



Farm Fresh Berhad

12th Annual General Meeting

26 September 2023

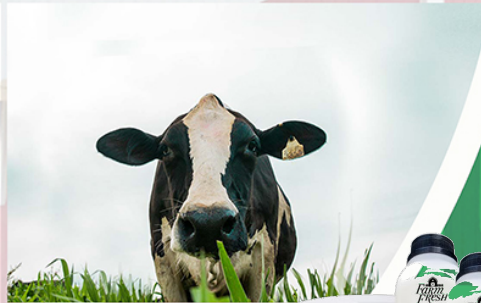


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1 Business Overview

Financial Year 2023 at a glance



93.5 million

Litres of **finished goods sold**
(2022: 78.6 million litres)



Total landbank size of
5,367 acres
(2022: 5,416 acres)



11,925

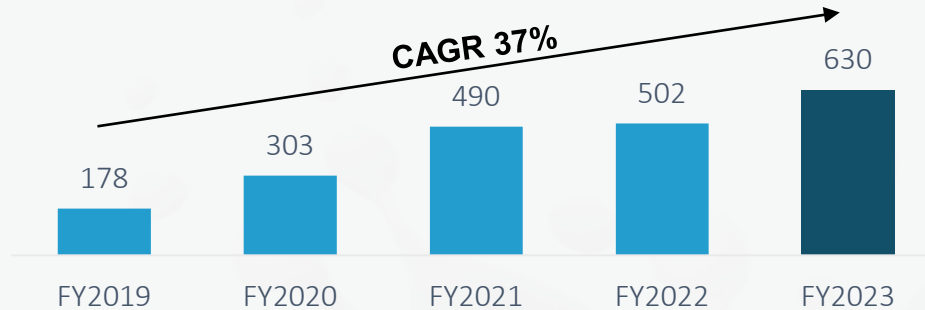
Dairy cows and bulls
(2022: 10,309)



25

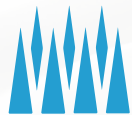
New products commercialised
(2022: 13 products)

Strong revenue growth year-on-year



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
7,294 Dairy cows



1 dairy farm
3,061 Dairy cows

Strong competitive advantage
through gene bank ownership



Midstream⁽¹⁾

2 processing facilities
161 finished products (mn ltr)

1 processing facility
84 processed milk (mn ltr)



Downstream⁽¹⁾

176 SKUs
across multiple product segments⁽²⁾



Large Format Retailers



Convenience Store



Stockist / Dealers



HORECA



Export markets

Source: Company information.

Note:

(1) As at 31 March 2023.

(2) SKU count across overall product portfolio ie chilled RTD milk products, UHT/ambient RTD products, plant-based products, yoghurt products, fruit jam and sauces as of 31 March 2023.



Key Milestones in 2022/2023

Acquired Greater Shepparton Farm 4 situated in Kyabram, Australia.



Launch of Jom Cha by Farm Fresh in Malaysia.



Recognised for our sustainable dairy farming practices in the 2022 Steward Leadership 25 list of inspiring Asia Pacific companies.



Best IPO for Retail Investors in Southeast Asia & Best Deal of the Year for Minority Shareholders in Southeast Asia 2022 at the Alpha Southeast Asia 16th Annual awards.



Completed 65% acquisition of The Inside Scoop Sdn Bhd.



March 2022

June 2022

August 2022

October 2022

November 2022

November 2022

January 2023

February 2023

May 2023

May 2023

Successfully listed on the Main Market of



Completed 90% acquisition of St David Dairy Pty Ltd.



Received Brand of the Year award in the Dairy Products category at the 2022-2023 World Branding Awards.



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



Bestowed the IFN Equity & IPO Deal of the Year 2022 in the IFN Deals of the Year 2022 awards.

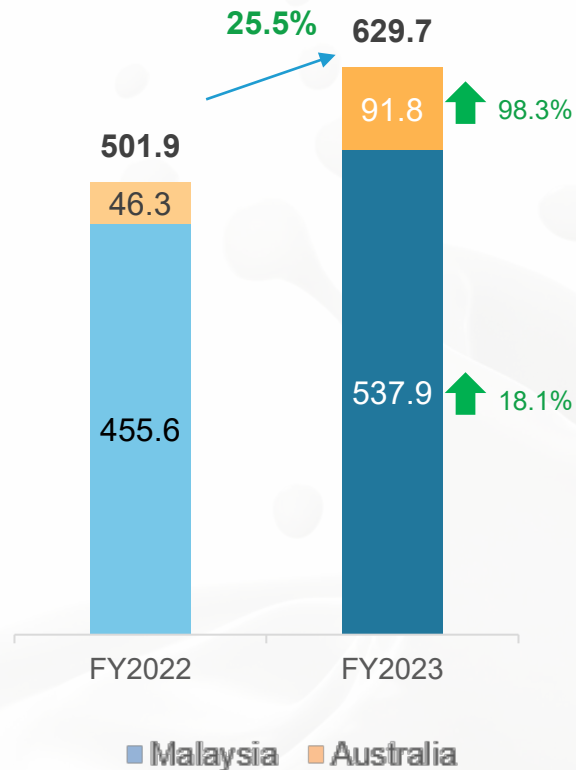




2 Financial Overview

Key Financial Metrics as at FYE 31 March 2023

**Revenue
(FY23 vs FY22)**



Revenue

▲ 25.5%



RM 629.7 million

Gross Profit

▲ 9.8%



RM149.7 million

Shareholders' Equity

▲ 4.1%



RM635.9 million

Profit After Tax

▼ 36.5%



RM49.9 million

Key items that affected the FY2023's performance

Escalating Costs
Of Dairy raw
Material



Higher Feed
Costs



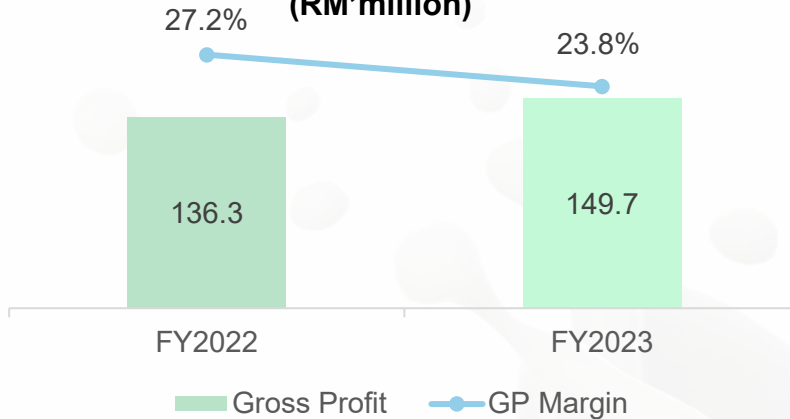
Higher Labour
Costs



Foreign Exchange
Fluctuation

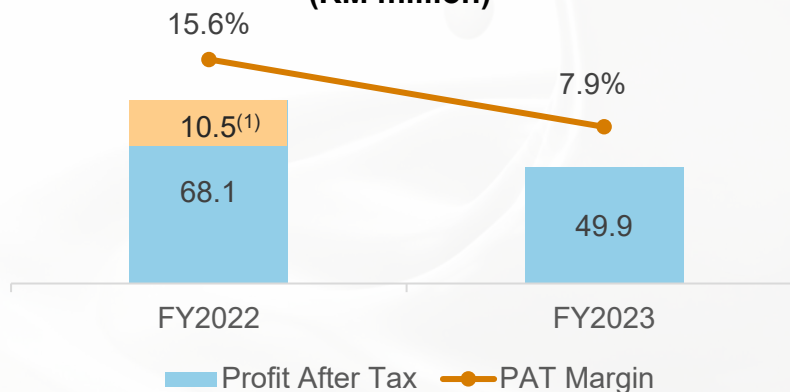


**Gross Profit
(RM'million)**



- The whole milk powder prices spiked to record highs and the farmgate milk prices for the season from July 2022 to June 2023 has also increased significantly by 29%.
- In addition, the lower gross profit margins was contributed by other external factors, including higher costs for raw materials, feed costs, labour and the depreciation of the ringgit against the US dollar.

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

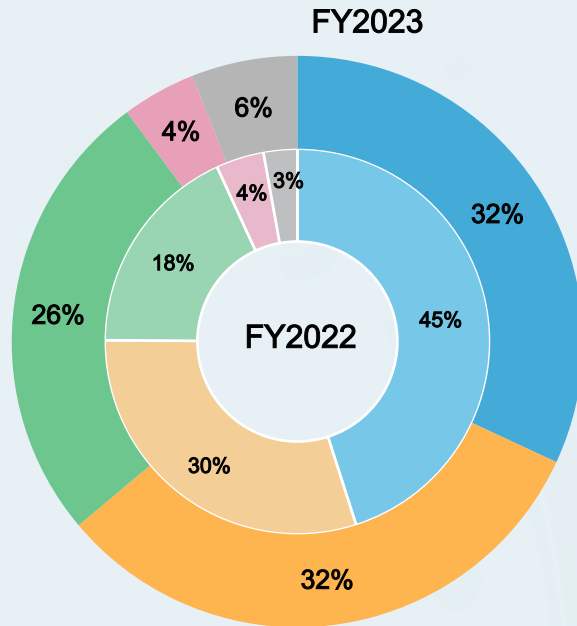


- This contraction can be attributed to lower gross profit margins, higher distribution costs, increased salary expenses due to amendments to the Employment Act 1965, expenses related to the rollout of the Employee Share Option Scheme (ESOS), fair value losses on biological assets as well as unrealised derivative losses.

Revenue Analysis

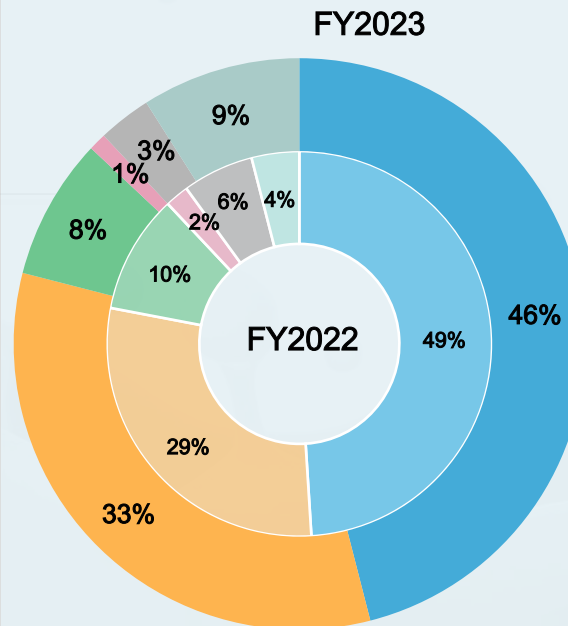
Revenue by Distribution Channel

8



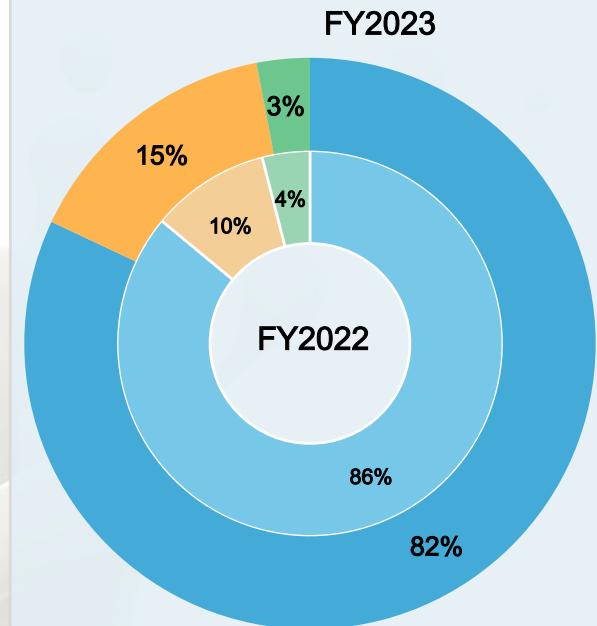
- Large Format Retailers
- Stockist/Dealers/School Project
- HORECA Markets
- Export Markets
- Convenience Stores

Revenue by Product



- Chilled milk
- Ambient / UHT milk
- Yogurt products
- Plant-based products
- Others (e.g. Agrotourism, fruit jam & sauces)
- Australia external milk sales

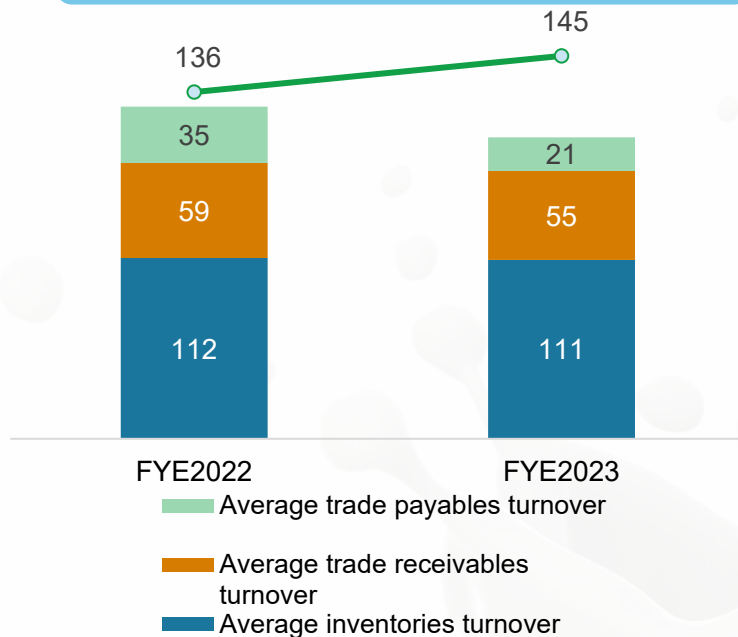
Revenue by Region



- Malaysia
- Australia
- Singapore & Brunei

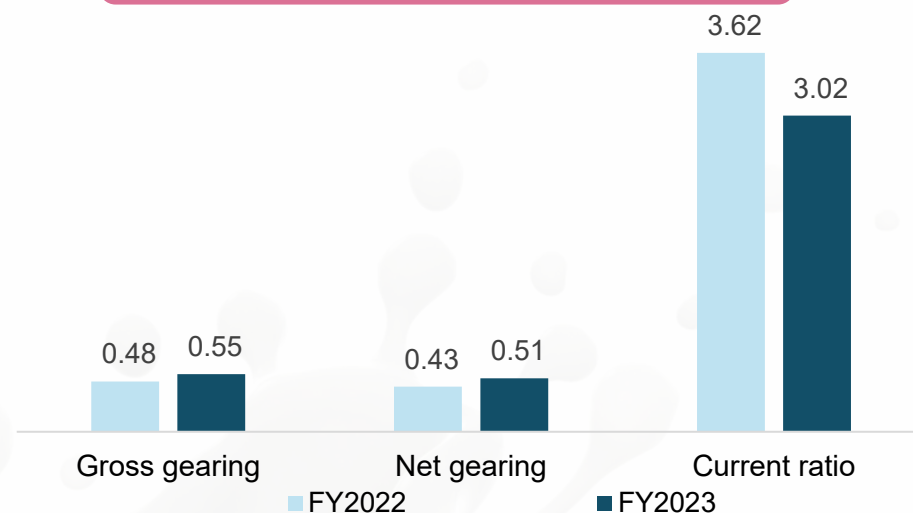
FY2023 Balance Sheet Ratios

Cash Conversion Cycle



- Average inventories turnover days and average trade receivables remained constant.
- Average trade payables days decreased from 35 days to 21 days due to higher repayment of current trade payables during the year.

Key Ratio



- Gross and net gearing ratio increased due to :
 - (i) drawdown of AUD4.5mil term loan by an Australian subsidiary,
 - (ii) higher utilization of trade financing and revolving credit for working capital and,
 - (iii) distribution of RM199m dividend during the year.
- Current ratio decrease from 3.62 times to 3.02 times due to higher utilisation of short-term financing instrument such as banker acceptance, revolving credit and hire purchase facilities.



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

- Powdered milk category in Malaysia is a segment with market size of **MYR2.3bn⁽¹⁾**
- Launched growing up milk for kids aged 2 to 6 years old in **October 2022**, and launching FF Grow in powder format in **Q4 2023**.



2

Butter

- Butter line to be installed and commissioned in Larkin 1H 2024
- 70 pcs per minute output per line - 2 lines running 200g and 9g butter
- 9g butter in foil, which will scale up quickly for HORECA market given environmental concerns on plastic-based packaging
- Farm Fresh branded for regular butter, and cultured butter under St David Dairy brand

3

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

- Launched our **Yarra by Farm Fresh** in November 2022 which is made from full cream milk powder and compete in pricing with other reconstituted or recombined milk from skimmed milk powder
- Continue to explore expansion into other product categories such as **non-dairy packaged** food and beverage products
- Plan to expand into **plant-based yoghurt** products in second half of 2023 – continue to target consumers who are lactose intolerant or with dietary restrictions
- Expansion into the **ice cream** segment

Product Launches



Future Expansion Plans

01 Farm Fresh Grow

- Successfully launched of our liquid growing up milk in **October 2022**.
- Reinforce our presence in the growing up milk segment with the impending **launch of a new powder variant of Farm Fresh Grow** by end-2023.



02 Inside Scoop

Leveraging on artisanal experience and strong brand recognition of Inside Scoop,

+

Farm Fresh's ready manufacturing facility and distribution channel,

Target to roll out CPG ice cream **by early 2024**.



03 Philippines Expansion

- Establish a presence in Philippines.
- Our new processing facility at San Simon in the Central Luzon region (about 1 hour away from metro Manila) set to commence operations in **second half of 2023**.
- Leveraging the strength of our local distribution partner as well as our experience in setting up our Malaysian distribution network

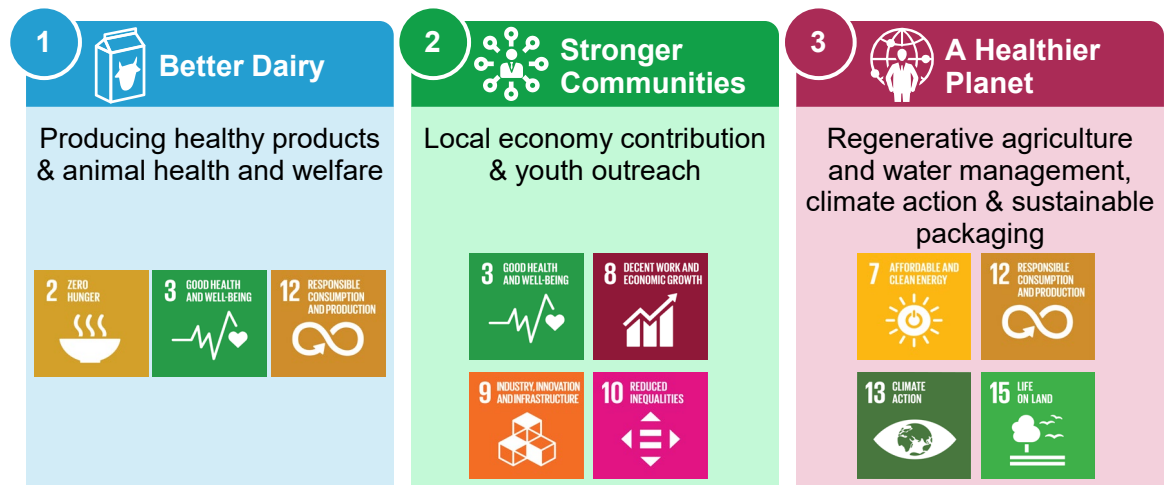


4 Sustainability



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



72%

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



223

student intern participants from local universities since 2019



RM45.4mn

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



80%

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



RM1.7mn

in income generated for our partner-farmers



>62mn packs



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

3 A healthier planet



Regenerative agriculture and water management



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

Vermiculture

Vermicomposting

Treat liquid animal waste to aid with pasture irrigation

Recycled rainwater for washing and flushing of barns

Reduce dependency on chemical fertilizers

Enhance plant growth and soil microbial activity

Improve physical characteristics of soil

Reduce animal waste discharge sent to landfills



88.3

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

FY2022: 86.4 million kg

1,748,730

kg of chemical fertiliser removed from our cycle

FY2022: 687,876 kg

336.7

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

FY2022: 335.0 million litres

329.7

acres of farmland irrigated by recycled FDE.

FY2022: 267.7 acres

3 A healthier planet

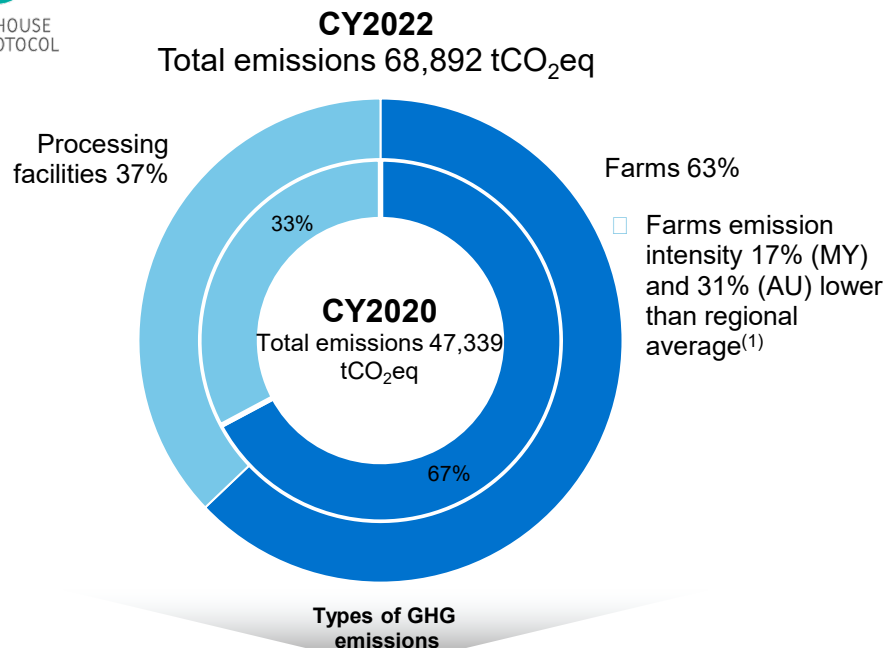


Climate action



GREENHOUSE
GAS PROTOCOL

Carbon footprint exercise



Scope
1

Scope
2

Scope
3

	2022	2020	Var.
Emissions intensity (tCO ₂ eq / tonne of milk)	0.42	0.46	↓ 9%

Executed in FY2023:



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.

Future Plan:

We are in the process of developing a biogas plant in Muadzam Shah, to contribute to an estimated reduction of **9,800 tonnes carbon dioxide (tCO₂)** per annum and **reduce diesel usage by 670k litres** a year.

We are also constructing our third rooftop solar power plant with a capacity of **525.03 kWp** in Taiping.



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 **increased** from **28% to 35.5%** of total sales in **FY2023**

Launched **Milk on Tap** (9 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 **Sep'22 to Jun'23**, our Milk on Tap initiative has resulted in avoidance of **>140,000 plastic bottles or equivalent to >7,300 kg of plastic**.





Thank You

