KFIMA AGM – Q&A

Note: Some questions / comments by shareholders have been edited for clarity and brevity.

A. Pre-Meeting Questions

No.	Question/ Comments	Answer / Response
1	Please hold your future AGMs/EGMs in hybrid mode to enable more shareholders to attend.	The Board acknowledged the benefits of hybrid meetings but noted the higher costs involved. The Board remains open to considering hybrid meetings in the future.
2.	Is the Company giving any doorgifts and refreshments to shareholders attending this Meeting?	Shareholders attending the AGM were entitled to a door gift, and refreshments were provided after the Meeting.

B. Live AGM Questions

No.	Question/ Comments	Answer / Response
3.	What is the future capex plan and projected internal rate of return (IRR) for the Bulking Division?	The Group has plans to expand its bulking facilities by approximately 80,000 metric tonnes (MT). The estimated capex will depend on the type of tanks to be constructed. Construction is expected to commence this year, subject to obtaining the necessary regulatory approvals and confirmation from clients. The projected returns from this investment are expected to be attractive, consistent with the Group's long-term strategy of enhancing capacity and operational efficiency in the Bulking Division.
4.	Can Tanjung Langsat terminal do biodiesel production?	Tanjung Langsat terminal is primarily designated for storage of biodiesel products.
5.	Why is the tuna segment considered more attractive when the tuna price is higher?	The tuna segment is more attractive due to the preferential duty exemption granted to exports from Papua New Guinea (PNG) to the European Union (EU). PNG exporters enjoy a 24% duty exemption, whereas competitors from other tuna-producing countries such as Thailand are not entitled to this benefit, thereby making PNG exports more competitive. By way of illustration: If the price of tuna is USD 2,000 per metric tonne (mt), the 24% duty exemption provides PNG exporters with a cost advantage of approximately USD 480 per mt compared to Thailand. At lower tuna prices, the duty exemption still applies, but the margin is smaller.

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6.	Since tuna is a commodity, the Group should consider expanding into businesses/products that are less volatile.	The Group is working to strengthen its tuna business by increasing local sales to approximately 40,000 cartons per month, compared to the current level of 23,000–25,000 cartons per month. Given that the cost of production in Papua New Guinea is relatively high — for example, IFC relies fully on generator sets for processing and faces high logistics costs — the Group believes it is more advantageous to focus on countries where IFC enjoys tariff preferences. This strategy helps mitigate volatility and supports margin stability. It is vital to have a clear understanding of market dynamics in order to position the tuna business effectively.
7.	IFC's Fishing rights – do we get any income from it?	Yes, although the income from the fishing rights is relatively small. However, IFC enjoys the first right to purchase up to 35% of the total fish catch from the fishing operators.
8.	How does the Group manage competition in the bulking segment?	The level of competition in the bulking segment has increased over time. Nevertheless, the Group has established strong infrastructure and market presence, particularly in Port Klang. This includes integrated facilities which provide operational flexibility, such as product swapping and trading. These capabilities have enabled the division to sustain its competitive advantage.
9.	Is the bulking business sustainable given the intense competition?	The Group maintains sustainability through its first-mover advantage and long-term contractual arrangements with clients, some extending up to seven years.
10.	What is the status of the litigation case against Datasonic Technologies?	The matter was fully resolved in 2022, with settlement concluded and payment received.
11.	What are the Company's plans for the 6.9 million treasury shares, and in what way would a share buy-back (SBB) or cancellation benefit shareholders?	There are several options open to the Board, including disposal or cancellation. In any case, the treasury shares being held currently provide an effective return of approximately 9%, as they are not entitled to receive dividends. Cancellation of treasury shares would reduce the Company's share capital, thereby enhancing earnings per share. Additionally, treasury shares are utilised for the Share Grant Plan under the Long-Term Incentive Plan (LTIP).

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12.	Has the Company undertaken any borrowings to finance the SBB programme?	No. The Company has not undertaken any borrowings for the purpose of financing the share buy-back to date.
13.	Share price of KFIMA ranged between RM1.85 to RM2.68 in the past 15 months. Prices have been stable, not dropping but without any significant upward movements either. The Company should take measures to improve the share price performance.	The comments are duly noted. Based on the Company's shareholder profiles, most investors are long-term holders who place emphasis on dividend yield. Further, and as highlighted in the Group Managing Director's presentation earlier, Total Shareholder Return for FYE2025 was 18.2%, comprising 9.1% from price appreciation and 9.1% from dividend distributions.
14.	What is the outlook for the Group's cattle farming?	Historically, the Group was involved in cattle feedlotting, which proved challenging due to Foot-and-Mouth Disease (FMD) outbreaks, high operating costs and modest returns. At present, the Group is focusing on breeding programmes with government support, which are also undertaken as part of its corporate social responsibility initiatives for the benefit of the local community. While still relatively small, this segment has the potential to grow over time.
15.	Why do results fluctuate across quarters?	The quarterly fluctuations are primarily attributable to the timing of crude palm oil (CPO) shipments at PTNJL. The number of shipments handled in a given quarter has a direct impact on revenue recognition for that period. Hence, fewer shipments in Q1 FY2026 compared to Q4 FYE2025 resulted in variances between the two quarters' results.
16.	What is the Group's outlook for future results? A bit disappointed with Q1 FY2026 results, given that Q4 FYE2025 was stronger and the Annual Report had indicated a somewhat positive outlook.	The Group's outlook is expected to be remain satisfactory, with expectations of improved performance in the coming quarters. <u>Plantation</u>: The division's largest revenue contributor is Indonesia, which sells CPO on a bulk shipment basis of approximately 3,000 metric tonnes per shipment. Performance can fluctuate depending on the number of shipments recognised in each quarter. For example, only two

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		shipments were recorded in Q1 FY2026, whereas in other quarters there may be more. <u>Bulking</u>: Performance is expected to improve in the upcoming quarters as utilisation continues to strengthen. <u>Manufacturing</u>: The division has commenced printing work for the MoE contract, with deliveries expected in Q3 FY2026. Certain contracts, such as this, can only be billed upon completion. In addition, the division has invested in a digital printing machine, which is now incurring depreciation expenses but will support future growth. <u>Food</u>: Performance is anticipated to improve in the second half of the financial year. <u>Biodiesel</u>: The biodiesel business remains volatile due to inconsistent supply of used cooking oil (UCO). The plant was originally set up with the expectation of securing a biodiesel supply mandate, which did not materialise, and the sector continues to face overcapacity in Malaysia. Furthermore, the Port Klang facility has limited space for conversion of the plant. As such, the Board has decided to maintain the business, with most of its costs comprising rental and depreciation with a NTA of RM5 million. The plant operates on a demand-driven basis.
17.	Is the Board happy with the Q1 FY2026 results?	Results were in line with the Group's budgeted expectations, although there is still room for improvement. With three quarters remaining in the financial year, the Board and Management will continue to focus on delivering stronger performance and will do their best to achieve better results.
18.	Is the Group looking to expand its bulking operations to other ports, such as Kuantan or Sabah?	These ports do not fit into our play. The Group is primarily focused on transshipment activities. Port Klang remains the key hub, serving container traffic from both Northport and Westport. Kuantan Port on the other hand, largely caters for the domestic market. In Tanjung Langsat, while there is no container traffic, the location benefits from its close proximity to Tanjung Pelepas.
19.	What is the average price of the treasury shares?	The average price is RM1.74

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20.	The Group has done well in FYE2025. However, as disclosed on pages 22–23 of the Annual Report, the Manufacturing Division recorded very low profits, while “Others” and “Associated Companies” segments reported losses. What are the long-term prospects for the Manufacturing Division, and why does the Group continue to maintain its associated companies?	The “Others” segment primarily comprises the holding company costs of Kumpulan Fima Berhad and Fima Corporation Berhad, including shared services. As such, this segment will typically remain in a loss position. For Associated Companies, the largest contributor is Giesecke & Devrient Malaysia (GDMAL), which is also engaged in security printing. The last two years have been challenging for GDMAL as demand for banknotes has stagnated. Nevertheless, the company continues its efforts to improve performance. As for the Manufacturing Division, Management believes that the digital printing business remains sustainable for at least the next five years.
21.	The Group has been consistent in paying dividends and maintaining a stable share price, but more can be done. Are there plans to expand upstream or downstream, or into new areas? The Group has been too complacent and should be ‘more adventurous’. It was also noted that the Group tends to perform less well in Q1.	Previously security document printing and property investment was the Group’s mainstay and plantation was subsequently introduced as a new and significant business segment. The Group remains open to pursuing new opportunities. The Group’s Investment Committee evaluates potential ventures and businesses, with a focus on opportunities that are attractive, sustainable, and aligned with the Group’s long-term strategy.
22.	The Group’s plantation landbank in Malaysia is now larger than in Indonesia. Can Plantation Malaysia catch up with Indonesia in terms of efficiency and productivity?	Yes, the Group is actively working towards improving the efficiency and productivity of its Malaysian plantation operations to progressively narrow the gap with the performance levels achieved in Indonesia i.e. through yield improvement initiatives and mechanisation.

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23.	Based on acreage, pineapple segment has >1,000 acres designated but noted that only 465 acres planted. Why is this the case? Harvested 966mt with revenue of RM1.19 million only. Price per tonne is so low.	The pineapple business is part of the Group's legacy, as KFima's first venture was pineapple canning through its wholly-owned subsidiary, Pineapple Cannery of Malaysia Sendirian Berhad (PCM). Market preferences, however, have shifted over the years from canned pineapples to fresh pineapples, impacting demand and PCM has since ceased canning operations. Although more than 1,000 acres were originally gazetted for pineapple cultivation, only 465 acres are planted as the land comprises deep peat soil, which is unsuitable for pineapple cultivation. Applications to convert the land for oil palm planting have been declined, thus constraining management's options. To mitigate this, the Group has adopted avenue planting in certain areas, combining oil palm with pineapple, although this is not considered a long-term solution.
24.	Why did the Group invest RM50 million in a new printing equipment if segment is expected to have a short lifespan?	The investment ensures the continued sustainability of the digital security printing operations for at least the next 5–10 years. Results from this investment are expected to be reflected from Q3 FY2026 onwards.
25.	On Page 189 of the Annual Report (under Income Tax Expense) there is a RM8.4 million expenses not-deductible for tax purpose. Kindly clarify. This should be considered for future tax planning as RM8 million is a big sum.	The RM8.4 million expenses not deductible for tax purposes mainly comprise standard tax disallowances, including depreciation and amortisation (about RM2.4 million), unrealised foreign exchange loss (about RM1.8 million), certain provisions that are not deductible (around RM1.2 million) and withholding tax on dividends from a foreign subsidiary (about RM0.9 million) The Board and Management have taken note of the comments and will continue to consider this in future tax planning initiatives.
26.	What is the bulking division's tank capacity and utilisation rate?	The Division's terminal at Tanjung Langsat, with a capacity of 45,000 cbm, contributed to approximately 8% increase in total divisional tank capacity. Approximately 70% of the division's total capacity is under long-term contracts. The average utilisation rate is 85%, with Port Klang operating at a higher rate of approximately 90%, while the Butterworth terminal operates at around 50%. In addition, the Group continues to offer short-term tank arrangements in order to provide clients with the flexibility

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		that they need. Short-term rates are typically higher depending on the product, though occupancy rates tend to be lower compared to long-term contracts.
27.	Why didn’t Q1 FY2026 show higher margins despite the increased capacity in Bulking Division?	The operations at the Tanjung Langsat terminal only commenced towards the end of May 2025, while staffing was put in place as early as April 2025. As a result, the terminal incurred operating expenses for approximately two months before actual commercial operations began, which impacted the margin in Q1 FY2026.
28.	Will FY2026 results be better than FY2025?	The Board anticipates that the Group’s performance for FY2026 will be satisfactory and broadly comparable to that of FYE2025, subject to prevailing market conditions. The Board will continue to set performance expectations and motivate management to deliver improved results. Nevertheless, it is acknowledged that certain external factors remain beyond the Group’s control.