



Farm Fresh Berhad

13th Annual General Meeting

25 September 2024



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Business Overview

Financial Year 2024 at a glance



108.9 million

Litres of **finished goods sold**
(2023: 93.5 million litres)



Total landbank size of
5,367 acres
(2023: 5,367 acres)



11,852

Dairy cows (2023: 10,985)



16

New products commercialised
(2023: 25 products)

Market share⁽¹⁾

#1



Chilled RTD Milk

12% → 51%
in 2015 In 2022



Ambient RTD Milk⁽²⁾

9%
in 2022

#2

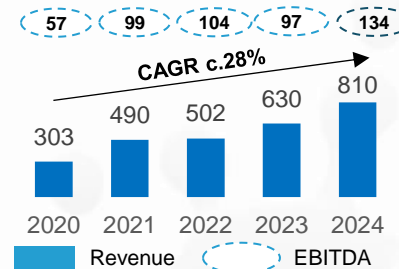


Malaysia's RTD Milk

3% → 23%
in 2015 In 2022

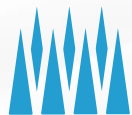
MYR mn

Revenue



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

Vertically integrated
“grass-to-glass” model



Upstream⁽¹⁾



5

dairy farms

8,644

Dairy cows



2

dairy farm

3,208

Dairy cows

Strong competitive advantage
through gene bank ownership



Midstream⁽¹⁾

2

processing facilities

194

finished products (mn ltr)

1

processing facility

84

processed milk (mn ltr)



Downstream⁽¹⁾

192 SKUs

across multiple product segments⁽²⁾



Large Format Retailers



Stockist / Dealers



Convenience Store



HORECA



Export markets

Source: Company information.

Note:

(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 2024.

(4) SKU count across overall product portfolio ie chilled RTD milk products, UHT/ambient RTD products, plant-based products, yoghurt products, butter, fruit jam and sauces as at 31 March 2024.



Key Milestones in 2023/2024

Completed 70% acquisition of Sin Wah Ice Cream Sdn Bhd



Won third consecutive Platinum Award in the Beverage – Dairy category at the Putra Brand Awards.



Launched consumer packaged goods (CPG) ice cream



May 2023

October 2023

December 2023

January 2024

April 2024

July 2024

August 2024

Completed 65% acquisition of The Inside Scoop Sdn Bhd



INSIDE SCOOP

Launched Farm Fresh Grow in powder format made from whole milk powder, fortified with vitamins, minerals and BB12® probiotics



Biogas plant in Muadzam Shah operational to reduce diesel usage & carbon dioxide equivalent (tCO2e)



Launched Choco Malt, chocolate malt drink in powder format with high content of malt, milk and cocoa





2 Financial Overview

Key Financial Metrics as at FYE 31 March 2024

Revenue

▲ 28.7%



RM 810.4 million

Gross Profit

▲ 44.3%



RM216.0 million

Shareholders' Equity

▲ 9.0%



RM693.0 million

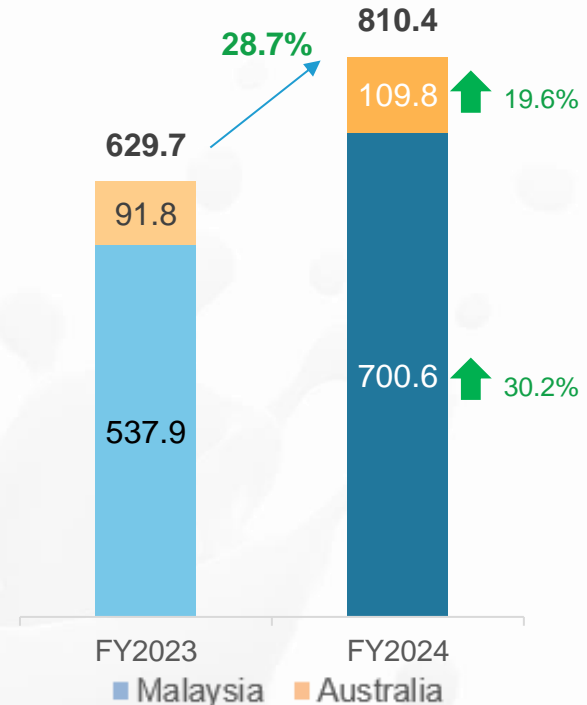
Profit After Tax

▲ 26.8%



RM63.3 million

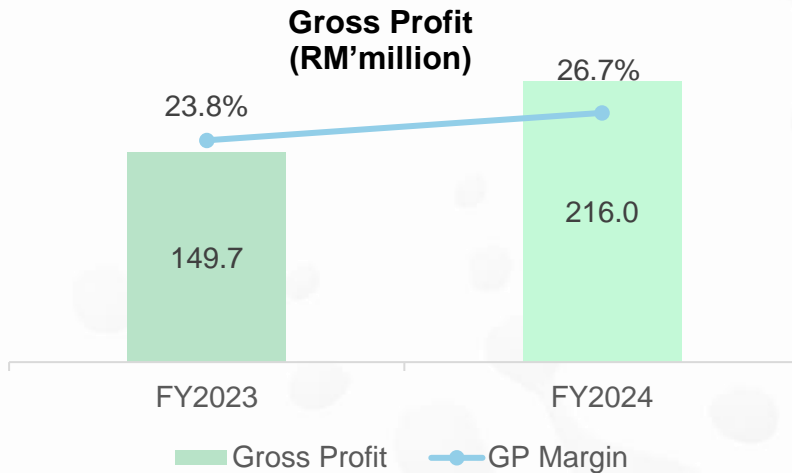
Revenue (FY24 vs FY23)



- Sales growth driven by higher HORECA and commercial UHT sales, positive impact from launching of new products (Yarra by Farm Fresh and Growing Up Milk) accompanied by revenue contribution from Inside Scoop and Sin Wah.
- Australia growth contributed by full year revenue contribution from St David Dairy which was acquired in Aug'23 and higher external sales from GVC.

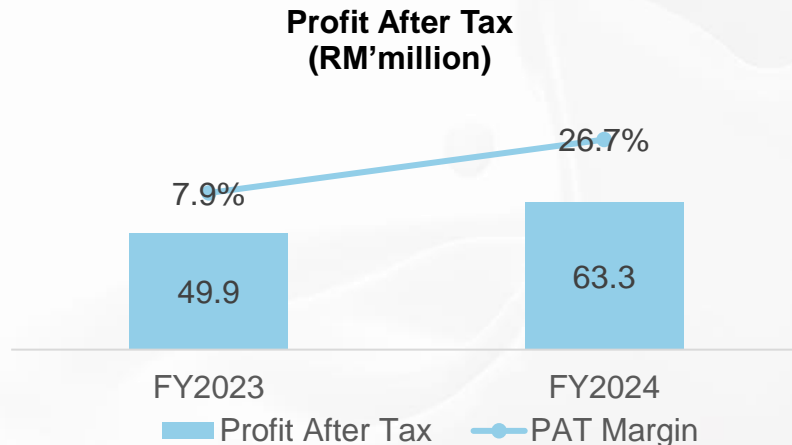
Higher Gross Profit and Profit After Tax

**Gross Profit
(RM'million)**



- Improved gross profit and margins driven by significantly lower milk ingredients cost, increase in prices in mid-July 2023, and contribution from Inside Scoop and Sin Wah
- Gross profit further boost by reduced input costs for dairy raw materials and price increases in chilled RTD products and certain UHT products in Malaysia effective mid-July 2023.

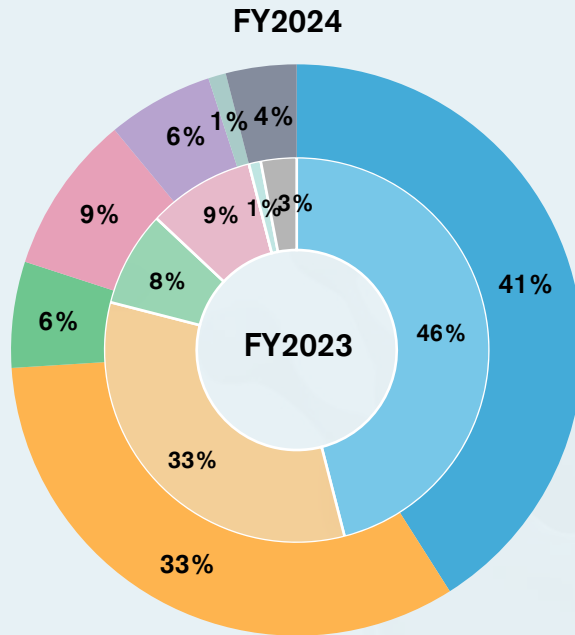
**Profit After Tax
(RM'million)**



- Consequently, profit after tax grew by 27.5% driven by higher revenues and gross profits.
- However, this was partially offset by higher administrative costs, particularly salary and depreciation costs from the acquisition of Inside Scoop and Sin Wah..
- The Group also incurred higher finance costs due to increased borrowings for expansion and incurred higher tax expenses arising from the acquisitions of Inside Scoop and Sin Wah, which do not enjoy any tax incentives.

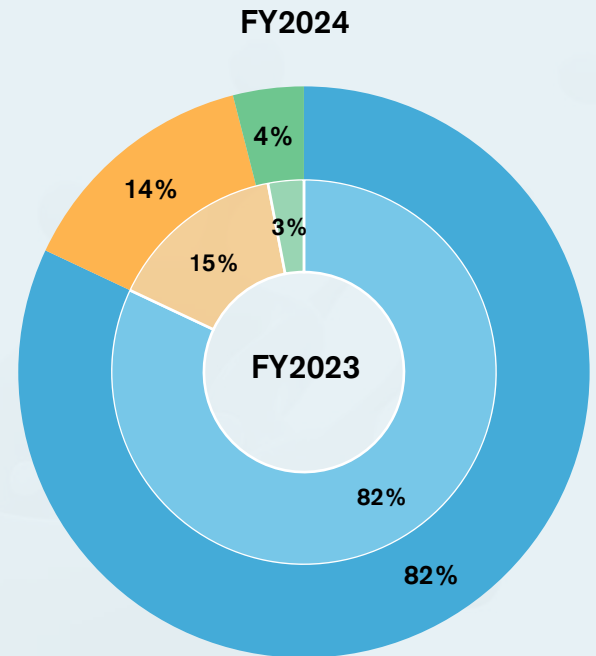
Revenue Analysis

Revenue by Product



- Chilled milk
- Ambient / UHT milk
- Yogurt & Yogurt drinks
- Australia external milk sales
- Ice-cream
- Plant-based products
- Others (Agro & Jomcha)

Revenue by Region

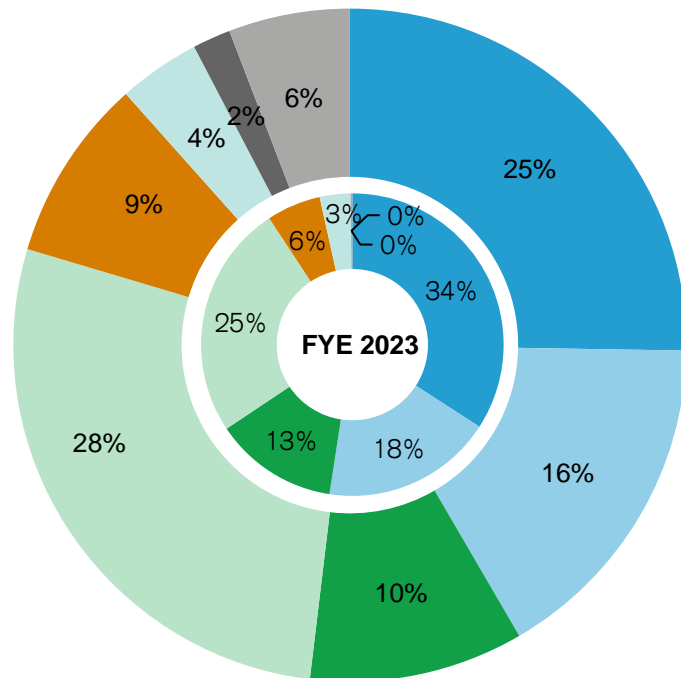


- Malaysia
- Australia
- Singapore & Brunei

Revenue Analysis by distribution channel

Malaysia

FYE 2024



- Large format retailers
- Stockist / Dealers
- School Milk Programme
- HORECA markets
- Convenience stores & Mini markets
- Export markets
- E-Commerce (TikTok, Shopee etc.)
- In-store (Inside Scoop & Jomcha)

Distribution channel

Large format retailers

- Comprise mainly of supermarkets and large hypermarkets
- 15 large format retailers, products carried at over 700 locations

Stockist / Dealers

- Products sold directly to stockists
- On-sell products to home dealers under Farm Fresh's "home dealer program"

School Milk Programme

- Since 2022, distributed over 65 million packs of school milk to more than 3,400 schools in Malaysia

HORECA Market

- Hotels, restaurants and cafes in Malaysia
- 9 hotel chains, 16 café chains and 24 distributor agents

Export markets

- Distribution arrangement with distributors in Singapore and Brunei

Convenience Stores

- Partnerships with 5 convenience store chains and 5 petrol companies
- Products carried at more than 9,700 locations

In-store

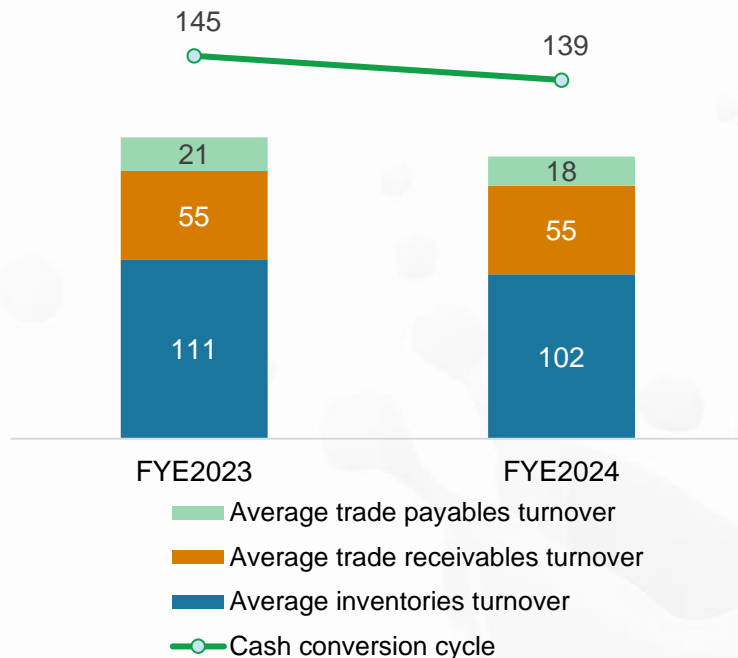
- Inside Scoop over 47 stores and Jomcha over 50 stores across the country

E-Commerce

- Tik Tok, Shopee, etc.

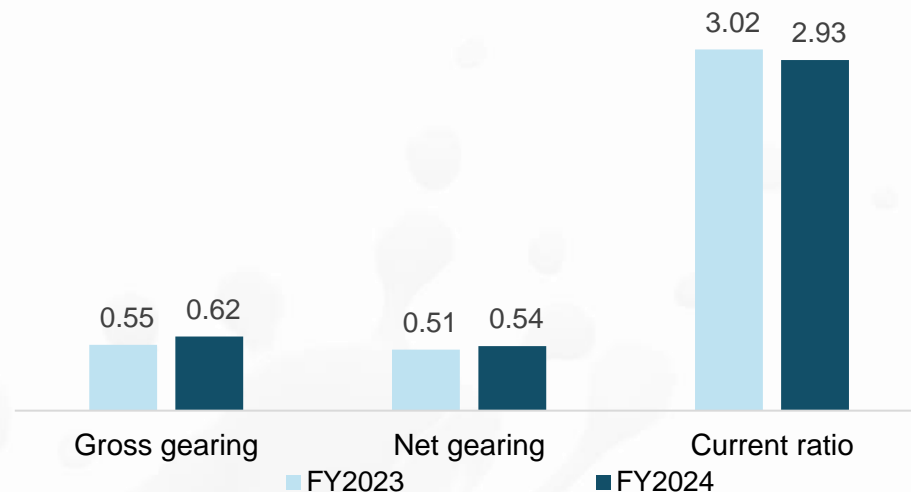
FY2024 Balance Sheet Ratios

Cash Conversion Cycle



- Average inventories turnover days decreased from 111 days to 102 days due to lesser purchases with the expectation of a drop in the Australian average farmgate raw milk prices and whole milk powder prices
- Average trade receivables remained constant
- Average trade payables days decreased from 21 days to 18 days due to higher repayment of current trade payables during the year.

Key Ratio



- Gross and net gearing ratio increased due to :
 - (i) Reduction in equity arising from the recognition of put option granted pursuant to the acquisition of Inside Scoop
 - (ii) Drawdown of RM100m Sukuk
 - (iii) Recognition of lease liabilities of Inside Scoop following the transition of accounting framework from MPERS to MFRS during the year
- Current ratio decrease from 3.01 times to 2.93 times due to higher repayment of current trade payable during the year



3 Strategies/ Future Prospects



Continue to develop and grow product portfolio



Well positioned to innovate and expand product portfolio



Market recognition of Farm Fresh's brands



Strength in product development



Wide distribution network



Research & development capabilities



Local preferences & consumer insights

1

Growing-up milk powder

- Farm Fresh Grow in powder format launched in December 2023, made from pure dairy with rich fortification of vitamins, minerals, prebiotics and probiotics, has been doing very well in the first few months of launching.



2

Ice Cream & Chocolate Malt

- Launched Choco Malt in July 2024 and consumer packaged goods (CPG) ice cream in August 2024
- Both products marks our entry into a large addressable market in excess of RM1 billion each, providing avenue for Farm Fresh to leverage on our brand equity to tap into further revenue growth



3

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

- Planned launch of other new product categories such as **cultured milk** and **butter**
- Collaboration with Monsta, local animation company to use Mechamato character to increase appeal amongst children and increase sales in schools



Future Expansion Plans

01 Enstek

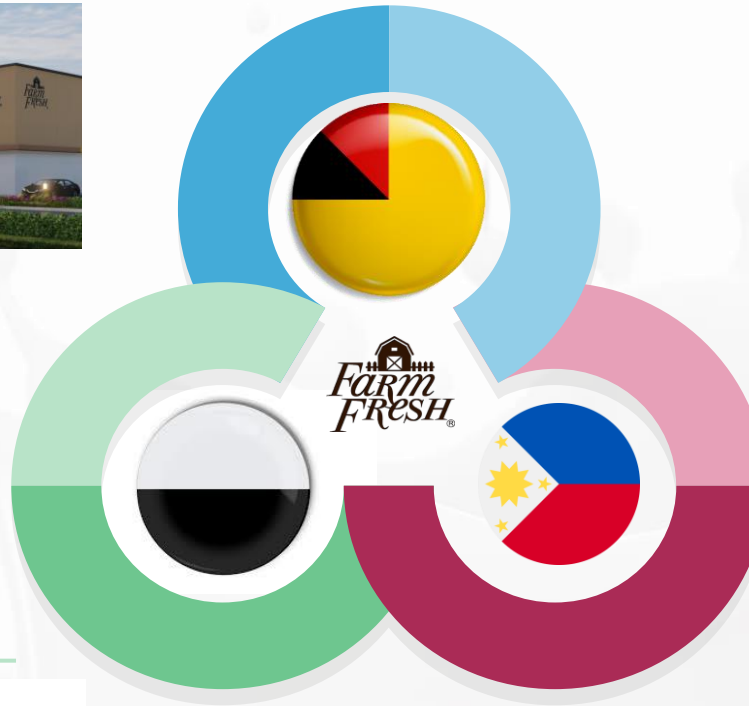


- Our central region manufacturing hub is slated for completion in mid-2025, focusing on ice cream & plant-based products

02 Muadzam Shah Farm expansion (MZ2)



- Work has commenced on the additional 500 acres of land which will double herd size from 3,000 to 6,000 dairy cows



03 Philippines Expansion

- Operations has started in Philippines with exports from Malaysia commencing since mid-2024. Our new processing facility at San Simon (about 1 hour away from metro Manila) has also commenced operations in-August 2024.

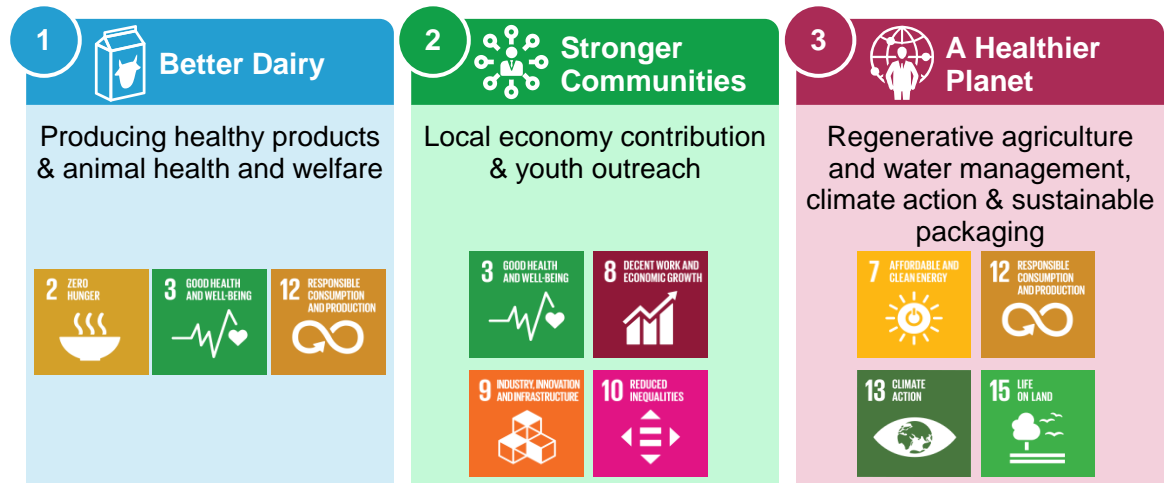


4 Sustainability



Farm Fresh Sustainability Efforts

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



1 Better 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



All staff trained in GMP and HACCP food safety practices

0

safety related product recalls since 2014

Animal health and welfare



1st farm⁽¹⁾ in Asia



Our Performance

- All our farms adhere to the Group's Good Animal Husbandry Practices ("GAHP")
- All our completed Malaysian farms have received the Certified Humane® accreditation
- 82.3% of our cows have access to tunnel-ventilation barns
- 96.8% of our cows have access to dry sand-bedded areas for relaxation



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



Youth Outreach

Launched Farm Fresh's Multidimensional Human Capital Development Programme



Local first / local community policy

Provides Orang Asli children with educational and financial support under Farm Fresh Scholarship programme



67%

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



223

student intern participants from local universities since 2019



RM47.2mn

in gross income earned by stockists, and dealers under our home dealer network



80%

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



RM2.7mn

in income generated for our partner-farmers



>65mn packs



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

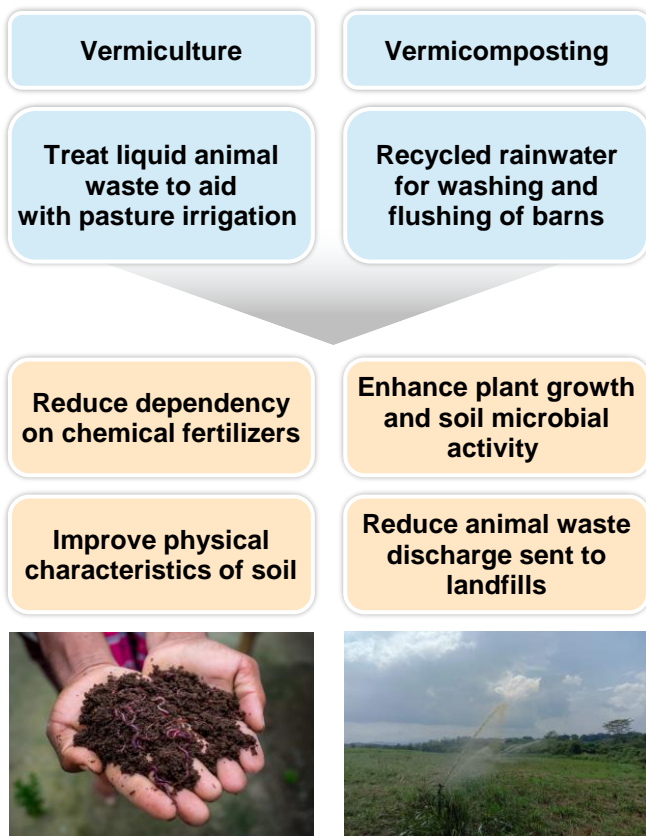
3 A healthier planet



Regenerative agriculture and water management



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



146.7

million kg of solid waste recycled and removed from waste discharge.

FY2023: 88.3 million kg

1,486,520

kg of chemical fertiliser removed from our cycle

FY2023: 1,748,730 kg

418.6

million litres of Farm Dairy Effluent (FDE) recycled and removed from waste discharge.

FY2023: 336.7 million litres

329.7

acres of farmland irrigated by recycled FDE.

FY2023: 329.7 acres

3 A healthier planet



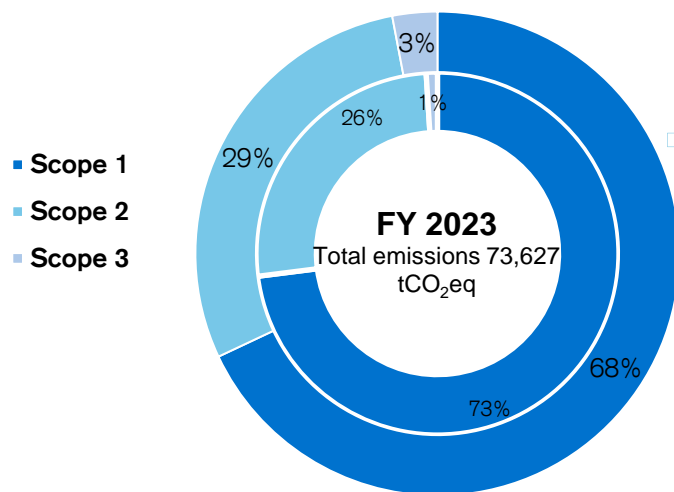
Climate action



GREENHOUSE
GAS PROTOCOL

Carbon footprint exercise

FY 2024
Total emissions 89,856 tCO₂eq



Types of GHG
emissions

Scope
1

Scope
2

Scope
3

□ Farms emission intensity 27% (MY) and 40% (AU) lower than regional average⁽¹⁾

□ Emissions intensity increased by 9% driven by the new corporate stores
□ Other increase was due to the increased usage of fertiliser

	2023	2024	Var.
Emissions intensity (tCO ₂ eq / tonne of milk)	0.44	0.48	↑ 9%

Updates as of FY2024:



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 & **525.03 kWp** Taiping in 2023



Biogas plant in Muadzam Shah up and running & estimated reduction of **9,800 tonnes carbon dioxide (tCO₂e)** per annum and **reduce diesel usage by 670k litres** a year.



Source: Company information.

(1) Comparison with Asian and Oceania respectively, based report by Food and Agriculture Organization of the United Nations and Global Dairy Platform Inc. in 2019.

3 A healthier planet



Sustainable packaging



Supplier for **fully recyclable paper packaging** for UHT products **since 2018**



FSC certified for:
Produced from responsibly managed forests and controlled sources

Our sales of finished goods that use fully recyclable and FSC® certified Tetra Pak packaging has **maintained** at **33.6%** of total sales in **FY2024**

Launched **Milk on Tap** (11 outlets across Kuala Lumpur and Johor Bahru) - dispense fresh milk into Farm Fresh glass bottles which is **returnable** and **re-usable glass bottles**.

- ✓ Make use of the environmentally-friendly option; and
- ✓ Help reduce the use of plastics

From **Aug'22 to Mar'24**, our Milk on Tap initiative has resulted in avoidance of **>375,500 plastic bottles** or equivalent to **>18,700 kg of plastic**.





Thank You

