



Farm Fresh Berhad

11th Annual General Meeting

29 August 2022

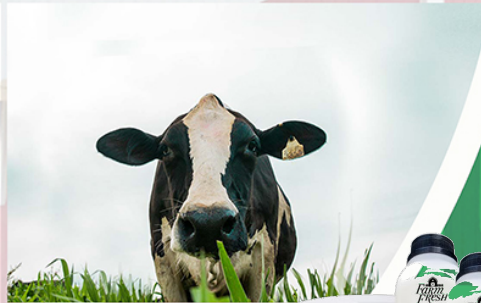


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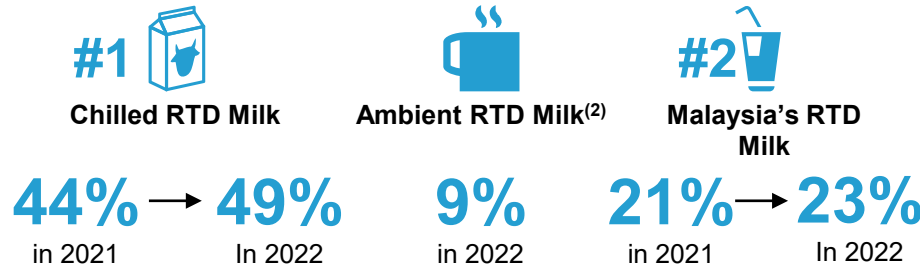


1 Business Overview

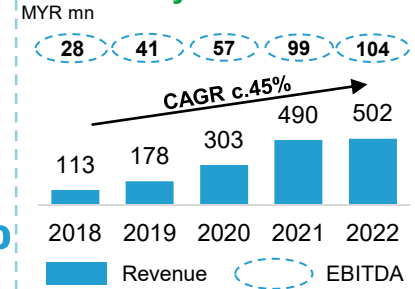
Financial Year 2022 at a glance

One of the
**largest and
fastest growing**
integrated producer of dairy
products in Malaysia

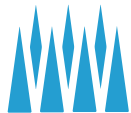
Market share⁽¹⁾



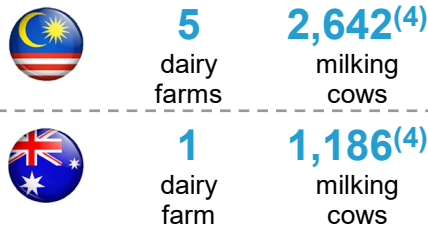
Key financials



**Vertically
integrated**
“grass-to-glass” model



Upstream⁽³⁾



Midstream⁽³⁾



**Strong competitive
advantage**
through gene bank ownership



Downstream⁽³⁾

135 SKUs
across multiple
product segments⁽⁵⁾



Export markets

Source: Company information.

Note: Above data may not sum up to 100% due to rounding presentation

(1) For Malaysia market only. The source is from Kantar (for Chilled RTD milk and Malaysia's RTD milk) and Frost & Sullivan (for Ambient RTD milk)

(2) Only entered into this segment in 2018.

(3) As at 31 March 2022.

(4) Calculated using the average number of milking cows over 12 months.

(5) SKU count across overall product portfolio ie chilled RTD milk products, UHT/ambient RTD products, plant-based products, yoghurt products, fruit jam and sauces, and raw milk.

Our geographical footprint

Muadzam Shah ¹



Dairy herd: 2,960 cows
Farm capacity⁽²⁾: 3,100⁽³⁾ cows
Area (acres): 1,105⁽⁴⁾
Production capacity⁽⁴⁾: 74.2mn ltr

Desaru ²



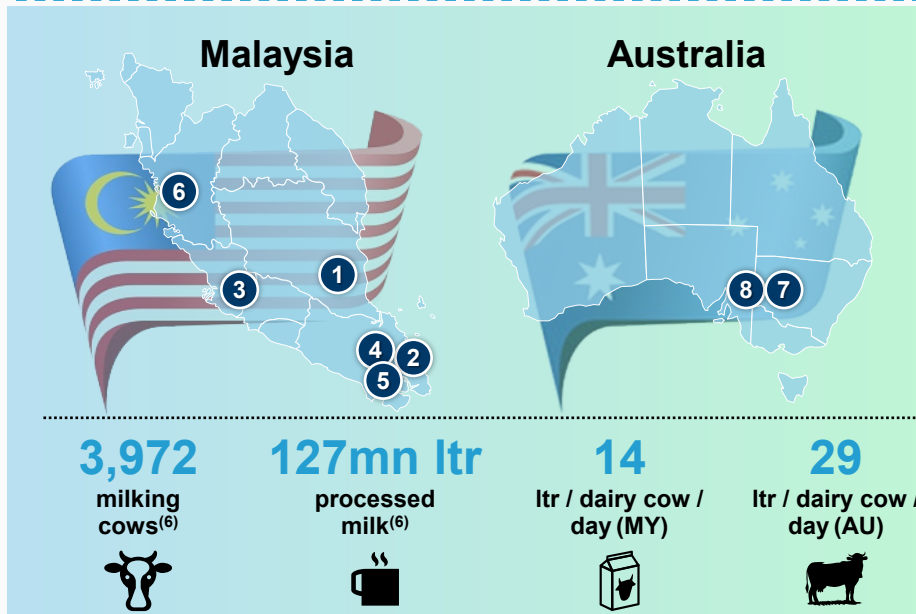
Dairy herd: 549 cows
Farm capacity⁽²⁾: 550 cows
Area (acres): 325

UPM ³



Dairy herd: 417 cows
Farm capacity⁽²⁾: 450 cows
Area (acres): 100
Production capacity⁽⁸⁾: 3.3mn ltr

Products sold in 4 geographies



Kyabram⁽⁷⁾ ⁸



Production capacity⁽⁷⁾: 84.0mn ltr

Greater Shepparton ⁷



Dairy herd: 2,569 cows
Farm capacity⁽²⁾: 2,750 cows
Area (acres): 2,587

Taiping ⁶



Dairy herd: 1,186 cows
Farm capacity⁽²⁾: 1,400 cows
Area (acres): 828

Mawai ⁴



Dairy herd: 1,257 cows
Farm capacity⁽²⁾: 1,400 cows
Area (acres): 471

Larkin ⁵



Production capacity⁽⁵⁾: 62.7 mn ltr



Facility



Farm



In progress

Source: Company information.

Note: As at 31 March 2022.

(1) Total dairy herd refers to total number of milking cows and non-milking female cattle ie female heifers, calves and dry cows

(2) Based on current erected facilities at the respective farms. Capacity of the farm reflects capacity for dairy cows and does not include bulls.

(3) Not including the additional 500 acres of land sub-leased from Pahang State Government, which upon completion is expected to have a capacity of 3,000 dairy cows.

(4) Commenced operations in June 2018. Including the additional 500 acres of land from the Pahang State Government which we have agreed to sub-lease for a 30-year period.

(5) Production capacity is calculated based on effective production capacity ie number of days production capacity was available after taking into consideration downtime for cleaning-in-place and replenishment of packaging materials (required for filling and packaging lines), scheduled maintenance and other reasons, multiplied by the number of days during which such production capacity was available.

(6) Data consists of total from Malaysia and Australia.

(7) Commenced operations in October 2020.

(8) Commenced operations in June 2022.

Milestones in FY2022



Launched Henry Jones A2 Organic Milk



Launched Fruit Punch Yoghurt Drink and Lychee Yoghurt Drink



Relaunched Farm Yoghurt with new packaging



Received two awards at the Putra Brand Awards in January 2022; Platinum Award in the Beverage - Dairy category and Putra Most Enterprising Brand of the Year



Listed on the Main Board of Bursa Malaysia on 22 March 2022

**Apr
2021**

**Jun
2021**

**July
2021**

**Aug
2021**

**Sep
2021**

**Nov
2021**

**Jan
2022**

**Jan
2022**

**Mar
2022**

Obtained Certified Humane® Accreditation for all completed Malaysian farms from Humane Farm Animal Care (HFAC)



Launched Banana Milk



Received ACES Awards 2021 as one of Asia's Best Performing Companies



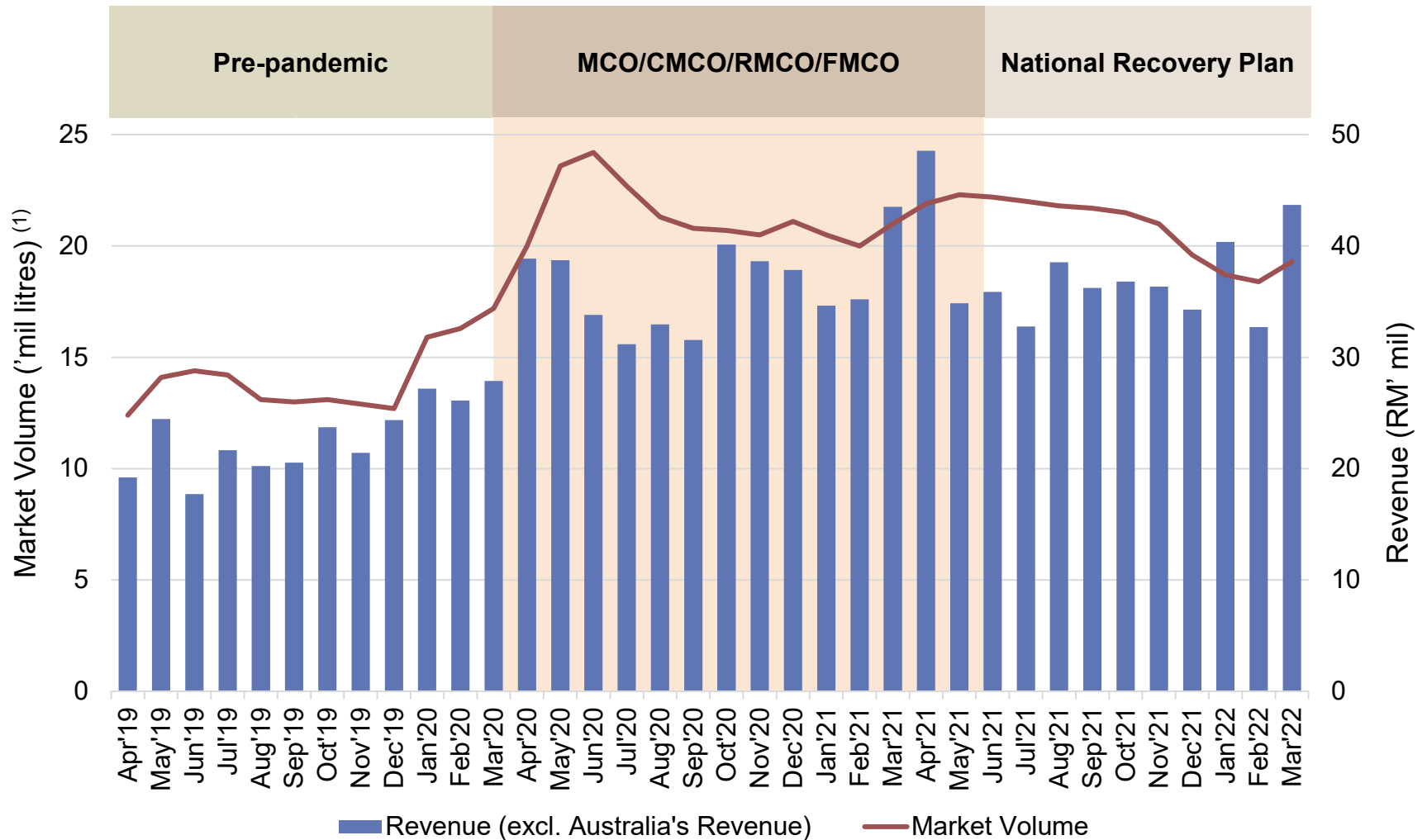
Relaunched Greek Yoghurt with new packaging





2 Financial Overview

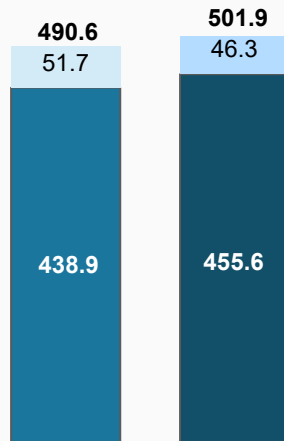
Normalization in FY22



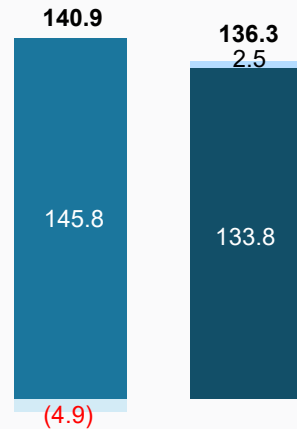
Revenue growth vis-à-vis Malaysia RTD market
 Note 1: Combined Ambient and Chilled Volume (Source from Kantar, May 2022)

Key Financial Metrics

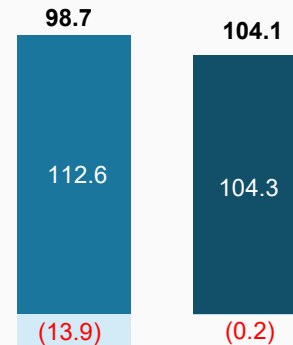
Revenue
(RM' mn)



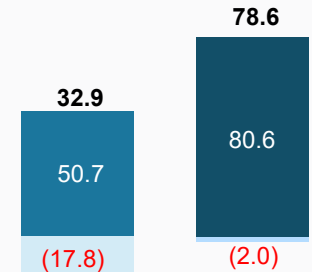
GP
(RM' mn)



EBITDA
(RM' mn)



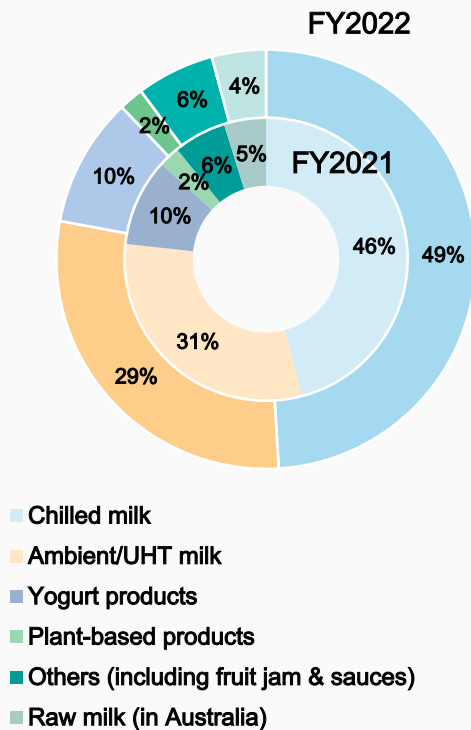
PAT
(RM' mn)



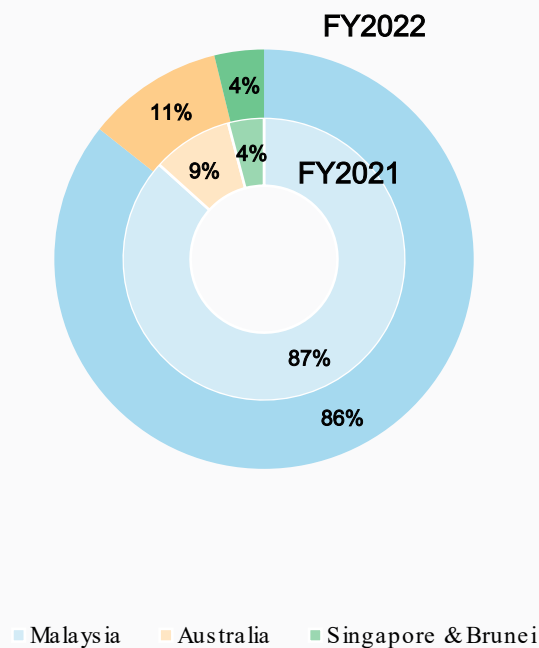
Australia FY21
 Australia FY22
 Malaysia FY21
 Malaysia FY22

Revenue Analysis

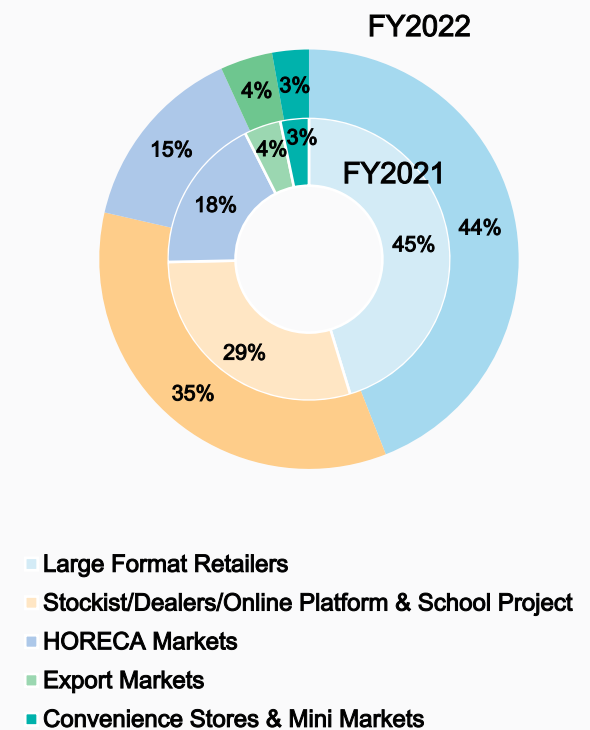
Revenue split by product



Revenue split by region

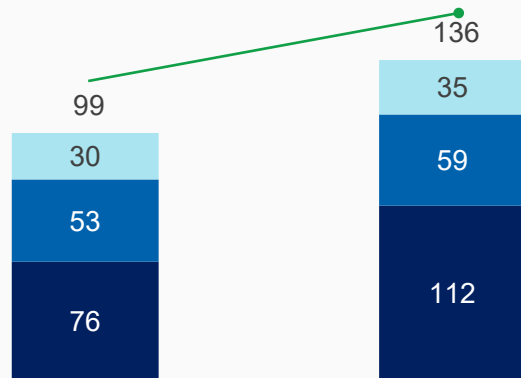


Revenue split by distribution channel



FY2022 Balance Sheet Ratios

Cash Conversion Cycle (Days)

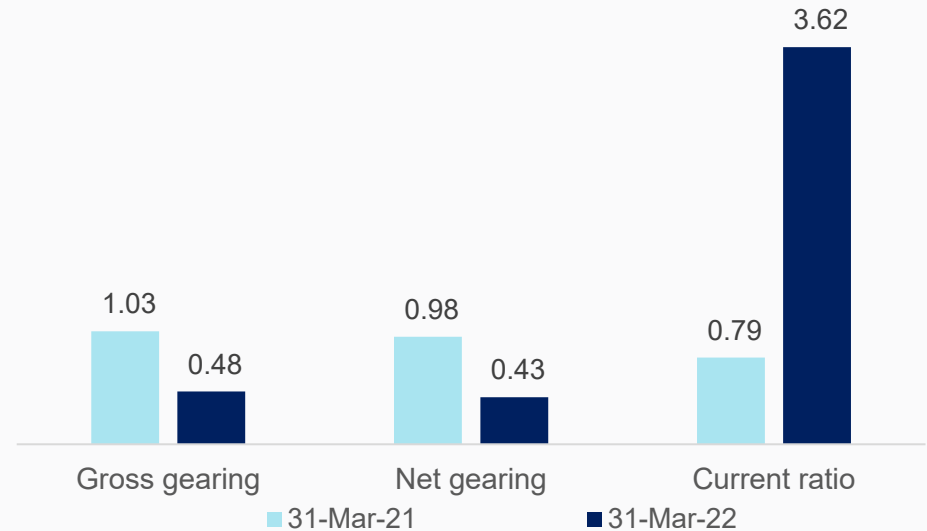


- Cash conversion cycle
- Average trade payables turnover
- Average trade receivables turnover
- Average inventories turnover

Higher average inventory turnover due to:

- higher proportion of ingredients kept as a buffer due to the global freight uncertainties which has resulted in delays in shipments globally; and
- the lower opening inventory as at 1 April 2020 which in line with the lower sales during that period.

Key Ratios (Times)



Current ratio increased from 0.79 times to 3.62 times due to (i) IPO proceeds of RM300mil in conjunction with the listing on the Main Market of Bursa Malaysia; and (ii) refinancing of current shareholder loan, term loans and hire purchase liabilities with the Sukuk proceeds.

Gross gearing ratio decreased from 1.03 times to 0.48 times due to the enlarged issued share capital in conjunction with the listing on the Main Market of Bursa Malaysia Securities Berhad with public issue of 222,954,700 new ordinary shares at a price of RM1.35 per share, as well as increase in retained earnings arising from the profitability of the Group

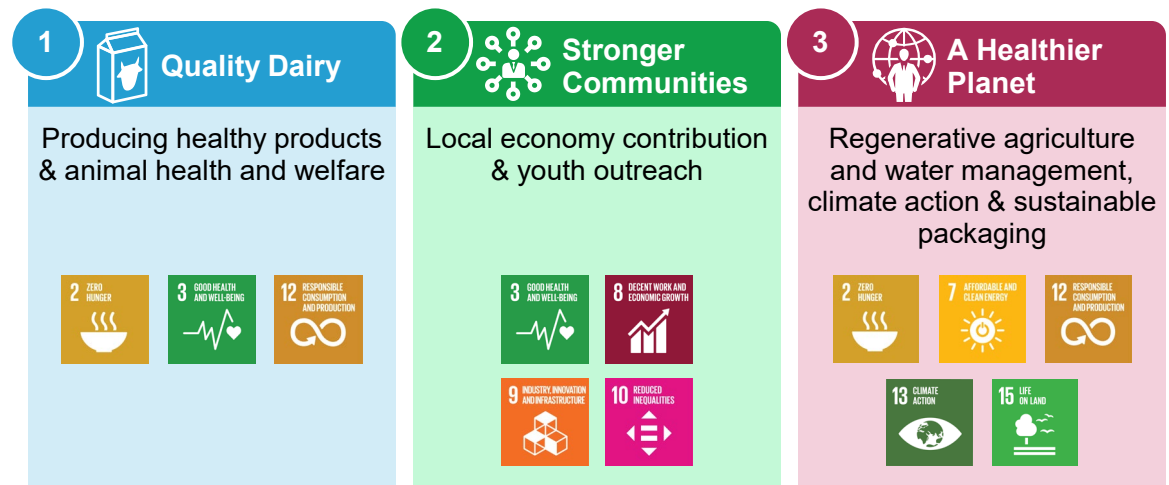


3 Sustainability



ESG efforts

Farm Fresh has picked the following United Nations Sustainable Development Goals which their sustainability efforts have the greatest chances of impacting



Source: Company information.

1 Quality dairy



Producing fresh products that meet the highest food and safety standards, whilst providing key nutritional needs through the maintenance of a healthy dairy livestock

Producing healthy products



All products offer an optimised percentage of total solid, including protein and fat content



Continue R&D into new dairy and non-dairy recipes and enhance the nutritional and functional benefits offered by all our products

Food safety and quality



0

safety related product recalls since 2014

Animal health and welfare



1st farm⁽¹⁾ in Asia



How we promote animal health and welfare

- Effective evaporative cooling via tunnel-ventilation barns and soakers
- Compost-bedding packs for lactating cows
- Routine hoof care and trimming
- Fed with grass planted on-site, pesticide free and organically fertilized via animal waste



Collaborations with



International pharma

Lower the cost of medicinal care, shift resources to preventive care and improve milk yields through increased animal wellbeing and productivity



2 Stronger communities



Local economy contribution

Lasting change to lives and livelihoods



Yayasan Didik Negara

Donated RM500,000 to Yayasan Didik Negara to ensure education is provided for children who lost their parents due to Covid-19.



72%

of farm and farm processing facility employees are recruited from rural and underserved communities



116

student intern participants from local universities since 2019



RM134mn

in income generated for stockists, dealers and agents under our home dealer programme



80%

of Farm Fresh's micro-entrepreneurs⁽¹⁾ are female



RM3.2mn

in income generated for our partner-farmers



74mn packs

Contract award under School Milk Program to school canteens in the Northern, Eastern and Southern regions of Peninsular Malaysia

3 A healthier planet



Regenerative agriculture and water management



- Since 2014, implemented regenerative agriculture processes⁽¹⁾ at Muadzam Shah Farm and UPM Farm

Vermiculture

Treat liquid animal waste to aid with pasture irrigation

Vermicomposting

Recycled rainwater for washing and flushing of barns

Reduce dependency on chemical fertilizers

Enhance plant growth and soil microbial activity

Improve physical characteristics of soil

Reduce animal waste discharge sent to landfills



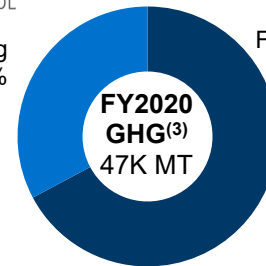
Climate action



Carbon footprint exercise completed in July 2021

Processing facilities 33%

Farms 67%



Types of GHG emissions

Scope 1

Scope 2

Scope 3



Rooftop solar project completed – installed Solar PV **1,025.07 kWp** in Muadzam Shah in April 2022 and **689.02 kWp** in Larkin in July 2022.

Sustainable packaging



Trusted supplier for **fully recyclable paper packaging** for UHT products **since 2018**



FSC certified for:
Paperboard sources
Chain of Custody for all operations



4 Strategies / Future Prospect



Farm Fresh's strategies

Further strengthen position as one of the **leading Malaysian dairy players** and expand market share outside Malaysia

1



**Expand
our capabilities
across the value
chain in Malaysia**

2



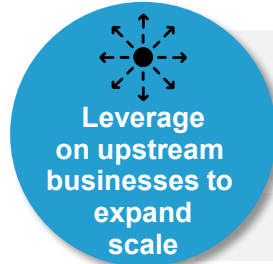
**Continue to
develop and grow
our product
portfolio**

3



**Regional
expansion outside
of Malaysia**

1 Leveraging on gene bank ownership and notable farm management & animal husbandry practices to scale farm area



Gene bank ownership, using IVF to propagate good genetics, notable farm management and animal husbandry practices as leverage

Scale farm area, herd size and milk production

Capitalise on Malaysia's increasing domestic demand for dairy products



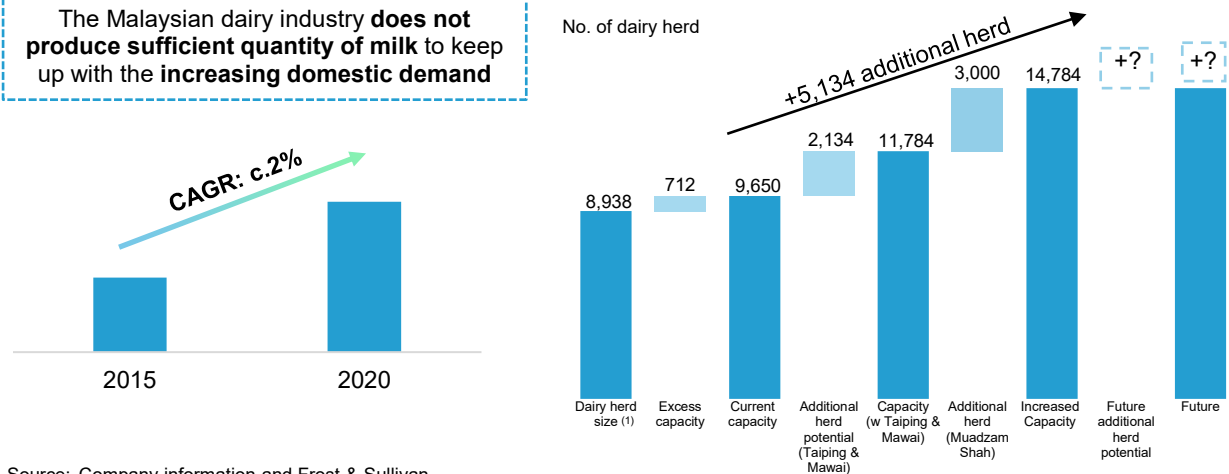
828-acre Taiping Farm has been operational with a dairy herd size of 1,200. This will be ramped up to about 3,000 over the course of the next 1.5 years

Developing our additional 500-acre land in Muadzam Shah into a full-scale farm similar to our current Muadzam Shah Farm with an aim to start operations in 1.5 years' time and reach its full capacity of 3,000 dairy herd size in the next 3-4 years.

Evaluating certain lands in Sarawak for potential development into a dairy farm and integrated processing facility

Malaysian net import of milk and milk products

The Malaysian dairy industry **does not produce sufficient quantity of milk** to keep up with the **increasing domestic demand**



Source: Company information and Frost & Sullivan.
(1) As at 31 March 2022.

1 Expand production capacity in midstream segment



Short term

Increasing farm yoghurt capacity in Larkin by November 2022; additional portion pack line in Muadzam Shah



Completion of processing facilities at Taiping Farm to be completed by 4Q2022 serving chilled market in Northern Peninsular Malaysia

Long term

Acquired 8 acres freehold industrial land at Techpark@Enstek, Negeri Sembilan in June 2022, for establishing a new manufacturing hub.

Increase existing production capacity for dairy and plant-based products

Serve as a base for the development of new product offerings in Malaysia, including ice cream

Expansion and new establishment



34%

increase in production capacity



147mn ltr

as at 29 August 2022, including the newly installed 6.8mn ltr production capacity at Muadzam Shah in August 2022.

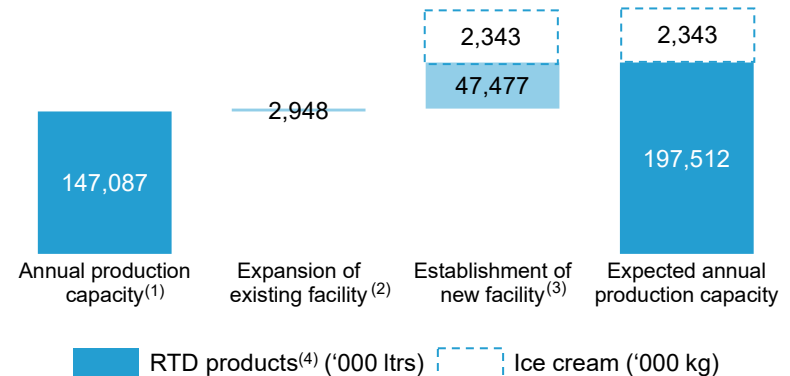


197mn ltr

post-expansion of processing facilities

Production capacity of finished products in Malaysia

'000 litres



Source: Company information.

- (1) Muadzam Shah Facility, Larkin Facility and UPM Facility contribute 81.0mn ltr, 62.8mn ltr and 3.3mn ltr respectively.
- (2) Larkin Facility expected to have an additional 2.9mn ltr capacity respectively in FY23.
- (3) Taiping Facility and a new manufacturing hub expected to contribute 20.8mn ltr, and 26.7mn ltr respectively.
- (4) Does not include ice cream.

1 Expand and capitalise on existing distribution channels



Home dealer programme

- Leverage on proven home dealer programme and operational platform to continue to scale stockist and home dealer network
- Capitalise on the underpenetrated areas in Malaysia
- Identified pockets of areas within Malaysia not served by any stockists
- Actively hire and build out stockist and home dealer network in these areas



Capitalise on existing distribution footprint

- Expand and capitalise on existing distribution channels in Malaysia by growing distribution footprint
- Deepening penetration in the convenience store and petrol kiosk format
- Leverage the success distribution channel of the large format retailers and convenience stores with over 7,200 stores in Malaysia to carry Farm Fresh's products and promote our new product launch (eg: growing up milk)

2 Continue to develop and grow product portfolio

1 Attractive Growing-Up milk segment ...

- Powdered milk category in Malaysia is a large market segment with a size of **MYR2.3bn⁽¹⁾**
- Plan to launch growing up milk for kids aged 2 to 6 years old in **September 2022**.
- Uses **fortified fresh milk formula** which competes with both **powder-based kids milk** and **RTD reconstituted milk-based products**



2 ... with strategic window of opportunity via schools ...

- Schools in Malaysia represents a **large and attractive** market
- Improve brand recognition within the student population in Malaysia through via **stockists** and **home dealer network**
- Introduced in May 2022 our Farm Fresh Hero DC 125 ml packaging variant with Justice League superhero comic characters

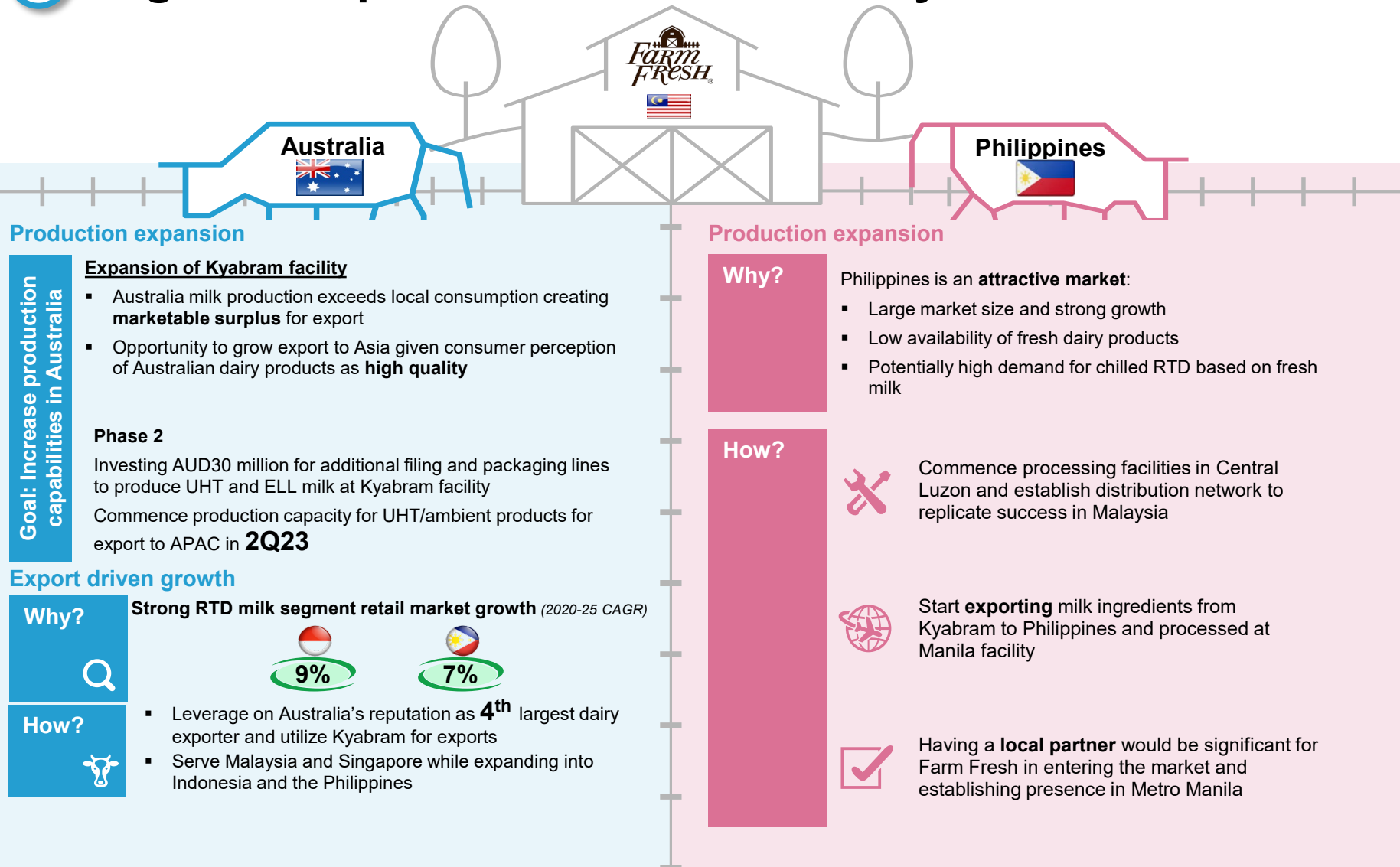


3 ... with additional growth opportunities via new and adjacent product categories

- Launch of our **Yarra by Farm Fresh** in September 2022 which will be made from full cream milk powder and compete in pricing with other reconstituted or recombined milk from skimmed milk powder
- Continue to explore expansion into other product categories such as **non-dairy packaged** food and beverage products
- Plan to expand into **plant-based yoghurt** products – continue to target consumers who are lactose intolerant or with dietary restrictions
- Expansion into the **ice cream** segment



3 Regional expansion outside of Malaysia





Thank You

