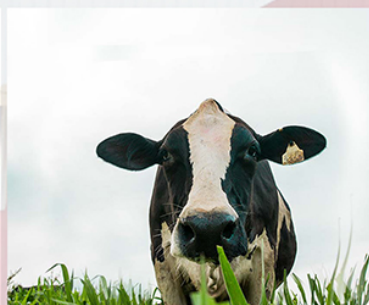




Farm Fresh Berhad

Q4 2022 Results Briefing

25 May 2022



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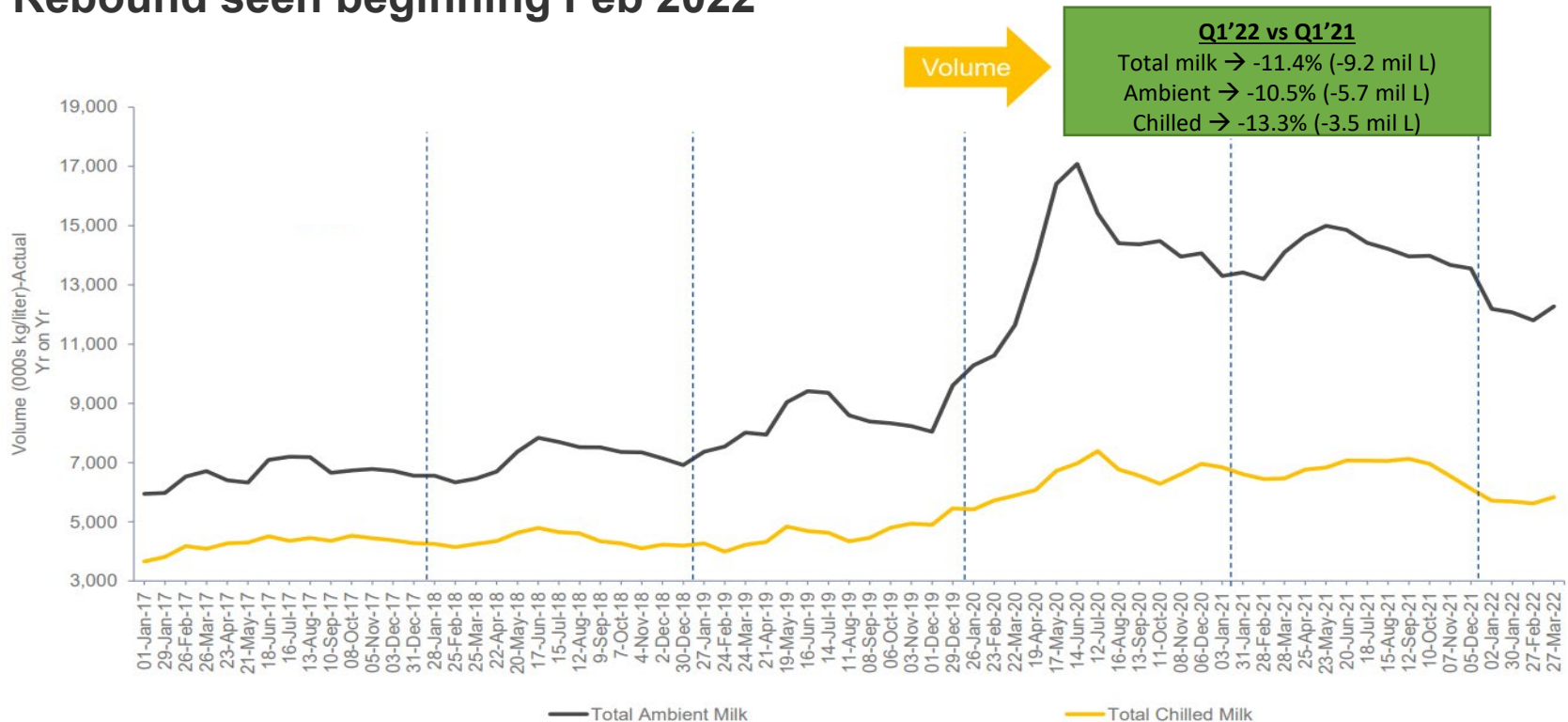
03

Outlook and
Prospects



Market update – Prolonged covid resulting in normalization of demand

Rebound seen beginning Feb 2022



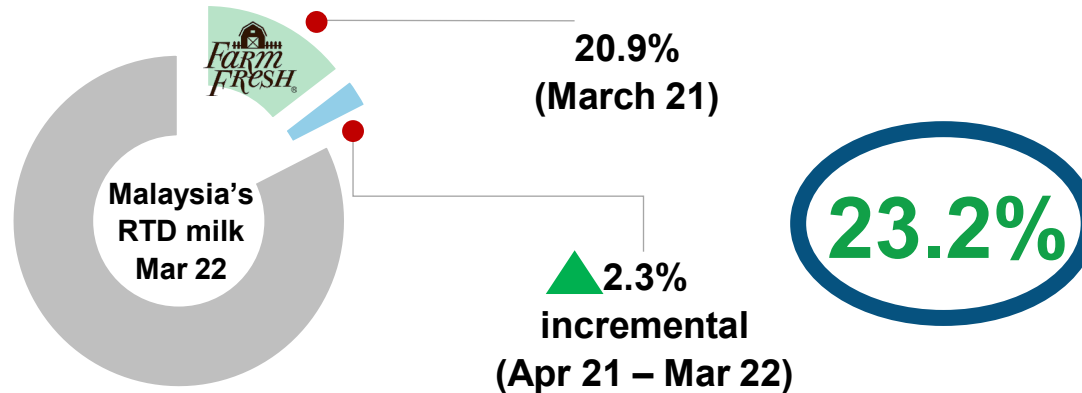
Based on 12w/e data (shorter rolling measurement to track any significant changes within a month)

Source: Kantar, May 2022

- Market volume declined in CY2021 due to high surge in end-March to end-June 2020 arising from panic buying and stocking up. Normalization of demand when comparing CY2021 to CY2020, however still registering strong growth from CY2019
- Rebound in February and March 2022

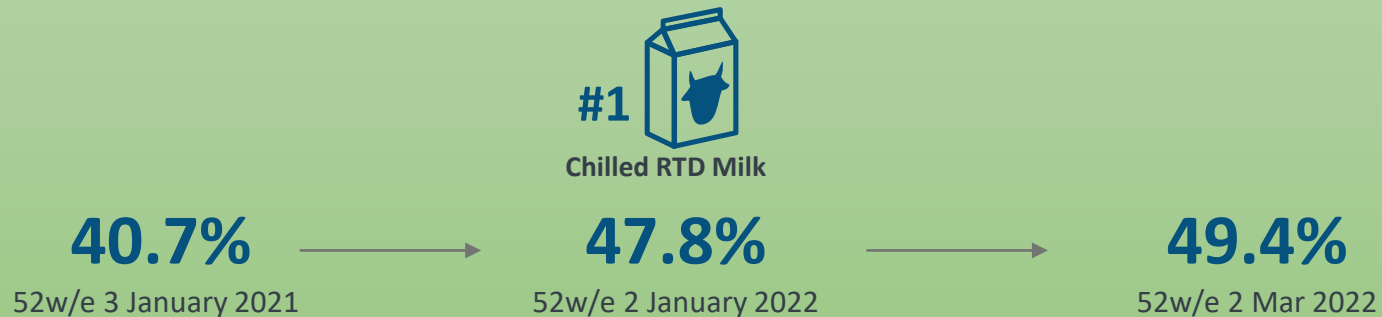
Notwithstanding, we have shown resilience and growth

Market share leadership



Source: Kantar

Led by market share growth in Chilled RTD



Source: Kantar

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Key Highlights

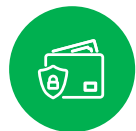


Revenue:



RM501.9 million
▲ RM490.5 million (FY2021)

Gross profit:



RM136.3 million
▼ RM140.9 million (FY2021)

Gross Profit margin:
28.6% (3M Mar 2022)
▲ 27.6% (3M Mar 2021)

Profit before tax:



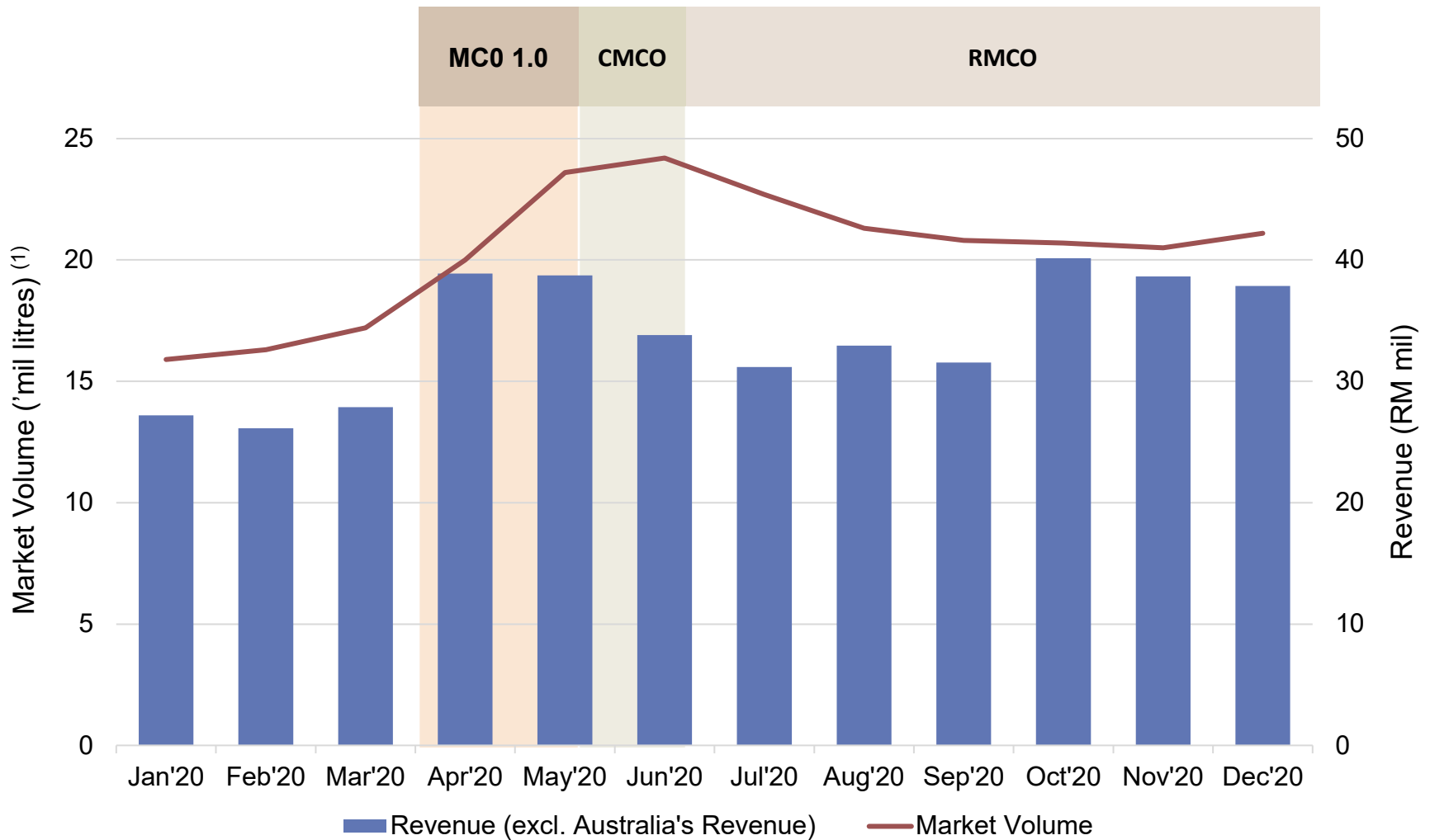
RM65.7 million
▼ RM67.6 million (FY2021)

Normalized PATAMI:

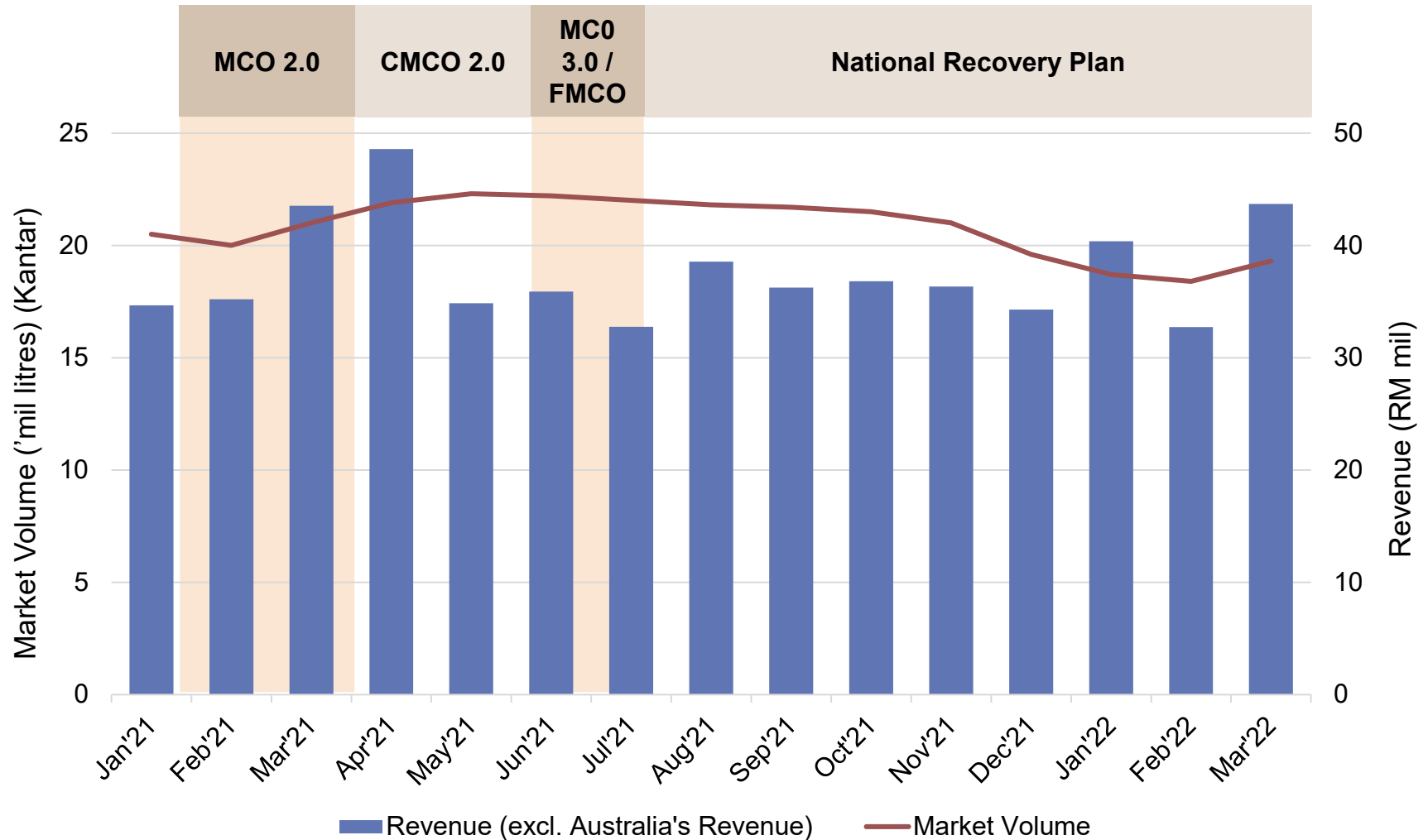


RM85.6 million
■ RM86.7 million (FY2021)

Bumper year in FY21 - Panic buying and stocking up...



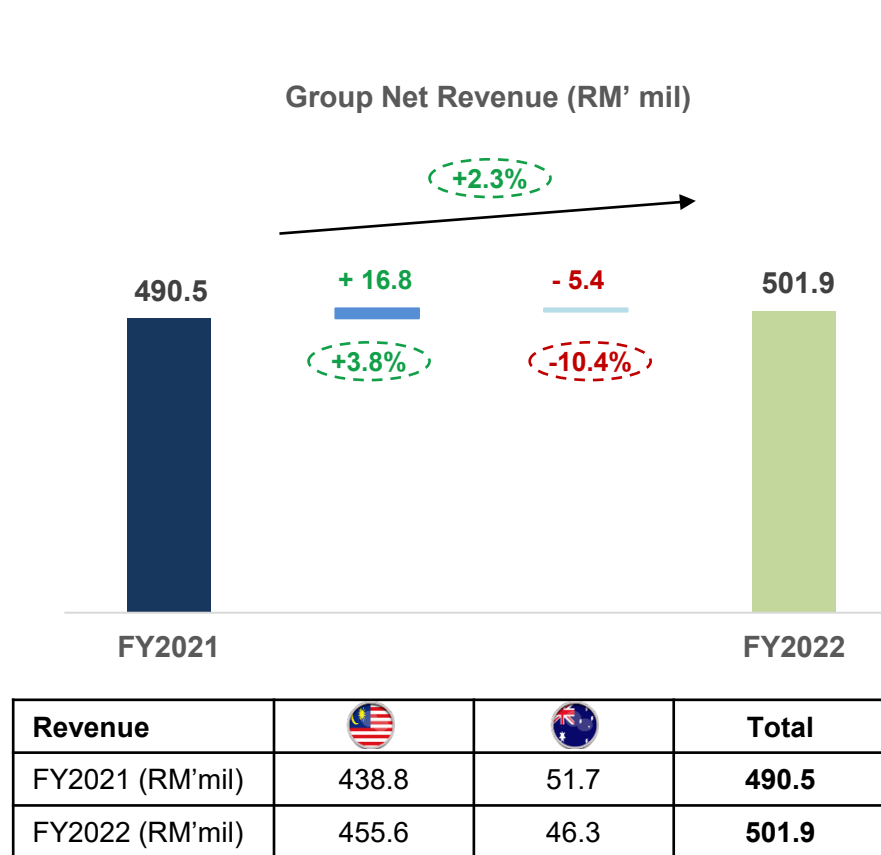
Followed by normalization in FY22



Decline in Nov and Dec 2021 due to reduction in frequency of purchases for in-home consumption, a trend for RTD dairy (and FMCG overall) as Government relaxed restrictions.

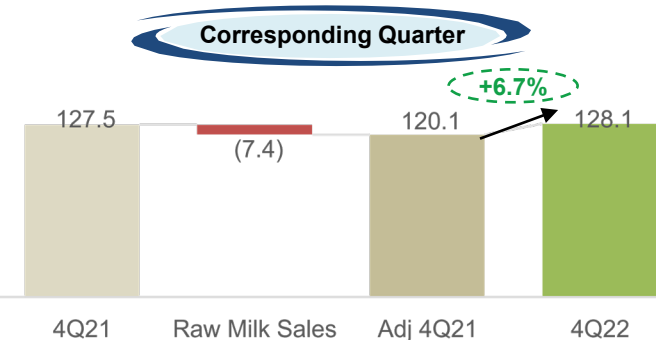
Topline growth amidst normalization

Revenue (RM mil)

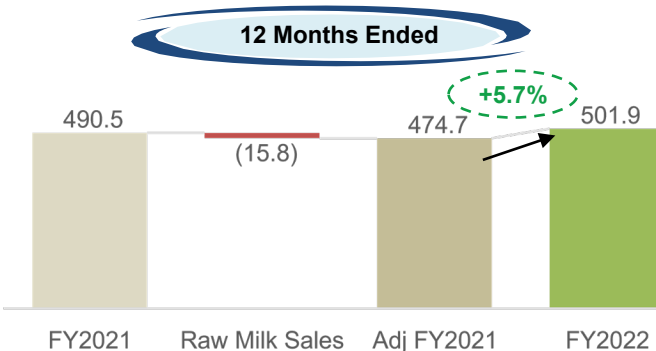


Key Financial Highlights

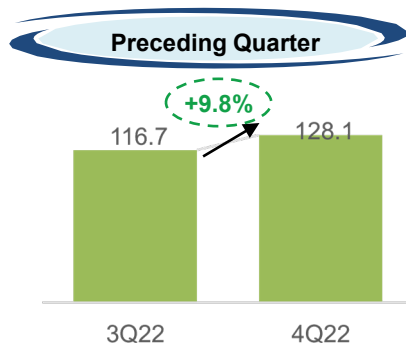
Revenue (RM mil)



- Taking out the impact of raw milk sales and IXL fruit jam sales in Q4 FY21 of RM4.9 million and RM2.5 million respectively, revenue growth is in fact 6.7%, mainly due to increase in Malaysian revenue by 6.2% or RM7.0 mil amid recovery of economic activity, which in line with further easing of restrictions and the reopening of borders.



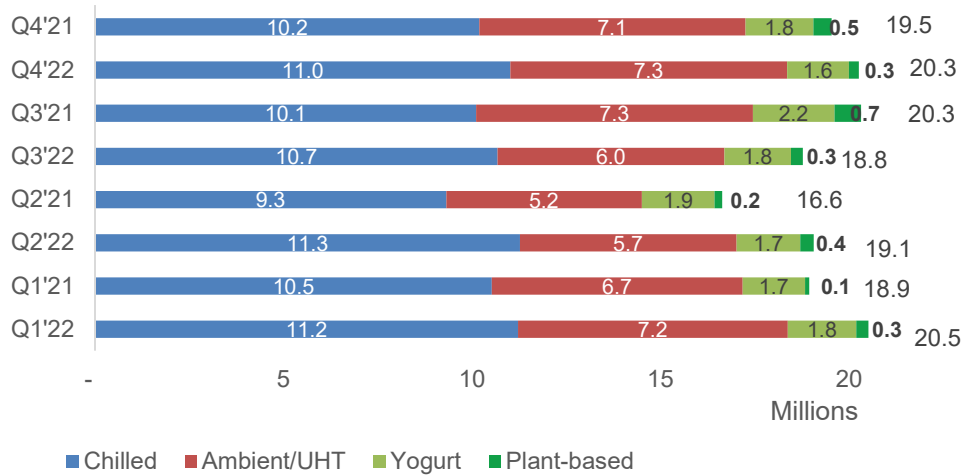
- Despite normalization and decline in overall market Y-O-Y, we have achieved a 2.3% revenue growth.
- Taking out the impact of raw milk sales to 3rd party of RM10.4 million (ceased beginning October 2021 upon completion of our Kyabram facility) as well as IXL fruit jam sales to 3rd party of RM5.4 million (downsize took place in end of Q2 FY22) in Q3 & Q4 FY21, revenue growth is in fact 5.7%.



- Increase 9.8% compared to corresponding quarter (RM128.1 mil vs RM116.7 mil), underpinned by strengthening domestic demand amid sustained reopening of economic activities and borders.
- Also due to seasonality i.e. pre-Ramadhan sales towards end-March 2022.

Volume sold

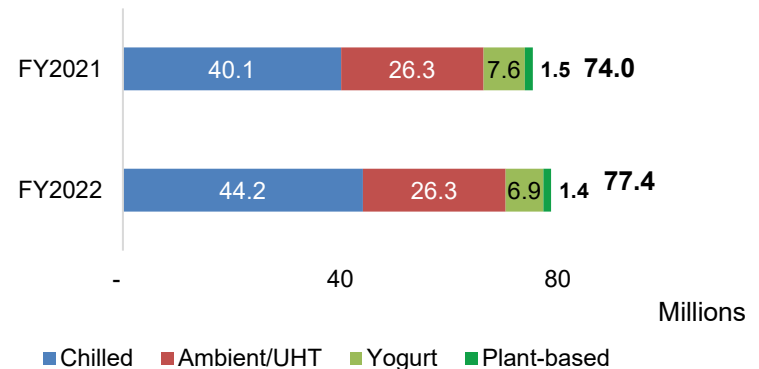
Q-o-Q Sales volume (million litres)



Volume sold has shown an increase Q-o-Q with the exception of Q3 due to the reduction in frequency of purchases for in-home consumption upon relaxation of restrictions by GoM.

Nevertheless, volume sold for FYFY22 has increased by 4.6%, driven by RTD milk category market share increase from 20.9% in end-March 2021 to 23.2% in March 2022 (Source: Kantar), attributable to higher recruitment of new customers, higher sales of our RTD milk products and launching of new products.

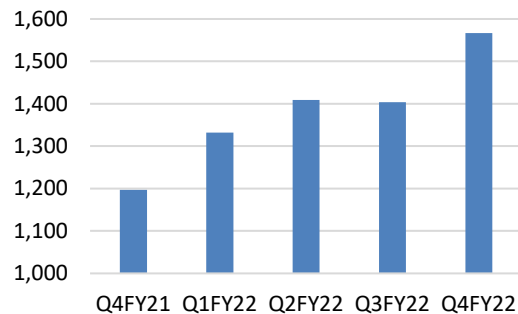
12M sales volume (million litres)



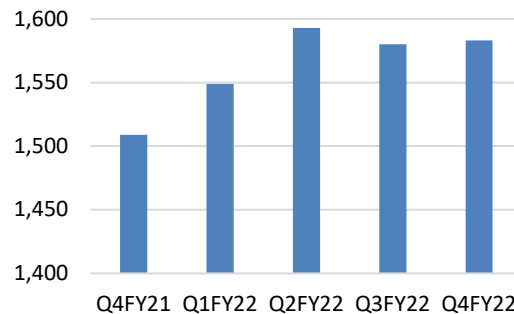
Key Financial Highlight (*cont'd*)

Input cost pressures causing margin compression

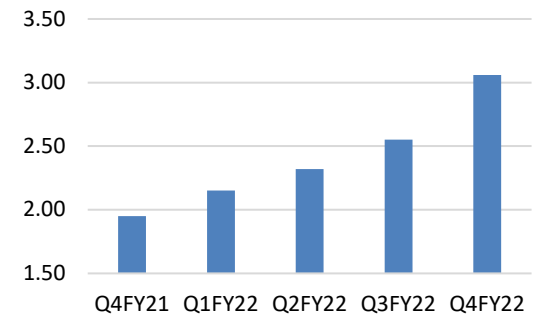
Maize (Quarterly average RM per MT)



Alfalfa (Quarterly average RM per MT)



Diesel (Quarterly average RM per litre)

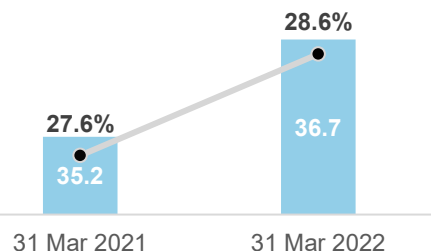


Raw milk prices (farm gate price) expected to increase in July 2022 by around 10%, resulting in a COGS increase of between 2-3%

Key Financial Highlights (*cont'd*)

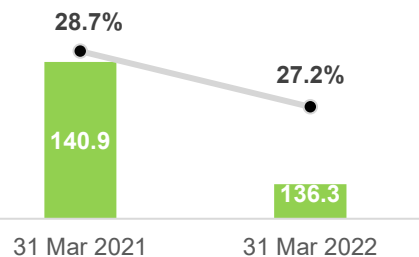
Gross Profit (RM mil) & Margins

Corresponding Quarter



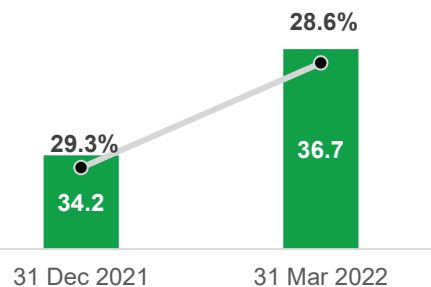
- Margin improvement in Q4 from price increases of our chilled and ambient RTD products by an average of 5% in September and December 2021 respectively.

12 Months Ended



- Mainly due to gross losses incurred by our Australia's IXL fruit jam operations during the year.
- Also due to overall increase in our input costs such as raw materials, direct labour and overheads and animal feed and herd health cost.

Preceding Quarter

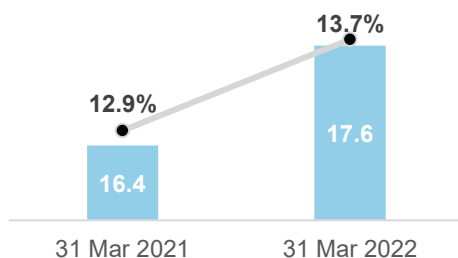


- Slight decrease in gross profit margin from the preceding quarter of FPE 31 December 2021 was due to lingering inflationary pressures on input costs i.e. raw materials and animal feed cost as well as increase in freight cost resulted from worsening supply-chain disruptions caused by military conflict in Ukraine.

Key Financial Highlights (*cont'd*)

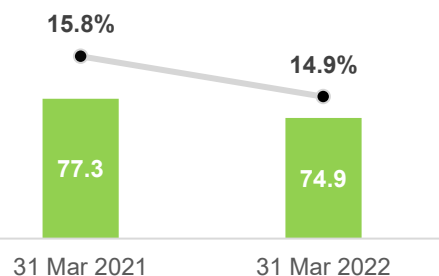
Operating Profit (RM mil) & Margins

Corresponding Quarter



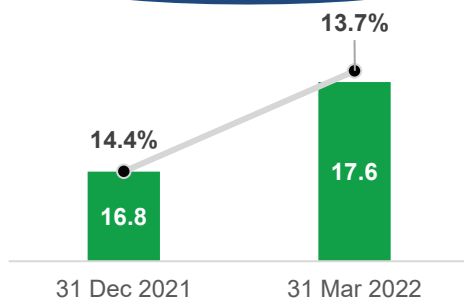
- Mainly attributable to the price increases of our chilled and ambient RTD products by an average of 5% in September and December 2021 respectively.

12 Months Ended



- Mainly due to gross losses and redundancy costs incurred by our Australia's IXL fruit jam operations during the year.
- Also due to overall increase in our input costs such as raw materials, direct labour and overheads and animal feed and herd health cost.
- Higher corporate professional fees incurred in connection with our IPO exercise.

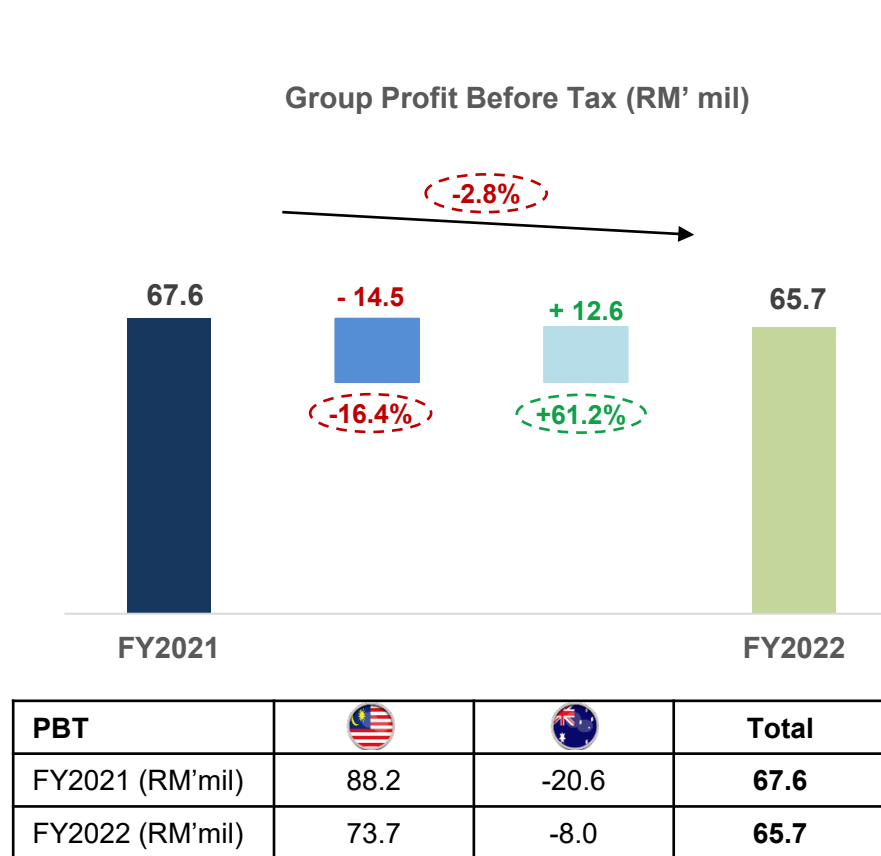
Preceding Quarter



- Despite increase in operating profit, operating profit margin slightly decline by 0.7% mainly due to aforementioned lingering inflationary pressures.

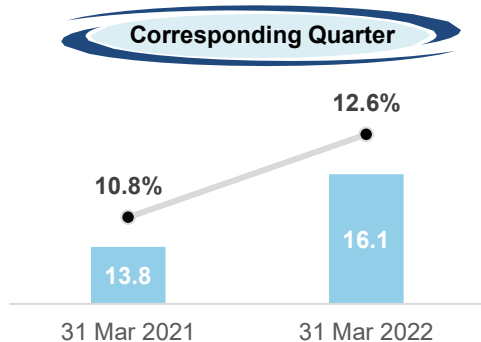
Key Financial Highlights (*cont'd*)

Profit Before Tax (RM mil)

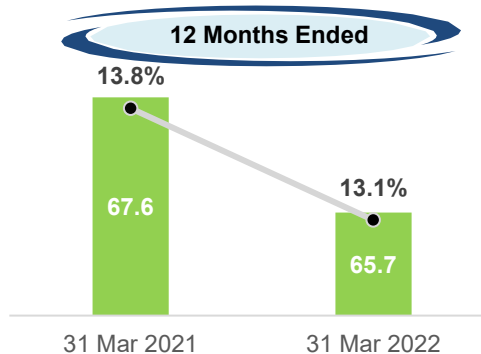


Key Financial Highlights (*cont'd*)

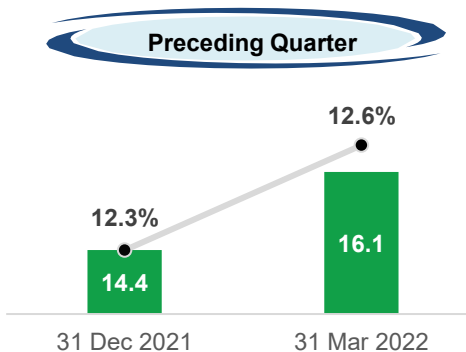
Profit Before Tax (RM mil) & Margins



- Mainly attributable to the aforementioned gross profit improvement.
- Higher financial returns and interest income arising from money market placements with Sukuk and IPO proceeds.



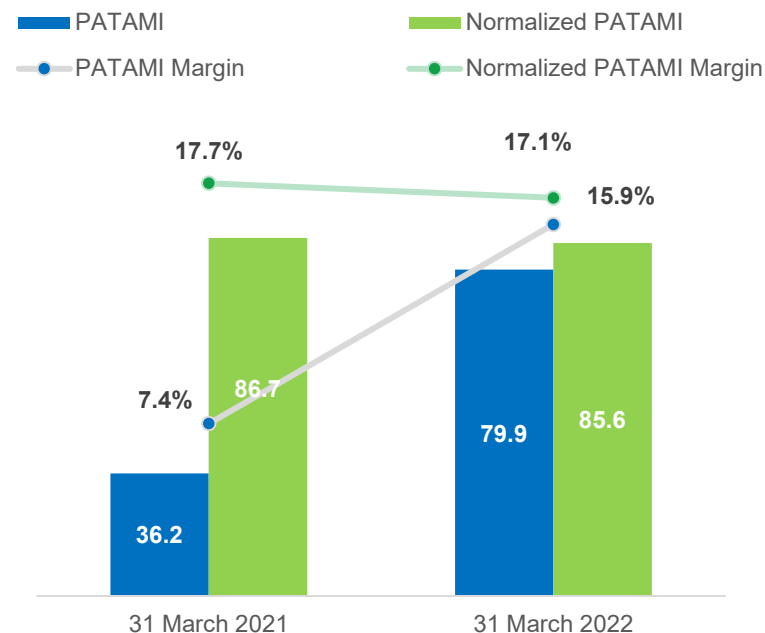
- Mainly due to gross losses and redundancy costs incurred by our Australia's IXL fruit jam operations during the year.
- Overall increase in our input costs such as raw materials, direct labour and overheads and animal feed and herd health cost.
- Higher corporate professional fees incurred in connection with our IPO exercise.



- Reflects both the sales increase and price increase in Q4 FY2022.

Normalized PATAMI

	Cumulative quarter	
	12 months ended	12 months ended
RM'mil	31.03.2021	31.03.2022
Reconciliation of PATAMI to Normalized PATAMI		
As reported PATAMI	36,228,078	79,886,892
Add/(Less):		
Reallocation of additional tax for prior years	25,708,582	-
Reallocation of tax reversal	10,490,033	(10,490,033)
Gross losses from IXL fruit jam business	5,777,933	3,648,365
Impairment loss on property, plant and equipment	3,369,787	62,908
Redundancy costs - IXL fruit jam business	2,479,499	3,880,679
IPO expenses	3,714,757	7,966,565
Sukuk expenses	916,900	164,868
Claw back / (receipt) of government grant income	(1,970,050)	493,203
Normalized PATAMI	86,715,519	85,613,447



Statement of financial position

	31 March 2022 RM	31 March 2021 RM	% change
NON-CURRENT ASSETS			
Property, plant and equipment	339,570,028	307,068,897	10.6
Right-of-use assets	14,820,525	15,819,769	(6.3)
Biological assets	95,709,674	69,459,099	37.8
Intangible assets	20,001,224	19,894,919	0.5
Trade and other receivables	740,429	1,077,338	(31.3)
Deferred tax assets	9,469,156	3,352,750	>100
CURRENT ASSETS			
Inventories	118,844,819	105,034,639	13.1
Trade and other receivables	100,248,170	88,796,172	12.9
Derivative financial assets	1,518,875	-	>100
Current tax assets	393,813	31,070	>100
Cash and cash equivalents	28,103,066	11,723,637	>100
Other investments	280,594,613	-	>100
TOTAL ASSETS	1,010,014,392	622,258,290	62.3
NON-CURRENT LIABILITIES			
Loans and borrowings	232,316,928	101,014,756	>100
Lease liabilities	5,919,368	6,159,799	(3.9)
Deferred income	6,496,730	6,768,263	(4.0)
Deferred tax liabilities	7,711,483	5,801,597	32.9
CURRENT LIABILITIES			
Loans and borrowings	52,300,841	140,927,921	(62.9)
Trade and other payables	93,075,548	82,852,645	12.0
Lease liabilities	959,930	854,653	12.3
Deferred income	270,697	269,861	0.3
Current tax liabilities	-	36,293,186	(>100)
TOTAL LIABILITIES	399,051,525	381,228,332	4.6
TOTAL EQUITY	610,962,867	241,029,958	>100
TOTAL EQUITY AND LIABILITIES	1,010,014,392	622,258,290	62.3

- Increase is mainly due to construction of new dairy farm and expansion of herd in Perak and fair value gain of our dairy cows of RM9.9 mil.

- Increase in inventories is primarily due to higher proportion of ingredients kept as a buffer as due to the prolonged supply chain disruptions surrounding COVID-19.

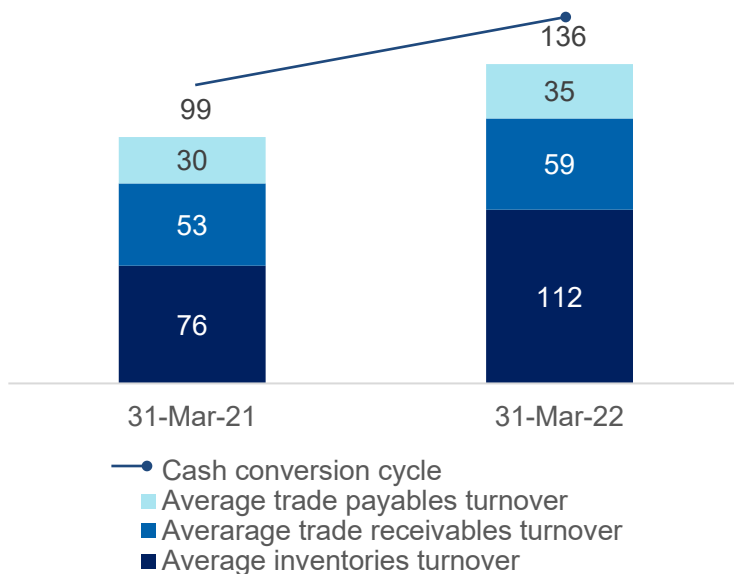
- Cash and cash equivalents as well as other investments (Money Market Fund) increase sharply resulted from the issuance of RM200mil Sukuk Wakalah in May 2021 and receipt of RM300mil IPO proceeds in end March 2022.

- Increase in loans and borrowings is due to issuance of RM200mil Sukuk Wakalah on 28 May 2021, with a tenure of 5 years at 3.72% coupon rate per annum.
- With Sukuk's proceed, the Group also refinanced its outstanding borrowings of RM130mil (include Shareholder's loan of RM 34mil).

- 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.

Balance sheet ratios

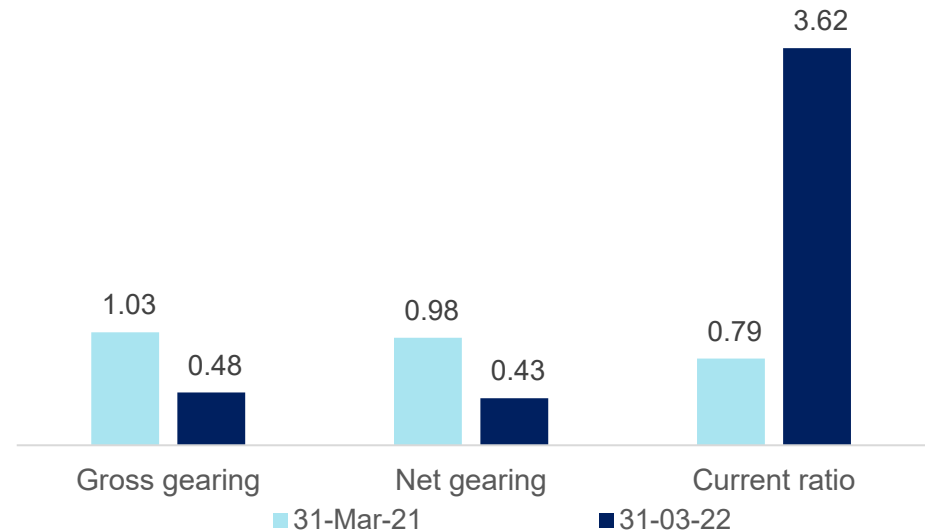
Cash Conversion Cycle (Days)



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)

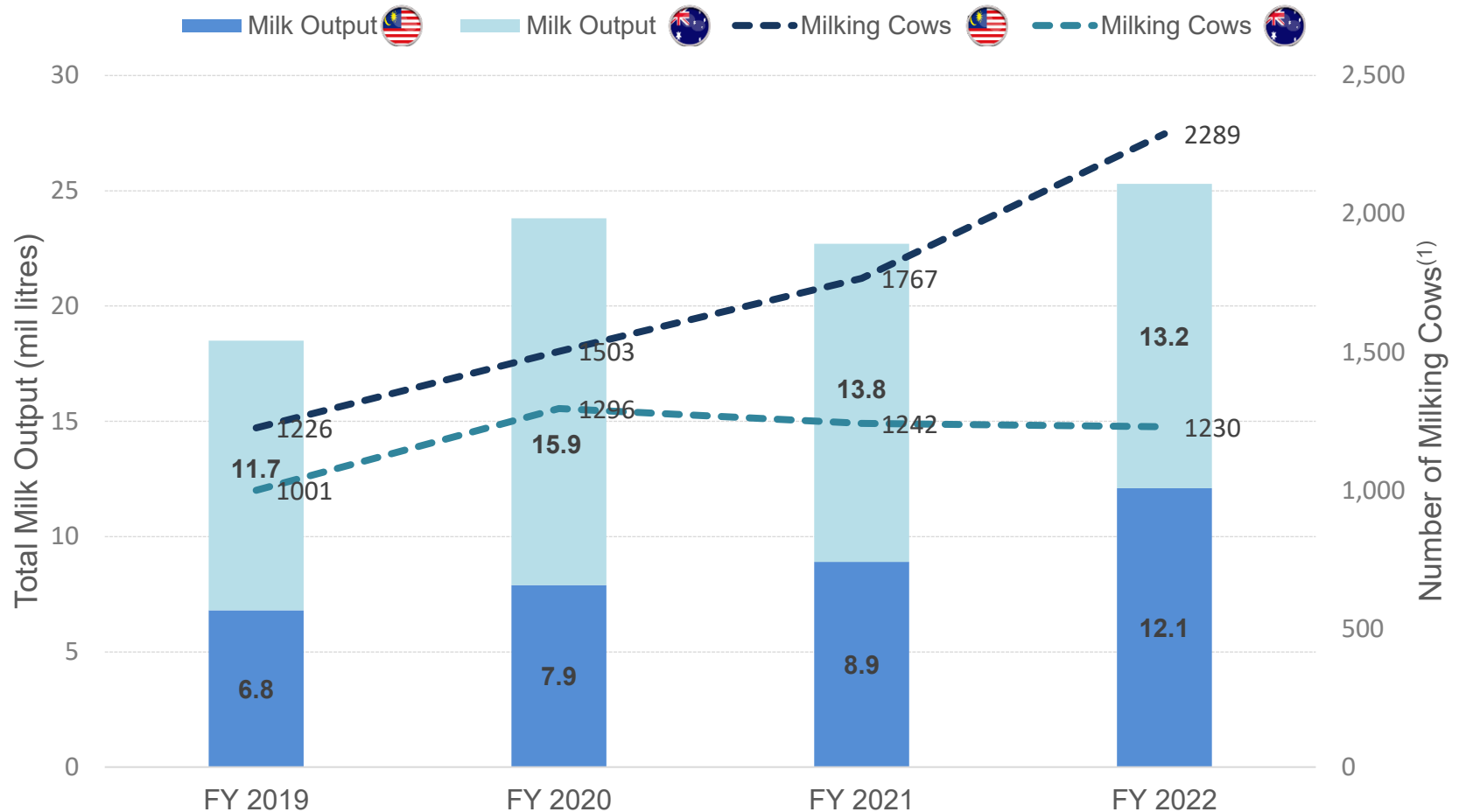


- Current ratio increased from 0.79 times to 3.62 times due to (i) refinancing of current shareholder loan, term loans and hire purchase liabilities with the Sukuk proceeds; and (ii) IPO proceeds of RM300mil in conjunction with the listing on the Main Market of Bursa Malaysia.
- Gross gearing ratio decreased from 1.03 times to 0.48 times due to the increase in retained earnings arising from the profitability of the Group, paring down of certain borrowings and 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.

Statement of profit or loss and other comprehensive income

	Individual Quarter 3M Ended					FYE 31 March (12M Ended)				
	31.03.22 MYR	% of Revenue	31.03.21 RM	% of Revenue	% growth	31.03.22 RM	% of Revenue	31.03.21 RM	% of Revenue	% growth
Revenue	128,067,675		127,505,584			501,921,211		490,498,015		2.3%
Cost of goods sold	(91,397,991)		(92,256,361)			(365,576,725)		(349,612,502)		4.6%
Gross profit	36,669,684	28.6%	35,249,223	27.6%	4.0%	136,344,486	27.2%	140,885,513	28.7%	
Other income	2,261,250	1.8%	4,612,741	3.6%	-51.0%	14,190,301	2.8%	9,021,458	1.8%	57.3%
Distribution expenses	(9,223,875)	-7.2%	(9,299,499)	-7.3%	-0.8%	(32,002,783)	-6.4%	(37,522,166)	-7.6%	-14.7%
Administrative expenses	(10,803,348)	-8.4%	(11,402,575)	-8.9%	-5.3%	(35,997,008)	-7.2%	(27,060,280)	-5.5%	33.0%
Other expenses	(1,289,593)	-1.0%	(2,768,067)	-2.2%	-53.4%	(7,655,695)	-1.5%	(7,979,608)	-1.6%	-4.1%
Result from operating activities	17,614,118	13.8%	16,391,823	12.9%	7.5%	74,879,301	14.9%	77,344,917	15.8%	
Finance income	987,697	0.8%	49,638	0.0%	1889.8%	1,896,651	0.4%	228,033	0.0%	731.7%
Finance costs	(2,495,897)	-1.9%	(2,661,891)	-2.1%	-6.2%	(11,091,593)	-2.2%	(9,984,341)	-2.0%	11.1%
Net finance costs	(1,508,200)	-1.2%	(2,612,253)	-2.0%	-42.3%	(9,194,942)	-1.8%	(9,756,308)	-2.0%	-5.8%
Profit before tax	16,105,918	12.6%	13,779,570	10.8%	16.9%	65,684,359	13.1%	67,588,609	13.8%	
Tax income/(expenses)	1,207,943	0.9%	(3,662,708)	-2.9%		12,880,987	2.6%	(34,760,839)	-7.1%	
Current tax and deferred tax	1,207,943	0.9%	(3,662,708)	-2.9%	-133.0%	2,390,954	0.5%	1,437,776	0.3%	66.3%
Additional tax for prior years	-		-			-		(25,708,582)		
Reversal of tax	-		-			10,490,033	2.1%	(10,490,033)		
Profit for the period / year	17,313,861	13.5%	10,116,862	7.9%	71.1%	78,565,346	15.7%	32,827,770	6.7%	
Normalised PATAMI	21,959,098	17.1%	23,011,220	18.0%	-4.6%	85,983,350	17.1%	87,072,326	17.8%	

Milking Output



Milk Yield ⁽²⁾ (MY)	15.2 Litres	14.4 Litres	13.8 Litres	14.5 Litres
Milk Yield ⁽²⁾ (AUS)	32.1 Litres	33.7 Litres	30.5 Litres	29.4 Litres

01

Market
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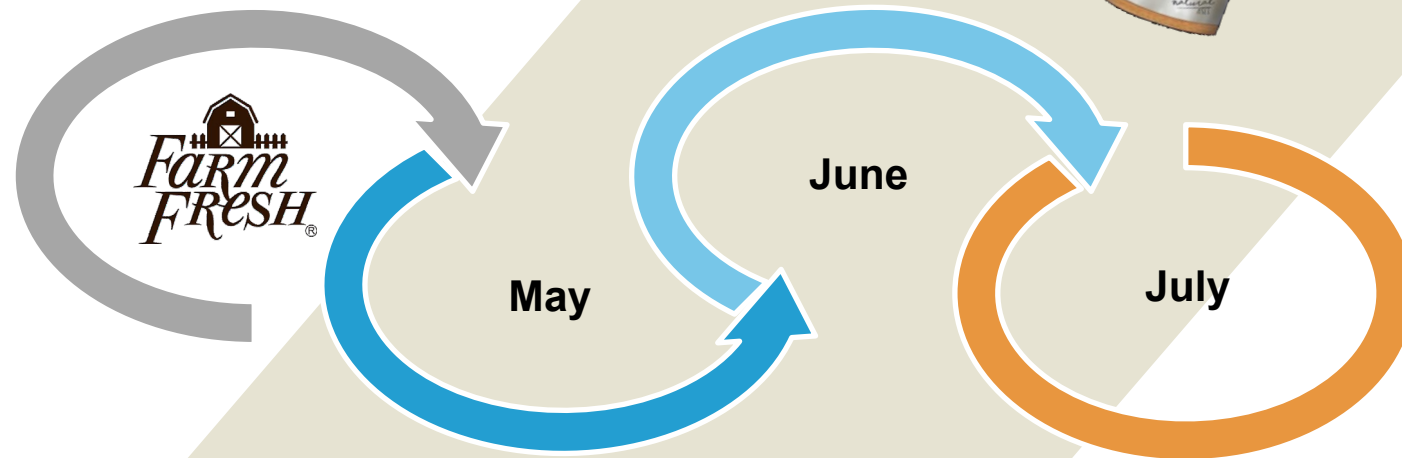
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Product launches



**Farm Fresh
Almond Barista
200mL Helicap &
1L Helicap**



**Farm Fresh Oat
Barista 200mL
Helicap & 1L Helicap**



**Farm Fresh Farm
Yogurt Natural 470g**



**Farm Fresh Hero DC 125mL
(Full Cream, Strawberry,
Banana, Strawberry Yg,
Mango Yg, Mixed Berries
Yg & Soy Original)**



**Farm Fresh Strawberry
Flavoured Milk 700g
Pasteurized**



**Farm Fresh Liquid
Growing Up Milk**



**Yarra by Farm Fresh Full Cream
Milk, Chocolate & Strawberry
Flavoured Milk 200mL UHT
(Straw) & 1L Helicap**



Outlook & Prospects

1 Expansion mode for Australia

- Losses from Australia curtailed with completion of downsizing of fruit jams business
- Commencing Kyabram facility expansion;
- AUD30 mil investment to produce UHT and ESL products for exports

2 Stronger Malaysia revenue growth

expected, driven by strong Ramadhan and Raya sales, new SKUs, and improving consumer confidence

3 Launch of our Yarra by Farm Fresh

in July which will be made from full cream milk powder and compete in pricing with other reconstituted or recombined milk from skimmed milk powder

4 Taiping farm and plant on-track and Central Region manufacturing hub finalization

Taiping will further improve our upstream and mid-stream capacity and reduce logistics costs to supply chilled milk products to the northern states of Peninsular Malaysia, freeing up capacity at our Larkin to focus on exports to Singapore. Enstek land close to being finalized, to be announced in due course

8

Economic uncertainty from in Ukraine resulting in higher commodity prices globally, directly impacting our input costs. Planned price increase in July for MY and Aug for SG

7 Regional expansion with planned entry into Indonesia, Philippines and Hong Kong

underway with good progress made for both Hong Kong and Philippines.

6 Launch of the growing up milk based on a fortified fresh milk formula,

in July 2022, a product without any sugar, maltodextrin, preservatives, artificial flavouring and colouring that will be much more beneficial to kids aged from 3 to 12 years old

5 Contract award for School Milk Program (Program Susu Sekolah)

with an increased quantity to be supplied (from 42 million packs of to 74 million packs to schools in the Northern, Eastern and Southern regions of Peninsular Malaysia, respectively, during the period from March 2022 to February 2023. Importantly, gives our HD Network access to school canteens and Parent-Teachers' Associations



Q&A

Thank You