Farm Fresh®

# INTEGRATED ANNUAL REPORT 2025

## Driving Sustainable Growth

# Investing Together for a Better Future

# Welcome To

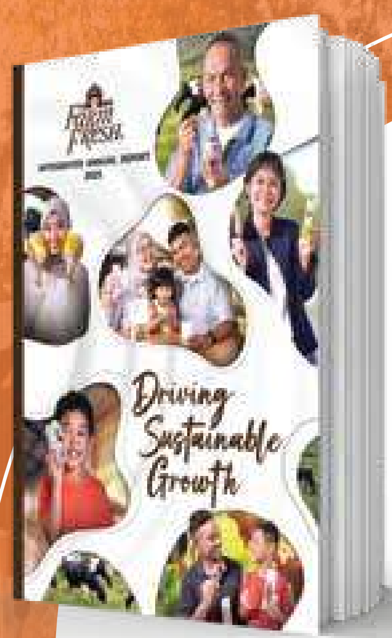
## Farm Fresh Berhad's Integrated Annual Report For The Financial Year 2025

As the leading homegrown dairy company in Malaysia, we are committed to meeting the evolving needs of our customers through ongoing innovation while staying true to our brand promise of providing fresh, nourishing goodness for everyone, every day.

Our diverse product range includes various dairy products such as fresh milk, flavoured milk, yoghurt and yoghurt drinks, and our growing-up milk for children both in ready-to-drink format as well as powder format. We also offer plant-based alternatives such as soy, almond and oat milk, and product extensions through JomCha.

Our portfolio continues to evolve to enhance our offerings and increase value for stakeholders. We have expanded into adjacent product categories such as Moola Choco Malt, Farm Fresh Butter, Family Pack Full Cream Milk Powder and our newly released consumer packaged goods ice cream. Through large format retailers, mini marts, convenience stores and our unique home dealer network – we are consistently expanding our reach to ensure product accessibility across the whole of Malaysia.

Our products are also currently sold in Singapore, Australia and the Greater Manilla market of neighbouring Philippines. We extend our heartfelt gratitude to our customers, partners and stakeholders for their unwavering support over the past year. Together, we will continue to grow, innovate and bring the best of Farm Fresh to every household.



# About This Report

**We are proud to present Farm Fresh Berhad's (referred to as the "Group", the "Company" or "Farm Fresh") Integrated Annual Report (referred to as the "report") for the financial year 2025 (FY2025), marking our fourth year as a publicly listed company.**

**This report, consisting of an Integrated Report, Sustainability Statement and Financial Statement, provides a comprehensive overview of how our strategic initiatives and dedicated efforts in FY2025 are interconnected to meet stakeholder needs, identify risks and opportunities, leverage key growth drivers, enhance transparency and create sustainable value over the short, medium and long term.**

## FEATURE IN THIS ANNUAL REPORT

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Download the "QR Code Reader" on App Store or Google Play

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## FEEDBACK

We highly value and appreciate all feedback aimed at enhancing the relevance of our future reports for our stakeholders. You may reach out to us through:

+607 232 3463

custsvc@farmfreshmilk.com.my

No. 11-1, Jalan Petaling
Kawasan Perindustrian Larkin
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## CROSS REFERENCES

Offers additional details on the topic within the report.

Hyperlinks to our website are also provided for easy access to further information:
**www.farmfresh.com.my**

## QR CODE DOWNLOAD

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# Report Stucture

## REPORTING FRAMEWORK

**Disclosures in this report are guided by the following frameworks and standards:**

- Value Reporting Foundation's International <IR> Framework (January 2021 version)
- Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements (MMLR)
- Bursa Malaysia's Corporate Governance Guide (4th edition)
- Securities Commission Malaysia's Malaysian Code on Corporate Governance 2021
- Malaysian Companies Act 2016
- Malaysian Financial Reporting Standards

Meanwhile, our Sustainability Statement, now in its fifth edition, offers a detailed assessment of our economic, environmental and social sustainability performance within the context of issues determined to be material to the Group and our stakeholders. The disclosures in our Sustainability Statement are guided by:

- Bursa Malaysia's Sustainability Reporting Guide (3rd edition)
- Bursa Malaysia's MMLR
- Global Reporting Initiative's (GRI) Sustainability Reporting Standards

## FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to our future directions, strategies, potential risks, actions to mitigate said risks and performance. These statements and forecasts involve uncertainty as they describe future events and are not conclusive.

Actual implementation and results may differ depending on various risk factors and market uncertainties, which may be unforeseeable.

The inclusion of forward-looking statements in this report should not be regarded as a representation or warranty that the Group's plans and objectives will be achieved. Readers should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to publicly update or revise them.

## SCOPE & BOUNDARY

The scope of this report covers the reporting period of 1 April 2024 to 31 March 2025, unless otherwise stated, encompassing the Group's operational, financial and non-financial performance, and other relevant disclosures.

## HOW TO NAVIGATE THIS REPORT

**Our 6 Capitals**

- Financial Capital
- Intellectual Capital
- Manufactured Capital
- Natural Capital
- Human Capital
- Social & Relationship Capital

**Our Key 7 Stakeholders**

- Customers
- Shareholders & Investors
- Distributors
- Local Communities
- Employees
- Suppliers
- Governments & Regulators

**Our Material Matters**

- Product Quality and Safety
- Producing Healthy Products
- Efficient Farm Management and Production
- Distribution Network Management
- Talent Attraction, Retention and Development
- Environmental Stewardship
- Community Impact
- Regional Growth

**UN SDGs**

1 No Poverty · 2 Zero Hunger · 3 Good Health and Well-Being · 4 Quality Education · 5 Gender Equality · 6 Clean Water and Sanitation · 7 Affordable and Clean Energy · 8 Decent Work and Economic Growth · 9 Industry, Innovation and Infrastructure · 10 Reduced Inequalities · 11 Sustainable Cities and Communities · 12 Responsible Consumption and Production · 13 Climate Action · 14 Life Below Water · 15 Life on Land · 16 Peace, Justice and Strong Institutions · 17 Partnerships for the Goals

**STRATEGIC PRIORITIES**

- EXPANDING OUR CAPABILITIES ACROSS THE VALUE CHAIN IN MALAYSIA
- CONTINUE TO DEVELOP AND GROW OUR PRODUCT PORTFOLIO
- REGIONAL EXPANSION OUTSIDE OF MALAYSIA

# Highlight of Our *Sustainability* at Farm Fresh

At the heart of our vision to become a sustainable, honest and consumer-centric food company is our steadfast commitment to embedding sustainability into our business strategy. This holistic strategy aims at ensuring lasting benefits for our local communities, stakeholders and planet, all while bolstering our financial resilience.

Our approach to environmental, social and governance (ESG) matters is structured around four core pillars:

## Better Dairy

- Animal Health & Welfare
- Food Safety & Quality

**Related UNSDG's**

2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
15 LIFE ON LAND

## Healthier Planet

- Circular Practices
- Responsible Water Stewardship
- Energy & Emissions
- Sustainable Packaging

**Related UNSDG's**

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

## Stronger Communities

- Local Economy Contribution
- Community Development
- Employee Health, Safety & Well-being
- Fair & Ethical Employment

**Related UNSDG's**

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES

## Responsible Governance

- Anti-Corruption
- Cyber Security & Data Privacy

**Related UNSDG's**

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

# OUR COMMITMENT TO RESPONSIBLE PRACTICES

As we uphold our brand promise of delivering nutritious dairy and plant-based products, we remain focused on bolstering our regenerative agriculture practices. Since embarking on this journey in 2014, our efforts in responsibly treating and efficiently recycling solid and liquid animal waste have yielded valuable resources for animal bedding, crop irrigation and soil fertilisation. These practices not only benefit the environment but also enhance the welfare of our dairy herd, resulting in healthier and more nutritious products.

We have also made substantial progress in transitioning to renewable energy sources, in line with our role as leaders in climate action. Successfully implementing photovoltaic (PV) technology at three farms – Muadzam Shah, Larkin and Taiping – has enabled us to harness the vast potential of solar power in tropical climates to generate clean energy. Additionally, the commencement of our first biogas plant in Muadzam Shah this year is anticipated to significantly reduce our greenhouse gas (GHG) emissions and diesel consumption.

To ensure a concerted and conscientious approach to quantifying and mitigating our GHG emissions, we regularly conduct comprehensive carbon inventory exercises. Our latest assessment in FY2025 reaffirmed that our farms maintain significantly lower carbon emissions intensity compared to regional peers, a distinction we have held since 2019. Building on this, we have maintained our reduction in carbon emissions intensity per revenue compared to previous year.

Concurrently, we drive sustainable socioeconomic progress in our surrounding local communities. Through our "local first" hiring policy, we prioritise the hiring of talent from rural and underserved areas, alongside local sourcing, to uplift local economies where our business operates. We also support government programmes aimed at providing nutritional dairy products for the younger generation, while undertaking educational outreach programmes to broaden the career prospects of marginalised youth. Meanwhile, our innovative home dealer network, established in 2016, empowers local micro-entrepreneurs to earn a decent income as stockists, agents or dealers of our products.

*For further details on our sustainability approach and the outcomes we have achieved so far, refer to the "Our Sustainability Journey" section of this report from pages 128 to 177.*

# Inside This Report



## Section 1
## Overview of Farm Fresh Berhad



## Section 2
## Key Messages



## Section 3
## Value Creation at Farm Fresh



## Section 4
## Management Discussion and Analysis





**14th ANNUAL GENERAL MEETING**

Kuala Lumpur Golf & Country Club (KLGCC), Kuala Lumpur

Thursday,
25 September 2025

2.30 p.m.

# Who We Are

## *From Grass to Glass: The Farm Fresh Story*

**Built on the simple yet powerful promise of pure and nutritious dairy and plant-based goodness, Farm Fresh has become one of Malaysia's most well-loved homegrown brands, with ambitions to support the well-being of consumers both locally and abroad.**

Our journey began in 2009 with our founder, Loi Tuan Ee, whose deep-rooted passion for agriculture inspired him to offer Malaysians wholesome dairy products free from artificial additives, just as nature intended. Driven by this mission, he imported 60 Holstein Jersey cows from Australia and established our first farm in Mawai, Johor.

Through our unique "grass to glass" model, where we have the advantage of vertical integration of our high yielding cows in our dairy farms, down to the midstream processing and our multi-channel distribution network. This approach has given us a strong competitive edge in a market long dominated by imported milk, allowing us to deliver farm-fresh products directly to supermarket shelves and giving us a compelling competitive advantage in a dairy landscape dominated by imported milk. We thus developed a loyal; customer base and, supported by investment from Malaysia's sovereign wealth fund Khazanah Nasional Berhad, invested in expanding both our production capacity and product portfolio in ensuing years.

Today, we are proud to be a fully integrated dairy producer with seven farms and five processing facilities across Malaysia, Australia and the Philippines. Our portfolio includes 216 SKUs, such as chilled and ambient ready-to-drink beverages, yoghurts, plant-based alternatives, sauces, ice cream, butter and functional beverages like our newly launched chocolate malt beverage. With 10 distinct brands in our portfolio, we have evolved beyond our dairy-based roots and into one of the country's leading food and beverage FMCG players.

We continue to pursue new avenues for growth, whether by entering adjacent product categories or expanding into new markets. Our recently launched facility in San Simon, Philippines, positions us to serve both consumer and commercial segments in the country. At the same time, we are actively strengthening our presence in the HORECA market, which presents significant potential for future expansion.

As we continue on our exciting growth journey, we will remain firmly committed to the values that have guided us from the start: sustainability, transparency and the well-being of our consumers.

# Vision, Mission and Values

## OUR PROMISE (VISION)

To be a sustainable and honest food company that has an ingrained culture of placing the well-being of consumers first, culminating in strong brand love.

## OUR ACTION PLAN (MISSION)

We achieve our brand promise of delivering nutritious dairy and plant-based products by:

- **Diversifying our product portfolio** to capture a wide, addressable market with different functional and nutritional needs, supported by a culture of innovation whilst being honest and meticulous with our ingredients based on the functional and nutritional needs of customers.
- **Being ethical and truthful** in our labelling and marketing practices to foster strong brand trust.
- **Practising certified-humane farming practices** at our dairy farms and achieving high-yielding tropical dairy farming with our Australian Friesian Sahiwal (AFS) breed, including via continuous breed improvement utilising in vitro fertilisation (IVF).
- Enhancing our environmental stewardship by **implementing regenerative agriculture processes** that treat dairy manure for reuse in our farm operations.
- **Championing socially inclusive efforts** such as the **home dealer network and creating rural employment**.

# SHARED VALUES

We have established and adhere to the following shared values, which are in line with our vision and mission.

**I.S.A.A.C. –** Integrity, Stewardship, Accountability, Agility and Collaboration.

## *Integrity*

Key to our core principles is having integrity, implying strong moral principles based on honesty, which will translate to pure and honest products that we take pride in selling and consuming.

## *Stewardship*

Guided by our belief in doing well by doing good, we assume stewardship of both the environment and society. We take a leadership role in our humane treatment of our dairy animals and regenerative agriculture practices, whilst on the societal front, we champion one of the best programmes for sharing wealth with micro-entrepreneurs in the form of our home dealer network.

## *Accountability*

We are accountable first for our actions, then to our department and company. This translates into a strong collective effort driven by our goals, fulfilling all our duties to the best of our capabilities to propel Farm Fresh going forward.

## *Agility*

We have a glass-half-full mentality that is driven by our entrepreneurial roots. We are not complacent with what we have achieved. Instead, we take pride in continuously learning, and staying flexible in our business approach to achieve sustainable results.

## *Collaboration*

We value the diversity of our workplace by being inclusive, respectful and engaging meaningfully with internal stakeholders, from corporate management down to the factory floor and farm workers, as well as external stakeholders, such as regional regulators and the government of Malaysia.

# FY2025 Performance Snapshot

## FINANCIAL HIGHLIGHTS

Revenue:
**RM981.1 MILLION**
FY2024: RM810.4 million

Profit Before Tax:
**RM115.2 MILLION**
FY2024: RM69.1 million

Net Profit:
**RM107.3 MILLION**
FY2024: RM63.3 million

Earnings Per Share:
**5.68 sen**
FY2024: 3.40 sen

Shareholder's Equity:
**RM728 MILLION**
FY2024: RM693.0 million

Net Gearing Ratio:
**0.39 times**
FY2024: 0.37 times


# OPERATIONAL HIGHLIGHTS

**130.6**
MILLION LITRE
of finished goods sold
FY2024: 108.9 million litres

**5,367**
ACRES
in total landbank size
FY2024: 5,367 acres


**24**
NEW PRODUCTS
commercialised
FY2024: 16 new products commercialised

# SUSTAINABILITY HIGHLIGHTS

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

FY2024: 417.01 million litres

**102,930 tonnes**
of solid waste recycled and removed from waste discharge

FY2024: 146,730 tonnes

**705.1 million litres**
of municipal water saved through rainwater harvesting and tube well pumping

FY2024: 146.73 million litres

**36.8%**
turnover from products using fully recyclable, sustainably sourced packaging

FY2024: 33.6%

**RM47 million**
in gross income earned by stockists and dealers under our home dealer network

FY2024: RM47.2 million

**RM4.6 million**
income generated for our partner farmers

FY2024: RM2.7 million

**2,090,538 kg**
of chemical fertiliser removed from our cycle

FY2024: 1,486,520 kg

**0.55**
**tonnes of carbon dioxide equivalent ($tCO_2eq$)** in Group-wide carbon emissions intensity per tonne of milk

FY2024: 0.48 $tCO_2eq$

**68%**
of our total workforce across farms and processing facilities recruited from rural communities in Malay

FY2024: 67%

# Awards & Recognitions

### WORLD BRANDING AWARDS

- Brand of the Year in Dairy Products, 2022-2023
- Brand of the Year in Dairy Products, 2024-2025

### EQUITY & IPO DEAL OF THE YEAR

Received the IFN Equity & IPO Deal of the Year 2022 distinction in the IFN Deals of the Year 2022 Awards

### PUTRA MOST ENTERPRISING BRAND OF THE YEAR (2021)

### PLATINUM IN BEVERAGE – DAIRY (4 CONSECUTIVE WINS 2021-2024)

### PUTRA BRAND ICON (2024)

### PUTRA BRAND MARKETER OF THE YEAR (2024)

## Putra Brand Awards – Platinum (Dairy Category)

Winning Platinum for the fourth consecutive year, The Putra Brand Awards are unique because they are measured by consumer preference through surveys with well over 50,000 responses in which this award is not something that money could buy or influenced. This recognition validates the trust and loyalty Malaysians have in our brand, proving that our commitment to quality, natural ingredients that are free from preservatives, artificial colourings, flavourings and hidden sugar which truly resonates with them. As a homegrown brand, this achievement is deeply meaningful. It reflects the unwavering support from our customers who have been with us since the beginning.


## Putra Brand Awards – Putra Brand Marketer of the Year

The company was also awarded the Putra Brand Marketer of the Year title, for championing innovation and creativity in building their brand. Investments in research and development (R&D) have enabled the company to launch innovative products such as dates milk, lactose-free milk, almond milk, and Farm Fresh Grow, a nutritious drink designed for children. Recently, Farm Fresh expanded its offerings with a powdered version of Farm Fresh Grow, Australian organic milk, consumer-packaged ice cream, chocolate malt beverages, cultured milk and butter.

## World Branding Awards 2024

Farm Fresh Berhad has been named "Brand of the Year" in the Dairy Products category at the prestigious 2024-2025 World Branding Awards held at the Tower of London. This marks the Malaysian brand's second win, following its 2022-2023 recognition.

Farm Fresh was the sole Malaysian recipient in the Dairy Products category. Winners were evaluated through Brand Valuation, Consumer Market Research, and Public Online Voting by the World Branding Forum.

## CERTIFIED HUMANE®

As the largest integrated dairy company in Malaysia, Farm Fresh became the first dairy company in Asia to obtain the internationally recognised Certified Humane® certification, aligning with the company's commitment to animal welfare and sustainability.

Certified Humane® is a globally recognised animal welfare certification program overseen by Humane Farm Animal Care, the leading non-profit certification organisation dedicated to improving the lives of farm animals in food production. The program's goal is to provide a dignified life for farm animals, responding to consumers' demands for more compassionate and responsible practices toward these animals.

# Our Core Business

**Through our unique "grass-to-glass" approach, we have the advantage of vertical integration of our high yielding cows in our dairy farms, down to the midstream processing and our multi-channel distribution network. Additionally, we have introduced various ready-to-drink chilled and UHT products, from pure white milk to flavoured milk and yoghurt products using natural ingredients without any preservatives, artificial colouring and flavouring. This, together with our relatively more recent powder products ranging from Farm Fresh Grow to Moola Choco Malt and Family Pack Full Cream Milk Powder elevates us from just being a fresh milk player to offering Malaysians of all ages, preferences and income groups a complete suite of nutritious and healthier products.**



We implement structured and science-based farm management, animal husbandry, and milking practices across our seven dairy farms in Malaysia and Australia to ensure optimal productivity and animal welfare.

- Our systematic breeding programme, centred on the Australian Friesian Sahiwal (AFS) breed, has consistently delivered high milk yields from our Malaysian herd adapted to tropical conditions.
- A total mixed ration feeding approach provides each cow with a nutritionally balanced and chemically appropriate diet, supporting optimal health and milk production.
- Purpose-built barns equipped with dry sand-bedded resting areas and easy access to food and water contribute to herd comfort, well-being, and increased longevity.
- Comprehensive biosecurity protocols, implemented under the supervision of a skilled team in veterinary and animal sciences, safeguard herd health and disease prevention.
- Advanced milking systems and optimised milking schedules enhance operational efficiency while maintaining high standards of milk quality and hygiene.

We process our milk and finished dairy products efficiently and in full alignment with international food safety and quality standards, across five dedicated facilities in Malaysia, Australia and the Philippines.

- Our production processes are guided by the Hazard Analysis Critical Control Points (HACCP) system, enabling the effective identification and control of biological, chemical, and physical hazards throughout the value chain.
- The adoption of Good Manufacturing Practices (GMP) reinforces our commitment to maintaining the highest levels of food hygiene and safety.
- In addition, we have developed and rigorously implemented the Farm Fresh Food Safety Management System, ensuring full compliance with the specific requirements and expectations of our diverse stakeholder ecosystem. compliance with the specific requirements and expectations of our diverse stakeholder ecosystem.

We drive deep market penetration through a comprehensive multi-channel distribution network designed to ensure widespread product accessibility across Malaysia and our regional markets.

- We maintain a strong presence in large-format retail environments, including major supermarkets and hypermarkets.
- Our products are widely available across modern trade channels such as convenience stores, minimarkets, and petrol kiosks, ensuring visibility and ease of purchase.
- We have established a robust sales pipeline for the hotel, restaurant, and café/catering (HORECA) segment through a network of distributor agents.
- Our distinctive home dealer network - comprising 51 stockists, 326 home dealers, and 443 agents - provides us with unmatched access to suburban and rural areas across Malaysia, many of which lack a supermarket or grocery store
- We have expanded our distribution infrastructure for CPG ice cream by acquiring Sin Wah, providing us with instant access to an extensive network of warehouses, vehicles and drop points

# Our Products

Our wide range of dairy and plant-based products cater to a broad spectrum of consumer taste, needs and dietary preferences. All our ready-to-drink, yoghurt and powder products are free from preservatives, artificial colourings, flavourings and hidden sugars such as maltrodextrin.

# Our Brands

**Farm Fresh**
Malaysia's leading homegrown dairy brand

**Yarra Farm**
Our Australian-sourced milk brand

**Yarra by Farm Fresh**
Affordable UHT milk range made with full cream milk powder

**Master Barista**
Specialised milk crafted for discerning coffee connoisseurs

**Henry Jones**
Our Australian organic milk brand, available in both fresh and UHT variants

**Nubian Goat's Milk**
Nutritious goat's milk from our Mawai farm

**Jom Cha by Farm Fresh**
Our bubble milk tea brand with more than 50 outlets across Malaysia

**Taylor's**
Gourmet sauces and marinades for culinary enthusiasts

**Inside Scoop**
Artisanal ice cream made with premium ingredients, free from artificial flavourings and preservatives

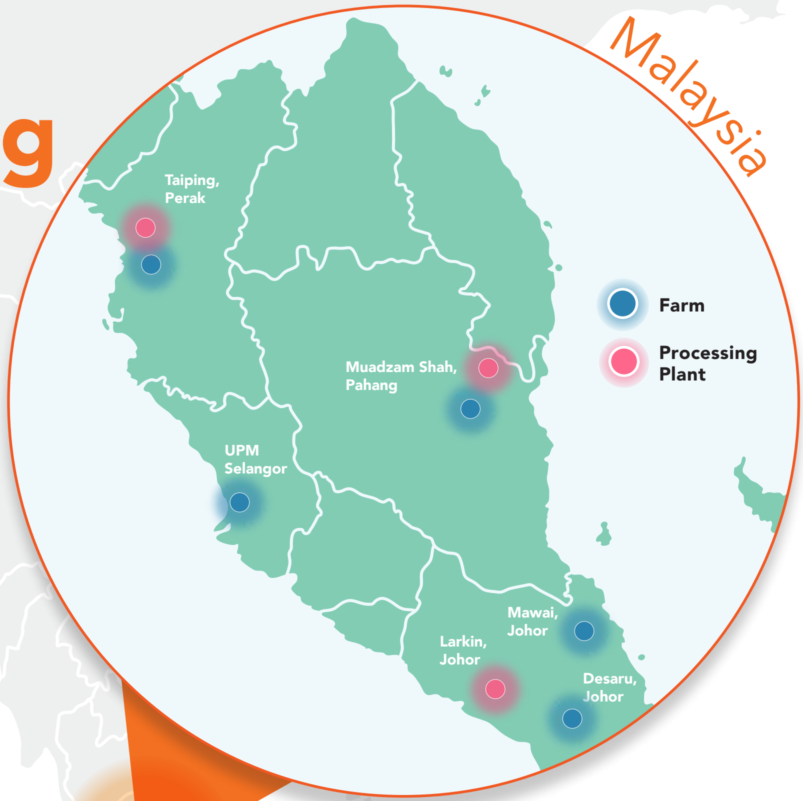
**Sin Wah**
Malaysian "ice cream potong" brand

**Cream Hauz**
Our new ice cream brand, offering affordable, locally made frozen treats as part our expansion into the consumer packaged goods (CPG) segment

**St David Dairy**
A premium Australian brand consisting of national gold-award winning dairy products such as full cream milk, reduced fat milk and cultured butter

# Our Farms and Processing Facilities

**With seven farms and five processing facilities across Malaysia, Australia and the Philippines, we are well-positioned to meet the rising demand for both dairy and plant-based products. Our facilities are strategically located near key consumer markets, enabling efficient distribution across Peninsular Malaysia while maintaining optimal product freshness.**





**5,367** acres
of land

## MUADZAM SHAH

| Production commencement: | Area: | Capacity: |
|---|---|---|
| December 2014 | 1,105 acres | 4,500 dairy cows |

- Vertically integrated farm with on-site processing and manufacturing facilities.
- We are currently expanding our Muadzam Shah farm to have a larger capacity of 6,000 dairy cows at full completion.

## DESARU

| Production commencement: | Area: | Capacity: |
|---|---|---|
| September 2017 | 325 acres | 800 dairy cows |

- Full-scale dairy farm with facilities covering all aspects of farm operations, including barns, milking stations, pasture areas, calf facilities and a feed mixing area.
- Milk produced is processed at our Larkin facility, with an annual production capacity of 67.1 million litres.

## UNIVERSITI PUTRA MALAYSIA (UPM)

| Production commencement: | Area: | Capacity: |
|---|---|---|
| September 2018 | 60 acres | 500 dairy cows |

- Full-scale dairy farm and location for the Industry Centre of Excellence for Dairy Farming (ICoE), formed in collaboration with UPM to advance research in dairy products and farming.
- The ICoE contains a public visitor centre to drive awareness of dairy farming, the benefits of fresh milk and our brands.

## MAWAI

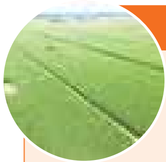
| Production commencement: | Area: | Capacity: |
|---|---|---|
| October 2019 | 471 acres | 1,950 dairy cows |

- Full-scale dairy farm with facilities covering all aspects of dairy operations, including barns, milking stations, pasture areas, calf facilities and a feed mixing area.
- Milk produced is processed at our Larkin facility, with an annual production capacity of 67.1 million litres.

## TAIPING

| Production commencement: | Area: | Capacity: |
|---|---|---|
| September 2021 | 828 acres | 4,000 dairy cows |

- Full-scale dairy farm integrated with an on-site milk processing facility.
- Houses our CPG ice cream, butter production with a capacity to produce 70,000 pieces of CPG ice cream and 20 mt of butter.



## GREATER SHEPPARTON, AUSTRALIA

| Production commencement: | Area: | Capacity: |
|---|---|---|
| December 2017, February 2019, and April 2019** | 2,538 acres | 3,250 dairy cows |

** Based on progressive farm acquisitions

- Full-scale dairy farm with facilities covering all aspects of dairy operations, including barns, milking stations, pasture areas, calf facilities and a feed mixing area.
- Milk produced is processed at our Kyabram facility.

## SAN SIMON, PHILIPPINES

| Production commencement: | Location |
|---|---|
| September 2024 | San Pablo Libutad, San Simon, Pampanga |

- Manufacturing facility producing chilled milk, situated one hour from Manila CBD.

**15,473**
dairy cows and bulls*

* Includes non-milking cows

**84**
million litres of processed milk

**202.9**
million litres of finished goods

# Our Growth Strategies

**Having established ourselves as a leader in the chilled and UHT ready-to-drink (RTD) segments of the Malaysian dairy market, we see growth from category expansion across different product categories (such as ice cream, butter and growing up milk) and regional expansion. These efforts require increased production capacity and, as such, it is vital that we scale up our farming and processing operations to meet growing demand.**

## Develop and Grow Our Product Portfolio

**Leveraging our strong market reputation, proven R&D capabilities, and expansive distribution network, we are well-positioned to develop products that enable penetration of new categories.**

- Leveraging the expertise of Inside Scoop, we introduced our consumer packaged goods (CPG) ice cream to the Malaysian market in August 2024, seeing strong demand since the launch.
- During FY2025, we also launched our own chocolate malt beverage, butter, full cream milk powder and cultured milk, challenging existing leaders in established categories.
- Moving forward, we aim to expand into the plant-based dairy products and are actively exploring opportunities into adjacent categories.

## Expand Our Capacity and Capabilities

**To support our growing product portfolio and rising market demand, we continue to expand the capacities of our farms and processing facilities, while exploring partnerships and in-house solutions to widen our distribution network.**

- We are currently developing a new central manufacturing hub at Bandar Enstek, which is scheduled for completion by end-2025. Once completed, the facility will significantly expand our production capacity, especially CPG ice cream and plant-based products.
- In May 2025, we have taken delivery of 1,300 dairy cows to be housed at the expanded farm.
- Upon full completion, our Muadzam Shah farm expansion will house an additional 3,000 dairy cows, producing an additional 10 million litres of fresh milk annually.
- Leveraging our proprietary gene bank, IVF expertise, and established best practices in farm management and animal husbandry, we have seen increases in our milk yield per cow and expect to see this improvement continuing in the future.
- We continuously seek ways to expand our distribution network across supermarkets, modern trade outlets and HORECA outlets, with a particular focus on building our commercial client base.

## Pursue International Expansion

**Our growing international presence serves our needs in two keys ways. Firstly, via our presence in Australia, we are able to access high quality raw milk and other key production inputs, utilise world-leading dairy expertise, and develop a hub for future expansion across the Asia-Pacific region. Secondly, we strategically pursue opportunities to enter countries where there is unmet demand for high quality dairy, with our entry into the Philippines in FY2025 being a key example.**

- We aim to scale up our export volumes to Asia by leveraging the strong reputation of Australian dairy in the region.
- We leverage the strong brand equity and established distribution network of St David Dairy to expand the reach of our dairy and plant-based offerings across Australia, while utilising its expertise in butter production to facilitate the creation of our own butter product, which was launched in Malaysia in February 2025.
- We commenced operations at our San Simon processing facility in the Philippines in September 2024, enabling the local production of chilled milk products with the milk ingredients important from Australia.
- Since entering the Philippines, we have built a strong distribution network across modern trade and HORECA outlets in Greater Manila, with plans to grow this network further in coming years.

# Our Competitive Advantage

**In a dynamic dairy and FMCG landscape, we are set apart by our distinctive, fully integrated business model, which has enabled us to develop and refine practices across the dairy value chain and evolve our product range to meet changing trends and preferences. Allied with our extensive distribution network and sustainability credentials, this forms a unique set of advantages that are difficult for our competitors to replicate.**

### DIVERSE BRAND AND PRODUCT PORTFOLIO

We offer the largest range of locally manufactured products among integrated dairy companies in Malaysia. Our brands have earned the trust and loyalty of consumers, positioning Farm Fresh as a preferred choice across diverse market segments.

### PROVEN FARM MANAGEMENT PRACTICES AND GENE BANK OWNERSHIP

We maintain a leading edge in dairy productivity through our ownership of the largest remaining gene banks of the original Australian Friesian-Sahiwal (AFS) breed. Coupled with rigorous animal husbandry practices, this ensures superior herd health and high milk yields in Malaysia's tropical climate, upholding the quality of our dairy products.

### LEADERSHIP IN THE MALAYSIAN DAIRY INDUSTRY

As a market leader in the Malaysian dairy industry, we have developed a strong reputation for high quality and nutritious products. This gives us the standing and consumer support to enter new categories beyond our core business, reinforcing our continued industry leadership.


## VERTICALLY INTEGRATED "GRASS-TO-GLASS" MODEL

Our vertically integrated model – from farming to distribution – allows us to optimise cost efficiencies, uphold stringent quality control, and maintain end-to-end oversight across our value chain. This integration enhances productivity while ensuring the integrity of every product we deliver.

## EXTENSIVE MARKET REACH AND MULTI-CHANNEL DISTRIBUTION

Our broad multi-channel distribution network spans all major cities and regions in Malaysia. Meanwhile, our innovative home dealer programme extends our reach to underserved suburban and rural communities, maximising geographical coverage and giving us a clear advantage in many regions that our competitors have not been able to reach.

## EXPERIENCED MANAGEMENT TEAM, COMMITTED TO SUSTAINABILITY

Guided by our founder and supported by over three decades of dairy industry expertise, our management team is committed to driving sustainable, responsible growth. With a strong focus on environmental stewardship and community upliftment, we continue to lead the way in shaping a resilient and purpose-driven dairy industry.

# Group Structure

**Farm Fresh**
- Muadzam Shah farm and plant

## MALAYSIA

**100%**
**Farm Fresh Milk Sdn Bhd**
- *Larkin manufacturing plant*
- *Mawai farm*

**99.99%**
**Farm Fresh (Desaru) Sdn Bhd**[1, 2]
*(Formerly known as Holstein Dairy (Desaru) Sdn Bhd)*
- *Larkin manufacturing plant*
- *Mawai farm*

**100%**
**Gem Organics (M) Sdn Bhd**
- *Land holding entity for Mawai farm*

**100%**
**Farm Fresh Agro Tourism Sdn Bhd**
*(Formerly known as Serdang Dairy Sdn Bhd)*
- *UPM farm*

**100%**
**Farm Fresh (Taiping) Sdn Bhd**
*(Formerly known as Holstein Selama Dairy Sdn Bhd)*
- *Perak farm and plant*

**100%**
**Farm Fresh (Enstek) Sdn Bhd**
*(Formerly known as The Holstein Milk Company (M) Sdn Bhd)*
- *Enstek plant (CIP)*

**100%**
**Farm Fresh Jomcha Sdn Bhd**
- *Boba tea*

**51%**
**Farm Fresh Digital Sdn Bhd**
- *E commerce*

**65%**
**The Inside Scoop Sdn Bhd**
- *Ice cream*

**70%**
**Sin Wah Ice Cream Sdn Bhd**
- *Ice cream*

## HONG KONG

**100%**
**Farm Fresh Milk (HK) Limited**

## SINGAPORE

**100%**
**The Provenance Creamery Pte Ltd**

## PHILIPPINES

**70%**
**Farm Fresh Milk Incorporated**

**53%**
**Farm Fresh Distribution Incorporated**

## INDONESIA

**97%**
**PT. Wira Farm Fresh**

**97%**
**PT. Farm Fresh Nusantara**

## AUSTRALIA

**100%**

**AFS Dairy Company Australia Pty Ltd**

- *Ownership of AFS gene bank*

**80%**

**The Holstein Milk Company (Australia) Pty Ltd**

**80%**

**Goulburn Valley Creamery Pty Ltd**

- *Australia farms & Kyabram Plant*

**80%**

**Henry Jones Foods Pty Ltd**[3]

- *Sauces business and landbank for future midstream production facilities*

**72%**

**St David Dairy Pty Ltd**

***Notes:***

*1) Loi Tuan Ee and Azmi Bin Zainal hold one share each in Holstein Dairy (Desaru).*

*2) Pursuant to the terms of the joint venture agreement dated 23 February 2015 between Bio Desaru Sdn Bhd and our Company (as supplemented by the supplementary agreement dated 17 May 2018) ("JVA"), Bio Desaru Sdn Bhd will subscribe for 33% ordinary shares in Holstein Dairy (Desaru) to be satisfied by part of the rental under the registered lease for the Desaru Farm.*

*3) Previously known as Kyabram Jam Company Pty Ltd.*

# Key Milestones

## 2009

- Started dairy farming operations with goat husbandry and goat milk sales.

## 2011

- Khazanah Nasional Berhad acquired a 30% stake in the company (then known as The Holstein Milk Company Sdn Bhd) via its wholly-owned vehicle Agrifood Resources.

## 2019

- Further expanded our Australian footprint with Greater Shepparton Farm 3, facilitating additional land banks for herd growth and AFS breeding.
- Finalised the acquisition of our Kyabram facility through THMC (Australia), significantly enhancing our fresh milk processing capacity in Australia while reducing reliance on external processing partners.

## 2020

- Diversified into plant-based offerings with oat milk, almond milk and chocolate soy milk products.
- Received the ASEAN Inclusive Business Award.

## 2021

- Commenced operations at our Taiping farm.
- Introduced A2 organic milk and banana milk, further enhancing our product offerings.
- Established our UPM facility in partnership with Universiti Putra Malaysia (commenced operations in March 2022).
- Received Certified Humane® farming accreditation from Humane Farm Animal Care (HFAC).
- Achieved Good Agricultural Practices Certification accreditation from the Malaysian Department of Veterinary Services (DVS) for our UPM farm.
- Recognised as one of Asia's Best Performing Companies at the Asia Corporate Excellence & Sustainability Awards (ACES) in November 2021.

## 2022

- Listed on the Main Board of Bursa Malaysia on 22 March 2022.
- Acquired 90% of Melbourne-based premium dairy company St David Dairy Pty. Ltd.
- Introduced our retail beverage brand, Jom Cha by Farm Fresh, to the Malaysian market.
- Completed acquisition of Greater Shepparton Farm 4, a 120-hectare farm to complement our existing Australian operations.
- Awarded the Platinum Award in the Dairy Beverage category and named Putra Most Enterprising Brand of the Year at the Putra Brand Awards 2022.
- Honoured with the Brand of the Year award in the Dairy Products category at the 2022–2023 World Branding Awards.
- Recognised for sustainable dairy farming practices in the 2022 Steward Leadership 25 list of inspiring Asia Pacific companies.

## 2023

- Acquired 65% of The Inside Scoop Sdn Bhd, an artisanal ice-cream maker in May 2023.
- Completed a 70% acquisition of Sin Wah Ice Cream Sdn Bhd in October 2023, marking our diversification into the CPG ice cream sector.
- Achieved our second consecutive Platinum Award in the Beverage–Dairy category at the Putra Brand Awards.
- Earned distinctions for Best IPO for Retail Investors and Best Deal of the Year for Minority Shareholders in Southeast Asia 2022 (Alpha Southeast Asia 16th Annual Awards).
- Received the IFN Equity & IPO Deal of the Year 2022 in the IFN Deals of the Year Awards.

## 2012

- Started processing operations at our Larkin facility.
- Introduced Farm Fresh chocolate milk, our first flavoured milk product.
- Launched a line of Farm Fresh colouring-free yoghurt.

## 2014

- Started dairy farming operations at Muadzam Shah.
- Appointed as the "anchor company" for the Muadzam Shah Cattle Research and Innovation Centre in Pahang.

## 2015

- Moved to acquire AFS Dairy Company, giving us ownership of one of the largest remaining gene banks of the AFS dairy breed. The acquisition was completed in 2017.
- Awarded the "Best Dairy Farm" award by Asia Livestock.

## 2016

- Initiated distribution of our products in Singapore.
- Launched kurma (palm dates) RTD milk using pure kurma extract, becoming the first Malaysian company to do so.

## 2017

- Our Desaru farm became fully operational, increasing our milk production capacity.
- Acquired Petabern Dairies, establishing our foothold in Australia with Greater Shepparton Farm 1 and access to an Australian Holstein purebred herd.

## 2018

- Pioneered lactose-free milk, a dairy option tailored to Malaysian dietary requirements.
- Acquired through THMC (Australia) Greater Shepparton Farm 2, enabling further herd expansion in Australia.
- Started processing and manufacturing operations at our Muadzam Shah farm.
- Introduced fresh milk-based UHT milk.

## 2024

- Expanded our product portfolio with the launch of our CPG ice cream, chocolate malt beverage and full cream milk powder offerings.
- Commenced operations at our newest production facility, located in San Simon, Philippines, thus marking our entry into the country.
- Our biogas plant at Muadzam Shah started operations, recycling methane from our organic waste to power our operations and reduce our emissions.
- Expanded the network of Inside Scoop to over 60 outlets across Malaysia.
- Achieved our fourth consecutive Platinum Award in the Beverage–Dairy category at the Putra Brand Awards.

## 2025

- Further grew our product portfolio by launching our butter and cultured milk products.
- Expanded the capacity of our Muadzam Shah farm to 6,000 dairy cows, utilising 500 acres of land leased from the Pahang State Government.
- Widened the reach of our Milk on Tap initiative to 29 locations across Malaysia, supporting sustainable milk consumption.

# Chairman's Statement

**Dear Valued Shareholder,**

On behalf of the Board of Directors of Farm Fresh Berhad, I am pleased to present Farm Fresh Berhad's Integrated Annual Report for the financial year ended 31 March 2025. It was a milestone year for Farm Fresh as we achieved strong growth across our organisation. Allow me to take a reflection on the progress we've made over the past year and the vision that continues to guide our path forward.

It gives me great pleasure to share that FY2025 was not only a year of strong performance for Farm Fresh, with key strategies coming to fruition and making a tangible impact on our bottom line, but also one in which we deepened our mission to create lasting, equitable value for our people, our communities and the environment.

This is, at its core, what defines us as a company. Farm Fresh has never been just a vehicle for profit. Our identity is anchored in something deeper: a commitment to delivering nutritious, high-quality products with honesty and integrity, while caring for the land that nourishes us and the people who work that land with dedication and heart.

Sustainability, in this light, is not a side initiative or a matter of compliance. It is central to how we create enduring value. By acting responsibly – socially and environmentally – we don't just meet expectations, but build a business that is stronger, more resilient and more trusted. In doing so, we reinforce our ability to grow steadily and achieve sustainability, as a business, over the long term.

In the pages ahead, I'll share some of the key initiatives and developments from the past year that brought this vision to life – moments that reflect the values we hold close and the future we are working to build.

**Milk on Tap has prevented the use of 664,392 plastic bottles, equivalent to 33,220 kg of plastic since 2022**

**We are committed to utilising renewable energy from both solar power and biogas sources**

*As a homegrown brand, this achievement is deeply meaningful. It reflects the unwavering support from our customers who have been with us since the beginning.*

## BRIDGING THE NUTRITION GAP, AND BUILDING OUR BUSINESS

The most fundamental way that we create shared and sustainable value is by filling the gap in the market for nutritious and healthy dairy and plant-based products. By supporting unmet nutritional needs in this way, we also drive sustainable business growth.

In FY2025, we continued our emphasis on the intent to bring in nutritional value to consumers by introducing our butter, cultured milk and chocolate malt products into the market.

Take for example, our Moola Choco Malt range. It delivers a significantly higher percentage of protein and fibre, and less sugar, than many other options in the category. While this means a higher price point compared to other players, we have chosen to compete on substance – offering a product that is more wholesome and trusting that consumers will recognise the long-term value of investing in their health.

This is an approach that is proving its worth, as seen in the strong demand for our Farm Fresh Grow range. By leveraging our reputation for quality dairy, we have been able to introduce a growing-up milk that is free from preservatives, additives and added sugar – and the market has responded. The success of this product reinforces our belief that doing right by the consumer is also doing right by the business.

We are proud to share that our continued commitment to wholesome quality dairy products has once again earned the trust and recognition of both our customers and the industry. In 2024, Farm Fresh was honoured with the Platinum Award in the Beverage – Dairy category at the Putra Brand Awards, affirming our position as the nation's favourite dairy beverage brand for the fourth consecutive year. On top of that, we have also won the Putra Brand Icon and Putra Malaysian Marketer of the Year. This recognition validates the trust and loyalty Malaysians have in our brand, proving that our commitment to quality, natural ingredients that are free from preservatives, artificial colourings, flavourings and hidden sugar which truly resonates with them. As a homegrown brand, this achievement is deeply meaningful. It reflects the unwavering support from our customers who have been with us since the beginning. These accolades inspire us to continue innovating while staying true to our promise of delivering fresh, wholesome dairy products. Beyond boosting our credibility, these awards reinforce our responsibility to uphold the highest standards, ensuring that every product we create meets the expectations of our valued consumers.

## NOURISHING OUR LAND, AND OUR DAIRY

Our adoption of regenerative agricultural practices is central to nourishing the land upon which we operate, which in turn leads to a healthier dairy herd and more nutritious products for our customers.

In FY2025, we took a meaningful step forward with the operationalisation of our first biogas plant, located at our Muadzam Shah farm. Through a biodigestion process, the plant captures methane from cow manure and converts it into renewable energy that is used to power our operations. This reduces greenhouse gas emissions in two ways: by preventing methane from being released into the atmosphere and by reducing our dependence on diesel and grid electricity.

Upon full utilisation of the biogas plant, we expect our biogas plant to cut our emissions by approximately 9,800 tonnes of $CO_2$ equivalent annually, while lowering diesel consumption by around 670,000 litres per year. Our other efforts towards emissions reduction were seen through our solid separators installed at our farms and feeding our livestock with red seaweed which potentially reduce CH4 emissions and reduce enteric methane emissions. With these low carbon strategies, we will continue with our efforts, focusing on our Group-wide greenhouse gas (GHG) emission reduction target.

We have also made further strides toward circularity and waste reduction. Our "Milk on Tap" initiative, which allows customers to refill fresh milk in reusable glass bottles, has been expanded to 29 retail locations across Peninsular Malaysia. Alongside this, we have increased our sales of products in fully recyclable and FSC®-certified Tetra Pak packaging, helping us further reduce our reliance on plastic and support more sustainable consumption habits.

With consumers increasingly seeking meaningful environmental action from the brands they support, our efforts strengthen Farm Fresh's positioning as a responsible and sustainable brand of choice. With that said, we know there is much more that can be done, and we remain committed to exploring new ways to support shared environmental goals – from reducing waste further to increasing our use of renewable energy across the Group.

"

***With consumers increasingly seeking meaningful environmental action from the brands they support, our efforts strengthen Farm Fresh's positioning as a responsible and sustainable brand of choice.***

# Chairman's Statement

## EMPOWERING PEOPLE, AND ENHANCING OUR WORKFORCE

Since our founding, Farm Fresh has been a committed supporter of economic empowerment in rural and underserved areas of Malaysia. These heartland regions are the home of our farms, and by prioritising the employment of locals – including Orang Asli populations – we circulate value within local communities while building a stronger and more loyal workforce.

In recent years, we've expanded our efforts beyond employment to support the holistic development of future generations. Our Farm Fresh Scholarship Programme provides financial support for Orang Asli students to pursue higher education, with successful graduates offered employment opportunities within the company. Alongside this, our Multidimensional Human Capital Development Programme offers tuition, religious education, motivational guidance, and nutritious meals to underprivileged students. Together, these programmes impacted over 200 students.

Building on these programmes, we introduced the Farm Fresh STPM Scholarship during FY2025 – a five-year bursary providing financial aid to 500 Form Six students from B40 families. The goal is to help them complete their secondary and tertiary education, opening the door to high-skill employment and greater social mobility in the years ahead.

Beyond the provision of financial aid, we are also an enthusiastic supporter of youth nutrition. As a participant in the Malaysian Ministry of Education's School Milk Programme *(Program Susu Sekolah)*, we provided over 49 million packs of school milk to students to more than 3,400 schools with nutritious dairy products as part of their lunch packs in FY2025, while also having the opportunity to organise talks in selected schools to drive awareness of the importance of maintaining healthy consumption habits from a young age. Our contribution to the programme has also had a direct impact on our bottom line, with the School Milk Programme contributing a total of 7% of our revenue during the past year.

Each of these initiatives contributes to nurturing healthier, better-educated and more empowered future generations – a purpose that will continue to guide our future community development efforts.

## UPHOLDING RESPONSIBLE GOVERNANCE, TO SAFEGUARD OUR FUTURE

As our business grows in scale and impact, the importance of upholding ethical practices becomes ever more vital. A single negative incident can have significant reputational and financial impacts, and we are committed to safeguarding our business through robust governance practices.

On this note, I am pleased to share that the Board approved an update to the Group's Anti-Bribery and Anti-Corruption (ABAC) Policy with the upgraded policies designed to respond to emerging challenges and shifting expectations in today's business environment. Alongside a broader suite of policies that cover key governance issues

from ethical trading to workforce diversity, we thus have in place a thorough framework to mitigate a wide range of risks that may affect our business moving forward.

Maintaining our focus on the Board, we welcomed Puan Nik Fazila Binti Nik Mohamed Shihabuddin as an Independent Non-Executive Director in October 2024. A seasoned leader with deep experience in finance and accounting, she has since assumed the role of Chair of the Audit and Risk Management Committee (ARMC). Her appointment also brings us into alignment with the Malaysian Code on Corporate Governance (MCCG) 2021, which calls for at least 30% female representation on Boards. On behalf of the full Board, I warmly welcome Puan Nik Fazila and extend our heartfelt thanks to Sukanta Kumar Dutt, who stepped down this year for his contributions to the Group.

As we look ahead, the Board remains fully committed to these principles. We will continue strengthening our governance frameworks, anticipating new risks and evolving our oversight so that the business is well-positioned to create long-term, sustainable value.

## ACKNOWLEDGEMENTS

FY2025 was a year of meaningful success for the Group, and at the heart of this success is our continued alignment with the core promises that make Farm Fresh what it is. For this, I must recognise our Senior Management, led by our CEO and Founder, Loi Tuan Ee, for the clear and purposeful direction that they have instilled across the Group.

Equally, my appreciation goes out to every member of the Farm Fresh team. From our farms to our distribution centres, our people uphold the quality, care and commitment that our customers trust us for.

I would also like to thank our suppliers and partners for their contributions to the Group's achievements. From our partner-farmers to our collaborators in government, we value your shared commitment to creating positive value through responsible business.

Finally, I extend my sincere thanks to my fellow members of the Board. Your oversight, guidance and long-term perspective have helped the Group remain focused on what matters most, keeping us firmly on the positive trajectory we are now on.

As we look to the future, our shared goal remains clear: to build a company that is not only bigger, but more impactful, inclusive and resilient. Thank you for your continued belief in this journey.

**Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas**
Chairman

# GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S STATEMENT

**Dear Valued Shareholder,**

FY2025 was a year of significant advancement and growth for Farm Fresh. Following a year marked by input cost pressures, we rebounded strongly by executing key strategic initiatives that broadened our revenue base across new product categories and markets. These efforts enabled us to deliver our strongest financial performance to date, laying the foundation for sustained momentum going forward.

GROUP ↑ 21.1%
REVENUE
**RM981.2**
MILLION

PROFIT ↑ 66.8%
BEFORE TAX
**RM115.2**
MILLION

Looking back, I believe the year can be neatly encapsulated by one word: Expansion. We launched an exciting range of new products, entered the Philippines with a new production facility, and grew our footprint further in the HORECA and mini-market channels. Each move represented a deliberate step toward expanding the Farm Fresh brand and unlocking new avenues for growth beyond our core ready-to-drink (RTD) chilled and UHT segments.

Yet, even as we venture into new categories and geographies, our expansion remains anchored in our unchanging promise: to deliver high-quality, nutritious products made with pure and natural ingredients, free from unnecessary additives and preservatives. It is this unwavering commitment that sets us apart and will continue to drive our evolution into a diversified, multi-category FMCG business in the years ahead.

## A RECORD-BREAKING YEAR

FY2025 was an outstanding financial year at Farm Fresh, with strong double-digit growth across all key performance metrics. Our revenue grew by 21.1%, rising from RM810.4 million to RM981.2 million, underpinned by a 25.8% increase in contribution from our Malaysian operations. This topline performance was mirrored at the bottom line, with Profit Before Tax climbing 66.8% to RM115.2 million and Profit After Tax increasing 69.6% to RM107.3 million – surpassing the RM100 million threshold for the first time in our history.

# Group Managing Director & Chief Executive Officer's Statement

Several drivers underpinned this strong performance. Firstly, our category expansion into CPG ice cream, growing up milk and chocolate malt categories has opened up large addressable markets which also offers good margins. Our channel expansion has also yielded good results, with HORECA and mini-market channel growing significantly. Additionally, we have a full-year contribution from both Inside Scoop and Sin Wah, which have both performed well post-acquisition.

From a cost perspective, the softening of global dairy raw material prices was another key contributor to our improved margins. We recorded lower whole milk powder prices from both lower whole milk powder prices at the beginning of the financial year and benefited from our hedging of whole milk powder prices towards the later part of the financial year. Farmgate milk prices in Australia has also reduced by a further 11% in July 2024, following a 4% decrease in the prior year.

## DRIVING CATEGORY AND REGIONAL EXPANSION

Beyond our financial results, FY2025 was also a year of innovation, as we made bold moves into new product segments in a bid to grow our share of wallet and further solidify our market leadership.

The Inside Scoop's expertise in premium ice cream and Sin Wah's extensive distribution network have culminated in a successful launch of our Cream Hauz CPG ice cream. Consumer response has been overwhelmingly positive, prompting us to fast-track capacity expansion at our Taiping plant, and we look forward to the launch of our Bandar Enstek central production facility, which will enable us to further scale up production to more than 1 million pieces per day.

Farm Fresh Moola Choco Malt, our line of chocolate malt beverages, has also performed strongly since its launch in July 2024. With formats ranging from 35g sachets to 1kg and 2kg packs, we have been recruiting more new customers from households, modern retail outlets, and foodservice channels. This positions us strongly within Malaysia's RM1 billion chocolate malt segment an established and high-consumption category.

*"From a cost perspective, the softening of global dairy raw material prices was another key contributor to our improved margins. We recorded lower whole milk powder prices from both lower whole milk powder prices at the beginning of the financial year and benefited from our hedging of whole milk powder prices towards the later part of the financial year. Farmgate milk prices in Australia has also reduced by a further 11% in July 2024, following a 4% decrease in the prior year.*

We were also pleased with the successful launches of our full cream milk powder in October 2024 and our cultured milk in April 2025, both of which have established strong early traction. These product introductions are not opportunistic; they are grounded in a strategy to enter new segments where we have identified a gap for a high quality products, leveraging our brand's reputation for natural, honest nutrition. Meanwhile, the launch of our butter in February 2025 positions us well to serve the HORECA customers, bakeries and retailers with our high quality butter.

Alongside these category expansions, I am also pleased to share the progress we have made the Philippines, a major strategic milestone for Farm Fresh. Through the newly-launched San Simon production facility, we commenced local manufacturing operations in September 2024, enabling us to supply chilled milk products in addition to the UHT products that were already available in modern trade outlets across Greater Manila. We also secured several major HORECA accounts, providing a strong foundation for future growth in the market.

The Philippines represents an exciting growth opportunity for us. Our progress in this market validates our approach of investing in local production and distribution partnership, establishing a blueprint that we can replicate as we embark on further regional expansion in the years ahead.

## DIVERSIFYING OUR BUSINESS

As a result of our investments in category and regional expansion, Farm Fresh today stands as a more diversified business, with a broader and more balanced revenue base that strengthens our resilience against shocks in any one segment or market.

For FY2025, our ice cream segment which consists of CPG ice cream and premium scoop ice cream has contributed to 10% of our Group revenue, and our powder products, consisting of Farm Fresh Grow and Choco Malt has contributed to 5% of our revenue. Both segments are expected to contribute more to the Group's revenue in the coming years with the plans that we have to develop those categories.

## INVESTING IN OUR VALUE CHAIN

As our portfolio grows and our physical footprint expands, so too do the demands placed on our farms, production facilities, and distribution network. To meet these rising expectations, it is therefore vital that we continue to strengthen our capacity and capabilities across every stage of our integrated value chain.

At the farm level, our expansion of the Muadzam Shah farm is taking place with the additional 500 acres of land leased from the Pahang State Government. In May 2025, we welcomed 1,300 new dairy cows to the site. Upon full completion, this expansion will add a further 3,000 dairy cows, doubling our herd capacity in Muadzam Shah and importantly, providing additional 10 million litres of fresh milk annually, contributing significantly to our country's fresh milk self-sufficiency level (SSL).

On the processing front, we accelerated the expansion of our Taiping plant to meet surging demand, particularly in ice cream and other high-growth categories. In parallel, construction of our new Bandar Enstek manufacturing hub is progressing on schedule. With structural completion targeted by end-2025 and production slated to begin by end of first quarter 2026, the facility will significantly scale our manufacturing capacity across both ice cream and plant-based segments. Its strategic location near the Klang Valley will also drive cost efficiencies in logistics and distribution, supporting our ability to scale while maintaining competitive pricing across markets.

# Group Managing Director & Chief Executive Officer's Statement

Alongside upstream and midstream improvements, we also continued to evolve our distribution model. We deepened our presence in convenience stores and mini market channels, and further extended our reach in the HORECA segment — a channel we see as a key driver of future growth. At the same time, we reorganised and streamlined our stockist and home dealer network in order to sharpen our focus on high-performing micro-entrepreneurs and strategically important regions.

Collectively, these value chain investments strengthen the foundations of our business while equipping us to capitalise on future growth opportunities.

## A POSITIVE OUTLOOK

The progress we've made over the past year gives us strong reason to look ahead with confidence. With continued strong demand for our new product lines, particularly growing-up milk and CPG ice cream, we anticipate further revenue growth in FY2026. This momentum will be reinforced by the commissioning of our central manufacturing hub in Bandar Enstek, which will significantly expand production capacity and support future innovation and market expansion.

One key driver of our next phase of expansion is the HORECA segment. Already contributing approximately 25% of our revenue, we see substantial headroom for this to grow. Our strategy includes broadening our portfolio with milk-adjacent products such as whipping cream, cooking cream, cheese, and butter, tailored to meet the specific needs of foodservice customers. These will be delivered in optimised formats such as bulk packs for kitchens and single-serve portions for hotel use. While logistics costs remain a challenge in this channel, our growing portfolio will help reduce cost-to-serve and improve delivery efficiency over time.

Geographic growth also remains a strategic focus. Encouraged by the promising early results from our Philippines operations – where the development of local manufacturing facilities has enabled us to more effectively penetrate the market – we are evaluating the feasibility of replicating this model in other regional markets. At the same time, we are planning to increase our distribution penetration in Sabah and Sarawak via our newly incorporated subsidiary, Farm Fresh Borneo. With our own subsidiary, we are able to rapidly increase distribution drop points for our chilled, UHT, ice cream and powder products.


While the opportunities are clear, we remain mindful of the broader economic context. Although input prices have stabilised in recent quarters, renewed volatility in raw materials or forex could place pressure on our margins. Likewise, as our product portfolio and market presence become more complex, disciplined execution and cost control will be essential. In order to mitigate this risk and preserve our margins, we have done both physical and financial hedging via forward purchases of commodities to ensure supply continuity and fix our input costs at favourable rates as well as enter into financial derivatives such as forward contracts to manage forex risks.

At the same time, we are encouraged by broader market trends that align with our core proposition. Malaysian consumers are increasingly prioritising healthier eating, nutritional transparency, and sustainability – values we have championed since our inception. Our reputation as an honest and responsible company, nurtured over our many years in existence, positions us strongly to lead in this changing consumer landscape.

***Our strategy includes broadening our portfolio with milk-adjacent products such as whipping cream, cooking cream, cheese, and butter, tailored to meet the specific needs of foodservice customers. These will be delivered in optimised formats such as bulk packs for kitchens and single-serve portions for hotel use. While logistics costs remain a challenge in this channel, our growing portfolio will help reduce cost-to-serve and improve delivery efficiency over time.***

## CHARTING A SUSTAINABLE PATH FORWARD

As Farm Fresh Berhad marks three years since its listing on Bursa Malaysia, our success can be measured in several ways. We have grown our business significantly, expanding our product portfolio successful launches of various products across key categories, with reach across many dairy and adjacent categories. Our geographical presence has also expanded, with our products most recently reaching the shores of the Philippines. And, for the first time, our Profit After Tax has exceeded RM100 million — a major milestone on our journey.

While all these achievements are reasons to be proud, I believe the most meaningful measure of our success is the trust placed in us by our valued customers. In this regard, our winning of the Platinum Award in the Beverage – Dairy category at the 2025 Putra Brand Awards — for the fourth consecutive year — stands out as a source of immense pride. Voted by consumers themselves, this accolade is an endorsement of the quality of our products, our commitment to nutrition, honesty and sustainability, and our ability to maintain these standards over time.

This achievement would not be possible without the tireless dedication of our teams to uphold and elevate our standards every day. To our employees across our farms, processing facilities and distribution network — thank you for your unwavering commitment. I would also like to express my gratitude to our many suppliers and partners who contribute daily to the strength of our value chain, to our government stakeholders for their continued support, and to our shareholders for trusting us to execute our strategies well and deliver shareholder value.

Most importantly, I would like to thank our customers. Your continued support, feedback and loyalty are what drive us to do better each day, and we remain committed to earning your trust with every product we offer.

Here's to a stronger year ahead, guided by the same ambition to expand our horizons and unlock new possibilities for growth.

**Loi Tuan Ee**
Group Managing Director and Chief Executive Officer