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**FARM FRESH POSTS RM11.8 MILLION NET PROFIT FOR 3QFY22,
WITH MARC AFFIRMING ITS AA-IS RATING ON FARM FRESH'S
SUKUK PROGRAMME WITH STABLE OUTLOOK**

Kuala Lumpur, 18 March 2022 – One of Malaysia's leading dairy producers, **FARM FRESH BERHAD** ("**Farm Fresh**" or the "**Group**"), today announced its third quarter results for the financial year ending 31 March 2022, with a revenue of RM116.7 million and profit after tax ("**PAT**") of RM11.8 million. The Group reported a decrease in revenue and PAT for the three months ended 31 December 2021 as compared to the revenue of RM128.6 million and PAT of RM14.1 million in the same period in 2020 due to the overall impact of the prolonged Covid-19 pandemic which resulted in dampened economic activity, consumer confidence and levels of household income in Malaysia and the ceasing of raw milk sales by its Australia farm to third parties since end of September 2021.

The Group's gross profit margin for the three months ended 31 December 2021 improved to 29% from the 25% recorded in the preceding quarter on the back of the price increases by an average of 5% for its chilled ready-to-drink ("**RTD**") milk products in September 2021 and ambient RTD products in December 2021.

For the nine-month period ended 31 December 2021, Farm Fresh registered a cumulative revenue and PAT of RM373.9 million and RM61.3 million respectively, an improvement of 3.0% and 169.7% respectively year on year. The revenue growth was mainly led by an increase in the RTD milk category market share from 15.0% in December 2020 to 18.0% in September 2021 (Source: Frost & Sullivan) attributable to higher recruitment of new customers, higher sales of its RTD milk products and launching of new products during the financial period.

Farm Fresh Group Managing Director and Group Chief Executive Officer Loi Tuan Ee said, "The team at Farm Fresh has worked hard to navigate the challenging environment posed by the COVID-19 pandemic, inflationary pressures from higher input prices, and most recently the uncertainties caused by the Russian military invasion of Ukraine, and thankfully we still managed to register growth during the financial period, as well as contained the impact of rising costs to our bottom line. We believe that this tough period shows great resilience of our business, and going forward, with our well laid out strategic plans, we remain confident in our ability to register long term growth in our sales, market share and profitability.

"Specifically, our planned launch of the growing up milk based on a fortified fresh milk formula, which will compete with both powder-based kids' milk and RTD reconstituted milk-based products, will enable us to further drive growth with our culture of innovation and commitment for producing healthier products for our growing children", he added.

According to Frost & Sullivan, the powdered milk category in Malaysia has a market size of RM2.3 billion in 2020. Farm Fresh is currently formulating 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.

On 7 March 2022, pursuant to a competitive tender done by Ministry of Education, the Group was awarded three contracts under the School Milk Program (Program Susu Sekolah) to provide at minimum 42 million packs of milk to 3,546 schools in the Northern, Eastern and Southern regions of Peninsular Malaysia, during the period from March 2022 to February 2023. This will enable the Group to continue leveraging its home dealer network to supply milk under the School Milk Program, while also increasing sales to school canteens and Parent-Teachers' Associations, driving sales growth from our home dealer network.

In the near term, the Group is focusing on completing and operationalising its Taiping farm and processing plant, an additional filling and packaging line at Muadzam Shah facility and the processing facility at the UPM Farm which will increase the annual production capacity by 29.8 million litres by 2022. With the completion of the Taiping processing plant, the capacity at the Larkin processing plant can be freed up for exports in Singapore. In addition, the Group intends to launch its regional expansion with its planned entry into Indonesia, Philippines and Hong Kong.

On 18 March 2022, Malaysian Rating Corp Bhd (MARC) has affirmed its rating of AA-IS on Farm Fresh's Islamic medium-term notes (IMTN) programme of RM1 billion under the Shariah principle of Wakalah Bi Al-Istithmar with a stable outlook. In a statement, MARC said the rating affirmation reflects Farm Fresh's integrated dairy farming operations, growing sales track record, and strong domestic market position in key dairy segments, underpinned by a steadily improving financial performance. MARC noted that Farm Fresh remains a leading player in the domestic chilled RTD segment with its 42% market share in the chilled (RTD) segment, and is ranked among the top three in the RTD (chilled and ambient) and yoghurt segments. According to MARC, the IPO will expand Farm Fresh's share capital and reduce the group's leverage to a moderate 0.48 times from 0.98 times.

The Group is scheduled to be listed on the Main Market of Bursa Malaysia Securities Berhad on 22 March 2022. Farm Fresh's market capitalisation works out to approximately RM2.5 billion based on the final retail price of RM1.35 and its enlarged share capital of 1,857.9 million shares upon listing.

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About Farm Fresh Berhad

Since the incorporation of its dairy farming operations in 2009, Farm Fresh Berhad has become one of Malaysia's largest homegrown dairy companies with an estimated market share of 18% in the ready to drink ("RTD") milk segment as at 30 September 2021. Through

its subsidiaries, the Group operates on a “grass-to-glass” model that engages in the business activities of farming, manufacturing and distributing various dairy products and plant-based products.

The history of Farm Fresh’s business can be traced back to 2009 when its founders, Loi Tuan Ee and Loi Tuan Kin, commenced their dairy farming operations under Farm Fresh Milk Sdn Bhd (“**FFMSB**”) involving the rearing of goats and sale of goats’ milk. Loi Tuan Ee brought in Azmi Bin Zainal to assist with FFMSB’s operations. With the support from Khazanah Nasional Berhad, the Company established its Muadzam Shah Farm in Pahang which became fully operational in 2014 with a focus on rearing dairy cows. Since then, the Group has expanded its business operations via strategic acquisitions, notably the acquisitions of AFS Dairy Company Australia Pty Ltd and the business and operations carried out by Petabern Dairies Pty Ltd, which have strengthened their breeding capabilities by granting them access to the resilient AFS breed and top-quality pure-bred Australian Holstein genetics.

Farm Fresh operates five dairy farms in Malaysia and one dairy farm in Australia, across approximately 5,400 acres of land, with a total herd size of around 9,960 dairy cows and bulls. Farm Fresh also owns and operates two processing facilities in Johor and Pahang, Malaysia, with the capacity to produce around 137.0 million litres of finished goods annually and one processing facility in Kyabram, Australia, with the capacity to produce around 84.0 million litres of processed milk annually.

Farm Fresh has a diverse product portfolio, with 135 stock keeping units (“**SKUs**”), spanning multiple product segments such as chilled RTD milk products, ultra-high temperature processing/ambient RTD products, plant-based products, yoghurt products, fruit jam and sauces. The Group sells its products across its multi-channel distribution network that covers all states in Malaysia, allowing the Group to reach a broad range of customers in Malaysia.

For more information, please log on to <https://www.farmfresh.com.my/>.

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