Company declared dividends of RM32.0 million for FY2025, representing a payout ratio of 31.0% against a net profit of RM103.3 million (AR, pg. 141). With the major capital expenditure for the DLMI@Enstek facility now completed and the Company returning to a net cash position of RM92.6 million (AR, pg. 139), does the Board plan to formalise a higher, structured dividend payout policy to return excess free cash flow to shareholders in FY2026?

RESPONSE

The Board of Directors reviews dividend decisions taking into account the Company's profitability, cash flow position, capital requirements and long-term priorities. We are pleased that operating cash flow increased 88%

to RM159.9 million in FY2025, reflecting the underlying strength of our business and the improved working capital position following the completion of the Enstek transition.

Following the completion of the major investment cycle and the stronger cash generation profile of the business, the Company has also announced a higher first interim dividend of 30 sen per ordinary share for FY2026, compared to 25 sen previously. This reflects management and the Board's confidence in the Company's underlying operational and cash flow performance, while continuing to maintain a balanced and disciplined capital allocation approach.

As part of our near-term capital allocation considerations, the Company also takes into account the intercompany loan arrangement related to the Enstek investment, which management intends to settle at the end of the renewed term on 31 March 2027.

Dividend decisions will continue to be reviewed as part of the Company's overall capital allocation framework, and any changes will be communicated in accordance with applicable regulatory requirements. At this stage, the Company is not providing forward guidance on any specific dividend payout ratio.

QUESTION 26

The Sustainability Statement (AR, pg. 67) indicates that the Company has applied transitional relief for Scope 3 GHG emissions, which will be mandatory from FY2028. Given that DLMI sources a significant portion of its dairy raw materials internationally — which typically constitutes the vast majority of a dairy company's carbon footprint — what specific milestones has the Company set for FY2026 and FY2027 to map, quantify and assure its Scope 3 emissions ahead of the regulatory deadline?

RESPONSE

DLMI has applied the available transitional relief for Scope 3 emissions reporting, in line with the phased implementation requirements. Scope 3 disclosure is mandatory for the Company from FY2028.

In preparation, DLMI is taking a phased approach aligned with the GHG Protocol to build a robust and reliable Scope 3 measurement methodology ahead of formal disclosure. As part of this process, the Company has already conducted an initial hotspot analysis to identify the most material emissions categories across the value chain.

Based on this assessment, DLMI intends to prioritise the following categories first:

- Category 1: Purchased Goods and Services
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Generated in Operations
- Category 9: Downstream Transportation and Distribution

For FY2026 and FY2027, the Company's priorities include mapping relevant data sources, strengthening supplier engagement, aligning calculation methodologies, improving data quality and progressively enhancing internal controls over Scope 3 information. Dairy sourcing is expected to be one of the more material contributors within

Category 1: Purchased Goods and Services, given the significance of dairy raw materials within the Company's overall procurement profile. As part of the phased Scope 3 assessment approach, dairy sourcing emissions will therefore form an important focus area in the Company's methodology development and supplier engagement efforts moving forward.

The Company's focus is to ensure that future Scope 3 disclosures are supported by sufficiently robust methodologies, reliable data and appropriate governance processes ahead of the mandatory reporting timeline. DLMI will also continue leveraging FrieslandCampina's global expertise, tools and sustainability frameworks as part of this capability-building journey.

QUESTION 27

The Finance Director's Analysis (AR, pg. 37) notes that the Gross Profit margin improved to 29.0% from 28.1%, and operating profit grew by 17.8%, driven by improved efficiency at the new DLMI@Enstek facility and favourable exchange movements, despite higher dairy raw material costs. Could management quantify the estimated cost savings directly attributable to the operational efficiencies of the new Enstek facility in FY2025, and what is the targeted quantum of cost savings for FY2026?

RESPONSE

Operational efficiency at DLMI@Enstek is achieved through an end-to-end optimisation approach across inbound logistics, warehousing, production, storage and transportation, with Overall Equipment Efficiency (OEE) being one of the key operational levers monitored by management. During FY2025, factory OEE improved significantly from approximately 54% during the earlier start-up phase to above 70% by year-end, with further improvement initiatives ongoing. For context, OEE levels approaching 80% are generally considered best-in-class within manufacturing operations.

In addition, DLMI tracks operational productivity and savings initiatives through its Performance+ programme, which focuses on manufacturing efficiencies, logistics optimisation, procurement discipline and operational cost improvements. Through these initiatives, the Company recorded approximately RM28 million of realised savings in FY2025. These savings helped offset part of the inflationary pressures from raw materials, packaging, utilities and logistics costs during the year.

For FY2026, management is targeting additional operational savings of approximately RM20 million, equivalent to roughly 3% of total in-house cost of goods sold. These savings are expected to continue supporting margin resilience by partially mitigating anticipated increases in dairy raw materials, packaging materials and logistics-related costs.

While the Company does not isolate and disclose a specific savings figure attributable solely to Enstek, management is seeing progressively improving operational leverage, efficiency gains and fixed-cost absorption as utilisation, production planning and operational maturity continue improving over time.

QUESTION 28

The Company's Recurrent RPT mandate permits procurement from FC Affiliated Companies. During FY2025, actual purchases of fully packed dairy products and raw materials from FCN, FCD, and FFI totalled RM545.6 million (Circular, pg. 8), representing 36.4% of FY2025 revenue. Given the sheer magnitude of these related-party purchases, how does the RRPT Review Committee independently verify that the pricing of these proprietary formulations and raw materials is truly at arm's length and not detrimental to minority shareholders, and are independent third-party benchmarks utilised?

RESPONSE

The Board and the RRPT Review Committee recognise the importance of ensuring that all recurrent related party transactions are conducted on terms that are fair, reasonable and not detrimental to minority shareholders. The Company has established internal governance and procurement procedures to review recurrent related party transactions, including periodic oversight by the RRPT Review Committee and Audit, Risk & Sustainability Committee.

As reported in the RRPT circular to shareholders, where possible, at least two other contemporaneous transactions with unrelated third parties for substantially similar products or services and/or quantities are used as comparison to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable. As the raw materials and finished goods purchased and sold in the RRPTs are of a specific formula and grade, such contemporaneous transactions are not usually available. Hence, to ensure that the RRPTs are not detrimental to the Company, these transaction prices are reviewed by the RRPT Review Committee based on transfer pricing studies carried out by third-party tax experts.

In addition, the RRPT transactions from DLMI with related parties in The Netherlands are governed by a Bilateral Advance Pricing Arrangement (BAPA). The rates for these transactions are agreed between the competent authorities (tax authorities) of Malaysia and The Netherlands. The authorities consider external benchmarks before agreeing on the arm's length rates for the different transactions. The BAPA provides tax certainty, prevents double taxation, and streamlines compliance for multinational corporations over a set period, adhering to OECD guidelines.

QUESTION 29

The Managing Director's Report (AR, pg. 34) highlights that 2025 was the first full year of operations at DLMI@Enstek, marking the transition from infrastructure build-up to operational acceleration. What is the current capacity utilisation rate of the new manufacturing facility, and what is the projected timeline for the facility to reach its optimal utilisation level to fully absorb the depreciation overheads?

RESPONSE

FY2025 marked the first full year of operations at DLMI@Enstek following the successful transition from the legacy Petaling Jaya facility. As with most large-scale manufacturing transitions, the facility continues progressing through its operational ramp-up and optimisation phase.

Operational efficiency is managed through an end-to-end optimisation approach across manufacturing, warehousing and supply chain operations. One of the key operational levers monitored is Overall Equipment Efficiency (OEE). Management is pleased that factory OEE improved significantly during 2025 — from approximately 54% earlier in the transition phase to above 70% by year-end — and the Company continues targeting further improvements moving forward.

Utilisation levels vary across production lines depending on category demand and operational requirements. Certain high-demand lines are already operating 24/7 at 80–90% utilisation levels, while other lines continue operating 24/5 with additional flexibility and room for future growth. FY2025 volume growth of approximately 7% was also largely supported by products manufactured at Enstek, demonstrating the facility's increasing operational contribution to the business. Volume growth and further operational efficiency improvements remain important focus areas for Management as the facility continues progressing towards higher utilisation and stronger fixed-cost absorption over time.

Overall, the operational benefits from Enstek are already contributing positively to margin improvement and operating performance through improved automation, operational efficiencies, production flows and supply chain integration. Management expects utilisation and operational efficiencies to continue improving progressively over time as product mix optimisation, demand growth and operational maturity develop further.

QUESTION 30

Management noted that global dairy prices might recover/rise in the second half of 2026. Given our heavy reliance on imported dairy ingredients, how is Dutch Lady hedging against this volatility? Furthermore, will the recent strengthening of the Ringgit be passed on to consumers to stay competitive against local rivals, or will it be used to bolster our bottom line?

RESPONSE

Global dairy commodity prices and foreign exchange movements remain inherently volatile and are influenced by global supply-demand dynamics, weather patterns, geopolitical developments and broader macroeconomic conditions. To manage this volatility, DLMI adopts a disciplined procurement and risk management approach, including forward purchasing, demand planning, supplier diversification and foreign exchange hedging in accordance with internal risk management policies. The Company also continues to leverage FrieslandCampina's global sourcing network and procurement expertise to support supply continuity and cost management.

In relation to the strengthening Ringgit, DLMI's approach remains balanced. While a stronger MYR may provide some support to imported input costs over time, the overall operating environment remains competitive and cost pressures continue to exist across other areas including logistics, energy, packaging and commercial investments.

As such, any benefits from foreign exchange movements will be considered holistically alongside broader business conditions. The Company remains focused on balancing affordability and competitiveness for consumers with sustainable profitability, while continuing to invest in brand strength, innovation and long-term market relevance.

QUESTION 31

The Company has successfully transitioned its entire production to the new IR4.0 manufacturing facility at Bandar Enstek. Now that this major capital expenditure (CAPEX) is behind us, how soon does management expect to see a significant improvement in operating margins from the advanced automation? Are we planning to use this extra capacity to expand our export markets beyond Malaysia?

RESPONSE

The successful transition to DLMI@Enstek marks an important milestone for the Company, with FY2025 representing the first full year of operations at the new IR4.0 manufacturing facility. The facility has already started delivering operational benefits through improved automation, production flows, warehouse integration and supply chain efficiencies, which contributed positively to the improvement in gross profit margin and operating profit performance in FY2025.

Management expects operational efficiencies and margin benefits to continue improving progressively over time as utilisation, operational stability and process optimisation mature further. In parallel, DLMI continues to drive broader productivity initiatives under the Performance+ programme across logistics, procurement, manufacturing overhead and operational efficiencies.

In terms of growth capacity, the Enstek facility was designed with additional flexibility and scalability to support the Company's long-term growth ambitions. While Malaysia remains DLMI's primary focus market, the enhanced manufacturing capability and operational readiness of Enstek also strengthen the Company's ability to support selective export opportunities where commercially attractive and strategically relevant.

QUESTION 32

In the past few years, our dividend payout was adjusted to fund the RM540 million Enstek facility. With FY2025 revenue surpassing the RM1.5 billion mark and the new factory fully operational, can shareholders expect a return to the higher dividend payout levels we saw in previous years (e.g., above 50 sen per share) now that our cash flow requirements for construction have decreased?

RESPONSE

The Board of Directors reviews dividend decisions taking into account the Company's profitability, cash flow position, capital requirements and long-term priorities. We are pleased that operating cash flow increased 88%

to RM159.9 million in FY2025, reflecting the underlying strength of our business and the improved working capital position following the completion of the Enstek transition.

Following the completion of the major investment cycle and the stronger cash generation profile of the business, the Company has announced a higher first interim dividend of RM0.30 per share for FY2026, compared to RM0.25 per share previously. This reflects management and the Board's confidence in the Company's underlying operational and cash flow performance as the business transitions from a heavy investment phase towards operational optimisation and stronger cash generation.

At the same time, the Company continues balancing shareholder returns with broader capital allocation considerations, including maintaining financial flexibility and managing the intercompany loan arrangement related to the Enstek investment, which management intends to settle at the end of the renewed term on 31 March 2027.

Dividend decisions will continue to be reviewed as part of the Company's overall capital allocation framework, and any changes will be communicated in accordance with applicable regulations. At this stage, the Company is not providing forward guidance on specific dividend payout ratios or dividend levels.

QUESTION 33

Given the prolonged US and Iran conflict since March 2026, any impact to the material/packaging cost which lead to significant product price increases in following quarters? What are the Company's strategies and plans to cope with demand and supply of goods in this unforeseen uncertainty?

RESPONSE

DLMI continues to closely monitor geopolitical developments given the potential implications on global energy markets, freight routes, packaging feedstocks and broader supply chain conditions. At this stage, while certain packaging-related inputs and logistics costs are experiencing elevated pressure, the Company has not experienced any material disruption to production continuity or product availability.

Certain packaging categories linked to petrochemical feedstocks — such as plastics, shrink films and beverage carton-related inputs — remain areas of closer monitoring due to potential volatility in resin pricing, freight costs and shipment lead times. However, the Company continues implementing mitigation measures including inventory coverage management, supplier coordination, alternative sourcing assessments and selective stock build-up where operationally appropriate.

DLMI's overall approach is centred around a balanced 3-pronged strategy focused on safeguarding supply continuity, protecting cost discipline and maintaining affordability and sustainable profitability amidst external volatility:

- 1. Secure Supply & Continuity — Active procurement management, supplier coordination, inventory planning, selective safety stock build-up and leveraging FrieslandCampina's global sourcing network to support supply resilience and continuity.

- 2. Protect Cost Base & Maintain Discipline to Secure Profitability — Continued operational efficiency and productivity initiatives under the Performance+ programme across logistics, procurement, manufacturing and energy usage, alongside disciplined sourcing and foreign exchange hedging practices. Selective and smart pricing is also planned with both shareholder and consumers in mind.
- 3. Protect Consumers — Sustain value and affordability for consumers from balanced smart pricing strategies, leverage on portfolio play, promotional discipline and continued focus on affordability and competitiveness while protecting long-term profitability and market relevance.

We expect the effect of increased costs to materialise towards the second half of the year, especially dairy raw materials, packaging, logistics and potentially fuel and energy costs. Under the current scenario where the conflict is expected to be settled within the second quarter of this year, the expected cost increase of raw materials is mid-single digit (5%); if the situation prolongs beyond Q2, we expect costs to increase by up to 10%.

DLMI is undertaking measures to offset cost increases with further focus on Performance+ savings, as well as Revenue Growth Management initiatives, while the strong Ringgit may have some offsetting effect on the costs. DLMI therefore continues balancing pricing competitiveness, consumer affordability and sustainable profitability, while maintaining flexibility to respond to evolving market conditions. Yet given the expected cost increases, a limited price increase of up to 3% on selective products is likely.

QUESTION 34

Shareholder Visit.

RESPONSE

The Shareholder Visit has been scheduled for 22 August 2026.

QR registration forms are available throughout the hall for shareholders who are interested in participating. Kindly complete the form should you wish to join the visit.

Our team will reach out subsequently for coordination and liaison purposes. Please ensure that the information provided in the registration form is accurate and complete.

QUESTION 35

Given the sustained margin compression from rising raw milk and logistics costs, coupled with weakening consumer spending in the mass market, why has the Company not revised its pricing or hedging strategy more aggressively? Specifically, can you explain the justification for the latest dividend payout when free cash flow has declined year-on-year, and how you plan to protect profitability without sacrificing volume share to lower-priced competitors?

RESPONSE

DLMI's gross profit margin increased from 28.1% in 2024 to 29.0% in 2025, while operating profit margin increased from 9.1% in 2024 to 10.3% in 2025. The improved margins come partially from Revenue Growth Management initiatives as well as efficiency savings and cost reductions in operations helping to cushion COGS increases, whilst positive exchange rate developments helped to further offset the increasing cost of raw materials. Operating Cash Flow increased from RM84.8m to RM159.9m, a strong improvement driven by profitability growth and working capital improvements, while free cash flow improved further due to lower capital expenditures.

DLMI operates in a highly competitive and price-sensitive consumer environment, particularly within core dairy and nutrition categories where affordability remains important for Malaysian households. As such, the Company takes a balanced and disciplined approach towards pricing and risk management rather than relying on aggressive short-term pricing adjustments, which could negatively impact affordability, demand elasticity and long-term brand positioning.

From a procurement and hedging perspective, DLMI continues managing commodity and foreign exchange volatility through forward purchasing, supplier diversification, demand planning and foreign exchange hedging in line with internal risk management policies. At the same time, the Company continues leveraging FrieslandCampina's global sourcing capabilities and procurement scale to support supply continuity and cost management.

Beyond pricing, DLMI's broader profitability strategy focuses on operational efficiencies, productivity improvements under the Performance+ (savings) programme, portfolio optimisation, disciplined cost management and progressively improving operational leverage from the Enstek IR4.0 facility. Management remains focused on balancing competitiveness, affordability and sustainable margin protection without compromising long-term market relevance.

In terms of dividends, the Board reviews dividend decisions taking into account the Company's profitability, cash flow position, capital requirements and long-term strategic priorities. While the operating environment remains challenging, DLMI delivered stronger operating profit, improved operating cash flow generation and a strengthened liquidity position in FY2025 following the completion of the Enstek transition and moderating CAPEX requirements. The Board believes the dividend declared remains appropriate while balancing shareholder returns, financial flexibility and future business resilience.

QUESTION 36

GP margin improved to 29.0% from 28.1% in FY2024 (refer AR page 37). While it is a good progress, the GP margin is still a long way from 2010s performance where GP margin was much higher, as high as above 40% in 2015 and 2016. Can you discuss what are the cyclical and structural reasons where margins have compressed in recent years? How do you address the margin pressure? How much extra operational efficiency can you squeeze from this new facility?

RESPONSE

Years of high inflation (2021–2023) on input costs impacted margins. During those years we have taken pricing measures, yet we had to balance profitability with affordability.

The move to Enstek and ongoing Performance+ initiatives will continue to drive efficiency improvements. Depending on developments in raw material inflation in light of geopolitical movements and FX, margins can strengthen further.

Historically, some costs that are now reported above GP had been reported below GP — this is an approximately 5% impact on GP, which needs to be taken into account for a fair comparison. The restatement has been disclosed in our Q4 2025 announcement and in the Annual Report.

QUESTION 37

Given the strong operating cashflow and reduced capital expenditure, the free cash flow would have increased significantly in 2026. Would you prioritise (1) paying off the RM91m inter-company borrowing first before returning excess cash to shareholders, or (2) returning cash to shareholders while keeping the inter-company borrowing which carries a borrowing cost of about 5%? (Note 14.2)

RESPONSE

The Board evaluates capital allocation decisions holistically, taking into account profitability, operating cash flow, liquidity, investment requirements, balance sheet strength and long-term shareholder value creation.

Following the completion of the Enstek investment cycle, DLMI is now in a significantly stronger operational and cash generation position, which is reflected in the higher first interim dividend of RM0.30 per share announced for FY2026.

At the same time, management continues taking into account the intercompany loan arrangement as part of the Company's broader capital management framework. The current intention is to settle the intercompany loan at the end of the renewed term on 31 March 2027.

Going forward, the Company will continue balancing shareholder returns, financial flexibility and prudent balance sheet management, rather than viewing these priorities in isolation. Any future capital allocation decisions will continue to be assessed based on prevailing business conditions, cash flow generation and strategic priorities at the relevant point in time.

QUESTION 38

You added RM37m PPE in 2025 (Note 3b). Given the transition to Enstek and DC construction have already completed, what is the CAPEX budget for 2026?

RESPONSE

2025 CAPEX of approximately RM37 million was already significantly lower compared to the peak investment years during the Enstek transition phase, reflecting the completion of the major manufacturing and distribution infrastructure cycle.

Going into FY2026, management expects CAPEX to normalise further to approximately RM15–30 million, mainly focused on maintenance, operational optimisation, productivity improvements and selective digitalisation initiatives.

QUESTION 39

Can you explain how to derive at the numbers that “Dutch Lady liquid milk reached 73% penetration and 52% awareness rate”? Based on historical data, how does the increase in every one percent in penetration and awareness translate into future percentage increase in sales volume or revenue?

RESPONSE

The penetration and awareness figures are derived from syndicated consumer research conducted by independent third-party market research firms such as Nielsen and Kantar across relevant dairy categories. These studies are based on established market research methodologies and consumer panels commonly used within the FMCG industry.

Brand awareness generally measures the extent to which consumers recognise and recall the Dutch Lady brand, while penetration measures the proportion of households or consumers who have purchased the brand within a given period. These are standard indicators used to assess brand health and market position.

In general, higher awareness supports stronger consumer consideration and trial, which can eventually contribute towards higher penetration and sales over time. However, the relationship between awareness, penetration and sales is not always linear, as actual sales performance is also influenced by pricing, distribution reach, consumer affordability, competition, product innovation, promotions and broader market conditions.

Management therefore uses these metrics primarily as leading indicators of brand strength, consumer relevance and long-term growth potential rather than applying a fixed mathematical relationship between each percentage increase in awareness or penetration and future revenue growth.

QUESTION 40

The market value share (NielsenIQ) has declined from 28.2% in 2023, to 27.5% in 2024, and 27.1% in 2025. Why does Dutch Lady still lose market share even though it has completed the transition to Enstek in 2024? What is the outlook for 2026?

RESPONSE

The market share movement over the past two years was largely influenced by the operational transition period associated with the migration from the legacy Petaling Jaya facility to DLMI@Enstek. During parts of the transition and ramp-up phase, the Company experienced temporary stock availability challenges in certain categories and channels, which affected market share performance.

In addition, DLMI also undertook portfolio rationalisation during the period, including the discontinuation of selected non-core products and SKUs such as certain sterilised milk and yoghurt offerings. While this had some short-term impact on overall market value share, it was part of the Company's broader effort to improve portfolio focus, operational efficiency and long-term profitability.

As Enstek operations progressively stabilised during FY2025, supply reliability, service levels and operational efficiency improved significantly. Management has also started seeing improvements in market performance supported by stronger commercial execution, retail activations and more stable supply from Enstek.

Importantly, Dutch Lady continues maintaining leadership positions in key categories, including remaining the No.1 Liquid Milk Brand in Malaysia with 41.8% value share and the No.1 IFT Milk Brand with 24.6% value share based on Nielsen FY2025 data.

Going into FY2026, the Company is also strengthening its innovation pipeline with new launches and portfolio refresh initiatives, including products such as Dutch Lady Omega 3*6 and Friso Gold Comfort Next. Management expects operational stability from Enstek, stronger in-market execution and continued innovation activities to support healthier market share performance moving forward.

QUESTION 41**Can you provide more information on the School Milk Programme?****RESPONSE**

DLMI participates in the national School Milk Programme under the Ministry of Education, which forms part of the Rancangan Makanan Tambahan (Food Aid Programme). Under this programme, eligible students receive a pack of milk during each schooling day as part of broader child nutrition and food assistance efforts.

The programme is structured by the Ministry into 9 operational zones across Malaysia and managed through an open tender process, where suppliers are appointed by the Ministry based on the tender exercise.

For the 2025–2029 programme cycle, DLMI was awarded the zone covering the state of Sarawak. In FY2025 alone, DLMI distributed more than 14 million packs of milk through school-related programmes and initiatives, benefiting over 73,000 students across Sarawak.

More broadly, DLMI has distributed over 242 million packs of milk under the School Milk Programme since 2011, reflecting the Company's long-standing involvement in supporting child nutrition and nutrition accessibility in Malaysia.

QUESTION 42**Will there be a door gift this year?****RESPONSE**

All shareholders who have attended this meeting (whether virtually or physically) will receive an e-voucher via email in due course.

QUESTION 43

The dividend rate of the Company has decreased tremendously in the past few years, which contributed to the drastic decrease of the share price since a decade ago. Please explain the rationale for the lower dividend rate and kindly indicate if this would be drastically increased soon.

RESPONSE

The lower dividend payout over the past few years was primarily linked to the Company's major investment cycle relating to the development and transition to DLMI@Enstek, which represented one of the largest strategic investments undertaken by the Company. During this period, management adopted a more balanced capital allocation approach to support the long-term transformation, operational resilience and future growth capacity of the business.

With the successful completion of the Enstek transition, DLMI is now in a significantly stronger operational and cash generation position. This is reflected in the stronger operating cash flow performance in FY2025 as well as the announcement of the FY2026 first interim dividend of RM0.30 per share, which is higher compared to previous years.

Going forward, the Board will continue reviewing dividend decisions based on profitability, cash flow generation, investment requirements, balance sheet considerations and long-term sustainability of returns to shareholders. The Company also continues taking into account the intercompany loan arrangement as part of its broader capital allocation framework.