



Farm Fresh Berhad

Q3 FY25 Results Briefing

28 February 2025

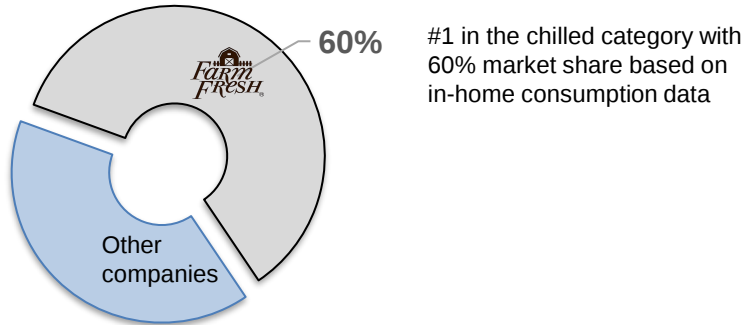


Farm Fresh market share growth

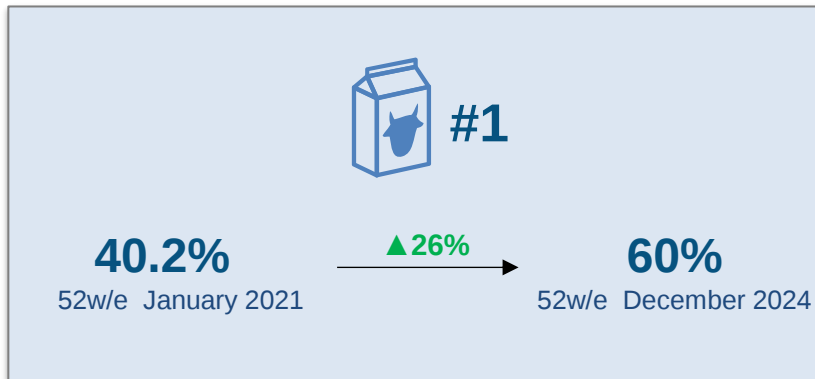


Market share leadership

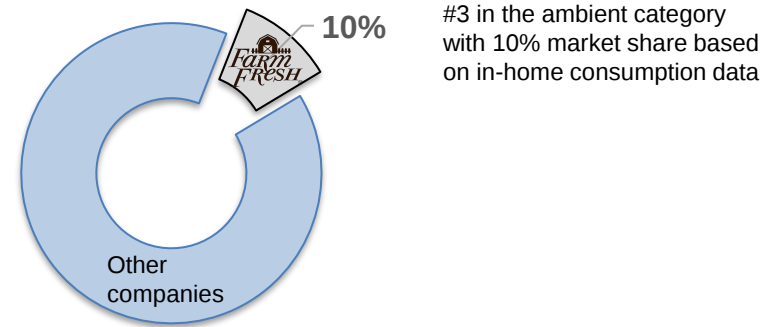
Chilled



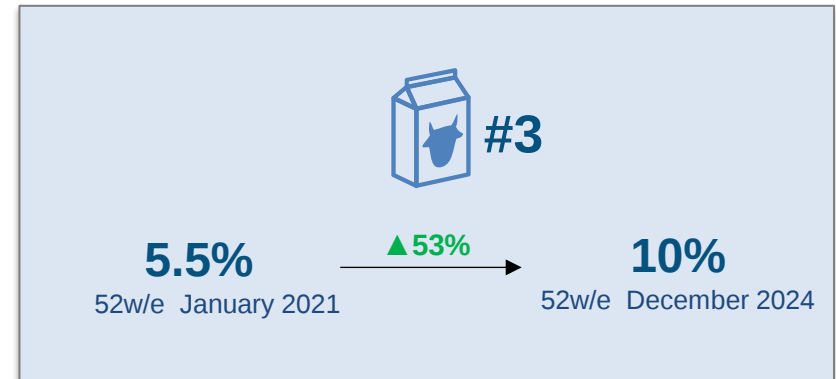
Market share growth in Chilled



Ambient



Market share growth in Ambient



01

Financial
Results

02

Outlook and
Prospects



Q3 FY25 key highlights:



① Corresponding Quarter ② Preceding Quarter ③ Year to Date (9 Months)

In RM' mil	Q3FY25	Q3FY24	% Change	Q2FY25	% Change	FY25	FY24	% Change
Revenue	246.6	211.6	▲17%	249.2	▼1%	737.4	595.4	▲24%
Gross Profit	81.0	65.6	▲23%	83.8	▼3%	237.8	150.7	▲58%
EBITDA	47.7	41.3	▲15%	47.7	=	141.4	91.5	▲55%
Profit after tax	26.2	20.6	▲27%	27.0	▼3%	79.7	39.3	▲103%
PATAMI	25.9	20.4	▲27%	26.2	▼1%	78.0	39.6	▲97%

Key narratives

Performance vs corresponding quarter ① and 9-month period ③

Sales higher driven by HORECA and commercial UHT sales, sales contribution from new products i.e. Farm Fresh Grow, Choco Malt, and CPG ice cream, accompanied by higher sales of artisanal ice cream.

Improved gross profit and profitability due to lower milk ingredients cost with lower WMP costs, and for 9-month period full impact of Australia farmgate price reduction by 4% in July 2023 and in Q3 FY25 realizing some reduction of 11% beginning July 2024, and contribution from ice cream business subsidiaries i.e. Inside Scoop and Sin Wah which carry higher margins.

Performance vs preceding quarter ②

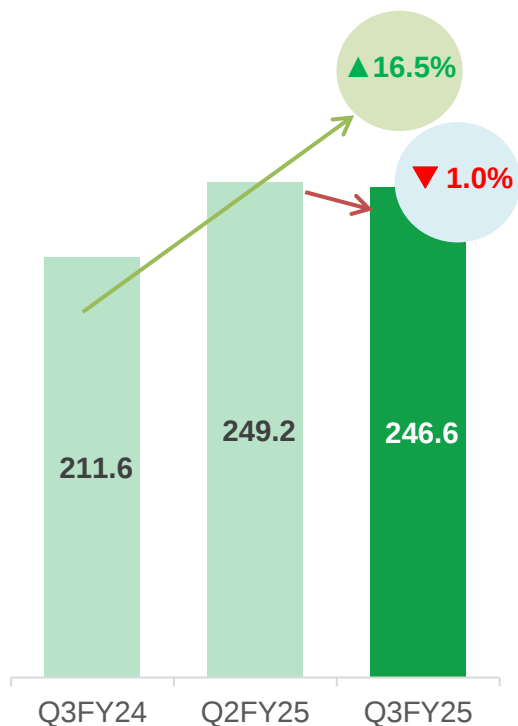
Lower Australian revenue from lower GVC external sales, resulting in lower margins due to higher production cost per unit.



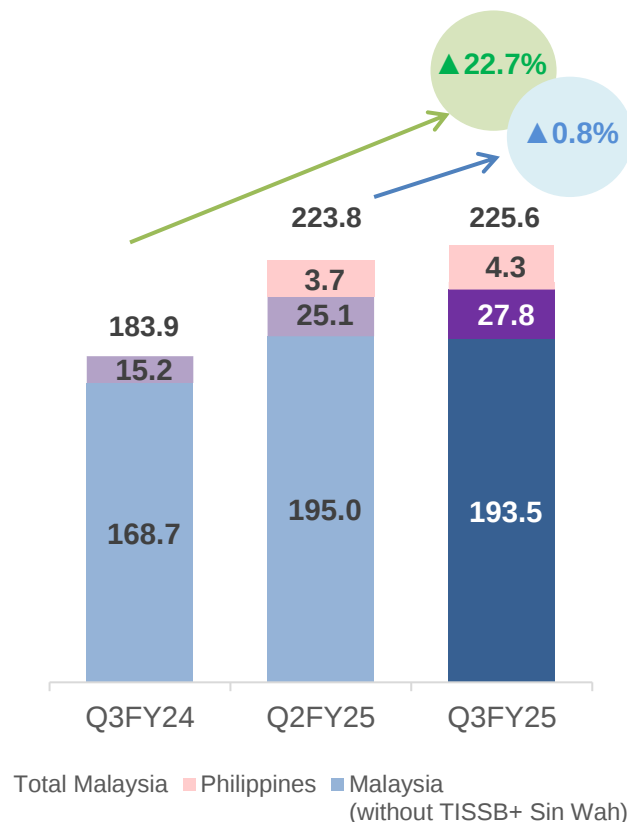
Financial Highlights

Revenue (RM mil)

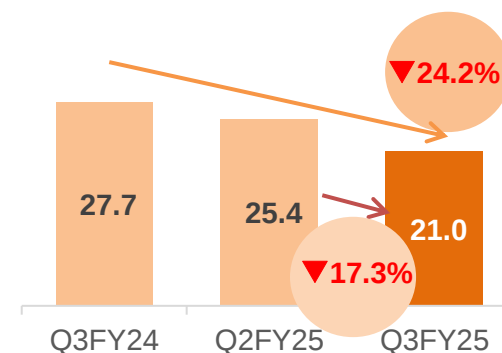
Group - RM mil



Malaysia - RM mil



Australia - RM mil

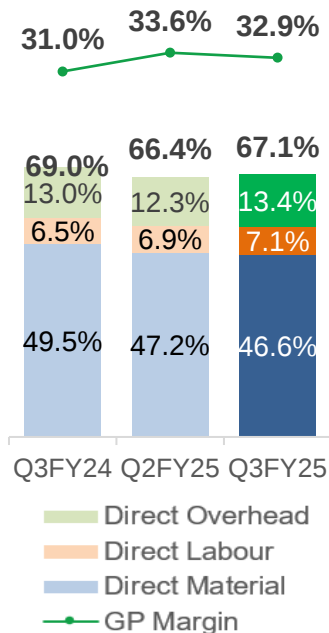


- Malaysia's sales growth driven by higher HORECA and commercial UHT sales, sales contribution from new products i.e. Farm Fresh Grow, Farm Fresh Choco Malt and Cream Hauz consumer-packaged goods (CPG) ice cream, accompanied by revenue contribution from Inside Scoop and Sin Wah.
- Philippines operation contributed only 1.7% of revenue in Q3FY25 and 1.5% of revenue in Q2FY25, hence it is grouped under Malaysia operation.
- Australian revenue decreased due to lower external sales from Goulburn Valley Creamery Pty Ltd.

Financial Highlights

Gross Profit (RM mil)

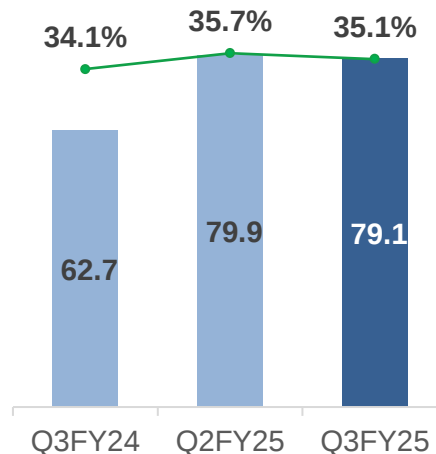
Group - Cost of Goods Sold
(% of revenue)



Group GP margin increased by 1.9% from corresponding quarter mainly attributable to increased sales of higher margin products and further aided by lower cost of dairy raw materials.



Malaysia - RM mil, %

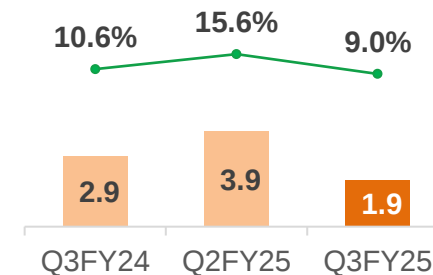


GP increase by 26.2% while **GP margin increased by 1.0%** as compared to corresponding quarter, mainly attributable to the:

- **lower milk ingredients cost** coming from lower WMP and Australia milk prices;
- Realised gain from WMP futures;
- Gross profit contribution from **Inside Scoop and Sin Wah**.



Australia - RM mil, %

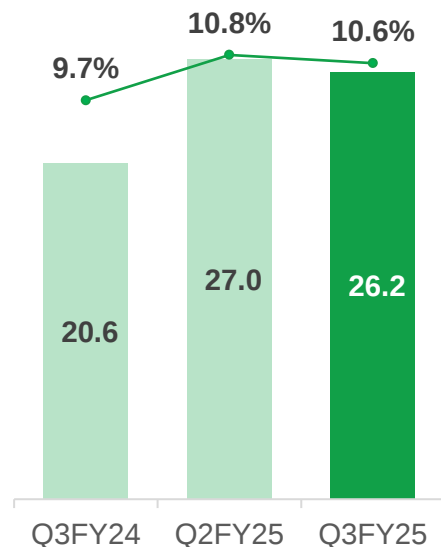


GP decreased by 34.5% as compared to corresponding quarter mainly due to higher production costs associated with lower sales order in the current quarter.

Financial Highlights

Profit after tax (RM mil)

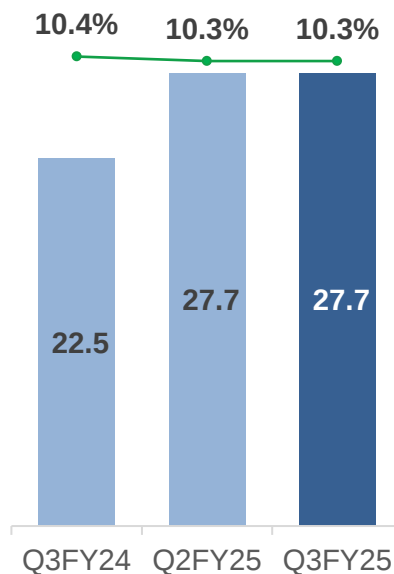
Group - RM mil, PAT Margin %



Growth % versus
Corresponding period : **▲27.2%**
Preceding period: **▼3.0%**



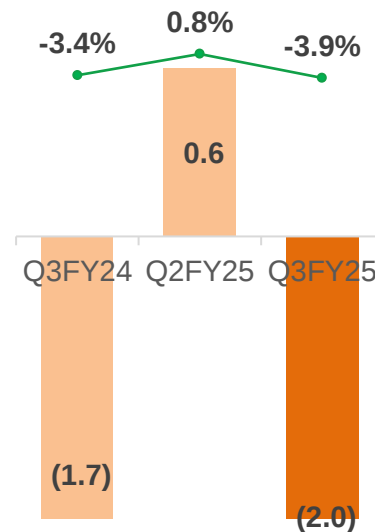
Malaysia - RM mil, % (Before intra-group adj)



Growth % versus
Corresponding period : **▲23.1%**
Preceding period: **=**



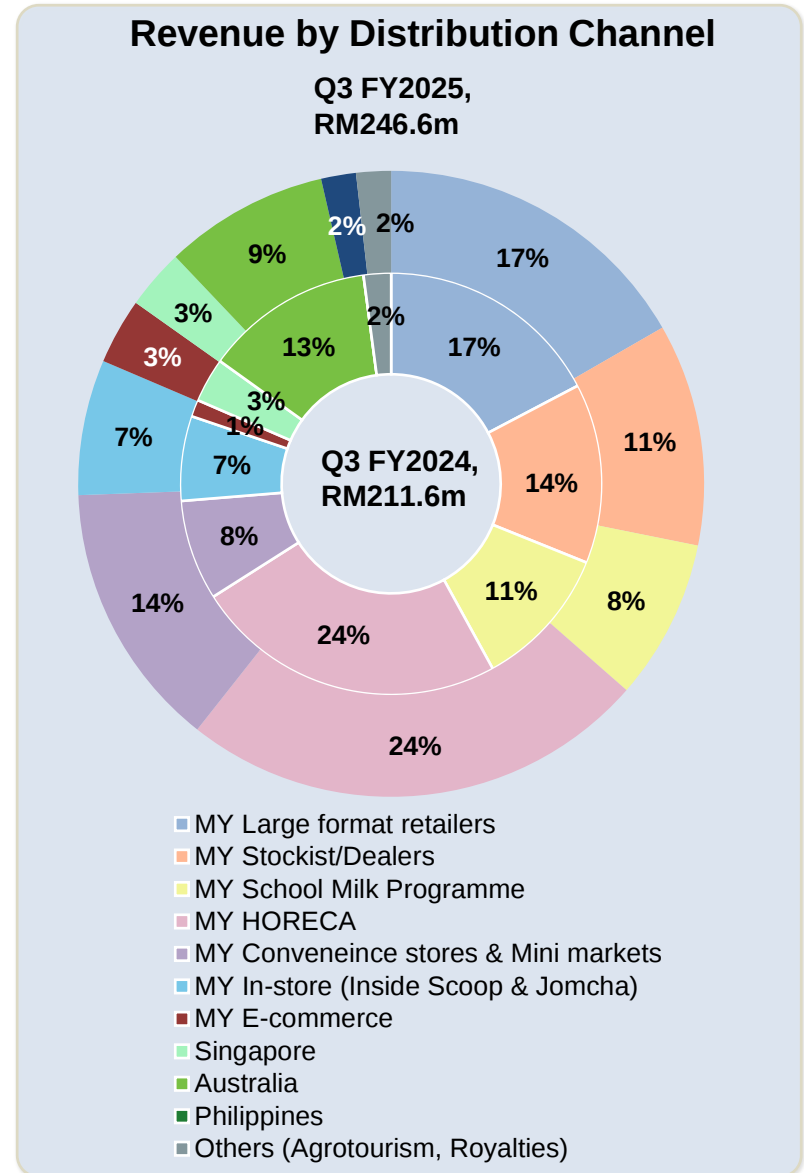
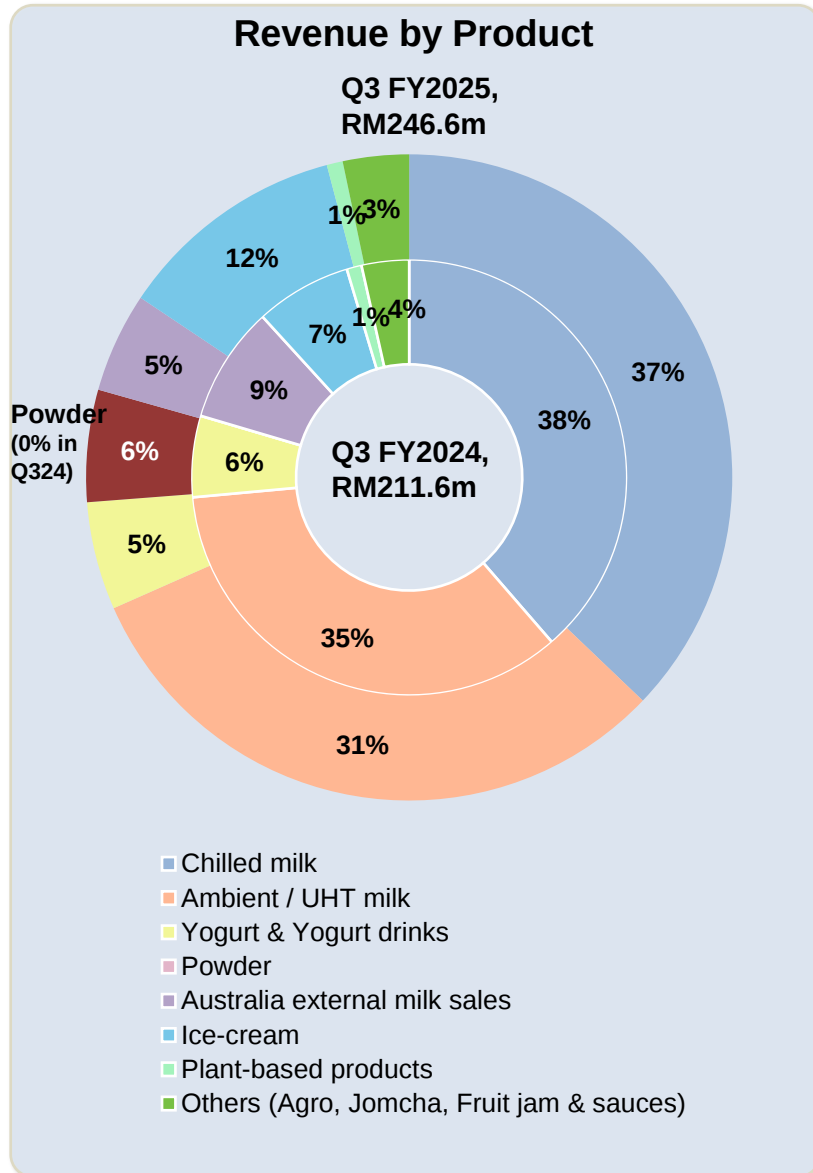
Australia - RM mil, % (Before intra-group adj)



Growth versus
Corresponding period : **▼17.6%**
Preceding period: **▼433.3%**

Note: Group's PAT margin dipped by 0.2% as compared to preceding quarter due to higher loss from Australian operations in the current quarter.

Revenue by product and distribution channel



Operating Profit & Net Profit (RM'000)



	Corresponding Quarter		Preceding Quarter		Current Quarter	
	Q3FY24	% of revenue	Q2FY25	% of revenue	Q3FY25	% of revenue
Gross profit	65,631	31.0%	83,828	33.6%	81,019	32.9%
Other income	1,911	0.9%	2,040	0.8%	1,528	0.6%
Selling & Distribution exp	(18,849)	(8.9)%	(23,216)	(9.3)%	(22,297)	(9.0)%
<i>Transportation & logistics</i>	<i>(12,319)</i>	<i>(5.8)%</i>	<i>(14,556)</i>	<i>(5.8)%</i>	<i>(14,682)</i>	<i>(5.9)%</i>
<i>A&P expenses</i>	<i>(5,364)</i>	<i>(2.5)%</i>	<i>(5,814)</i>	<i>(2.3)%</i>	<i>(4,468)</i>	<i>(1.8)%</i>
<i>Transaction fees</i>	<i>(407)</i>	<i>(0.2)%</i>	<i>(1,583)</i>	<i>(0.7)%</i>	<i>(1,930)</i>	<i>(0.8)%</i>
<i>Other selling expenses</i>	<i>(759)</i>	<i>(0.4)%</i>	<i>(1,263)</i>	<i>(0.5)%</i>	<i>(1,217)</i>	<i>(0.5)%</i>
Administrative expenses	(17,886)	(8.5)%	(21,921)	(8.8)%	(23,493)	(9.5)%
<i>Salary expenses</i>	<i>(10,522)</i>	<i>(5.0)%</i>	<i>(12,627)</i>	<i>(5.1)%</i>	<i>(13,697)</i>	<i>(5.5)%</i>
<i>Office expenses</i>	<i>(2,482)</i>	<i>(1.2)%</i>	<i>(3,089)</i>	<i>(1.2)%</i>	<i>(3,252)</i>	<i>(1.3)%</i>
<i>Depreciation & amortisation</i>	<i>(2,380)</i>	<i>(1.1)%</i>	<i>(3,263)</i>	<i>(1.3)%</i>	<i>(3,490)</i>	<i>(1.4)%</i>
<i>Others</i>	<i>(2,502)</i>	<i>(1.2)%</i>	<i>(2,942)</i>	<i>(1.2)%</i>	<i>(3,054)</i>	<i>(1.3)%</i>
Other expenses	(1,742)	(0.8)%	(4,415)	(1.8)%	(3,865)	(1.6)%
FV loss on biological assets	(547)	(0.2)%	(2,741)	(1.1)%	(475)	(0.3)%
Operating profit	28,518	13.5%	33,575	13.5%	32,417	13.1%
Net finance costs	(4,486)		(4,264)		(4,261)	
Profit before tax	24,032	11.4%	29,311	11.8%	28,156	11.4%
Tax expense	(3,470)		(2,339)		(1,977)	
Profit after tax	20,562	9.7%	26,972	10.8%	26,179	10.6%

Gross profit increased from RM65.6mil to RM81.0mil, mainly driven by higher revenues and bolstered by lower milk ingredient costs.

The gross profit was offset with the following:

- **Higher selling expenses** due to higher e-commerce transaction fees;
- **Higher distribution expenses** incurred which in line with the higher sales;
- **Higher admin expense** due to the increase in salary expenses, office expenses and depreciation expenditure with the increase of Inside Scoop outlets;
- Other expenses increased due to a **higher fair value loss on derivatives of RM1.8mil**, resulting from the reversal of previously recognized fair value gain upon the utilization of whole milk powder futures in the current quarter. This was offset by a RM2.5mil realized gain on derivatives, which contributed to a reduction of dairy raw material costs and supported the improvement in gross margin;
- The Group also recorded higher Employees' Share Option Scheme ("ESOS") expenses of RM0.7 million upon the grant of third tranche share options to employees of the Group in July 2024;

Statement of financial position (RM'000)



	31 March 2024	31 December 2024	% change
	RM'000	RM'000	
NON-CURRENT ASSETS			
Property, plant and equipment	494,633	524,430	6.0
Right-of-use assets	33,124	36,881	11.3
Biological assets	133,284	141,418	6.1
Intangible assets	112,826	111,421	(1.2)
Trade and other receivables	563	515	(8.5)
Deferred tax assets	8,926	7,900	(11.5)
CURRENT ASSETS			
Inventories	156,299	187,179	19.8
Trade and other receivables	176,433	185,170	5.0
Current tax assets	4,509	4,483	(0.6)
Derivative financial assets	893	170	(81.0)
Other investments	99,944	76,429	(23.5)
Cash and cash equivalents	58,167	54,427	(6.4)
TOTAL ASSETS	1,279,601	1,330,423	4.0
NON-CURRENT LIABILITIES			
Deferred tax liabilities	19,161	21,943	14.5
Deferred income	5,955	7,124	19.6
Loans and borrowings	338,365	331,908	(1.9)
Lease liabilities	16,742	20,796	24.2
Put option liability	36,955	39,555	7.0
CURRENT LIABILITIES			
Deferred income	271	941	>100
Derivative financial liabilities	--	1,023	>100
Loans and borrowings	67,648	74,089	9.5
Lease liabilities	8,010	8,429	5.2
Trade and other payables	92,875	109,332	17.7
Current tax liabilities	648	717	10.6
TOTAL LIABILITIES	586,630	615,857	5.0
TOTAL EQUITY	692,971	714,566	3.1
TOTAL EQUITY AND LIABILITIES	1,279,601	1,330,423	4.0

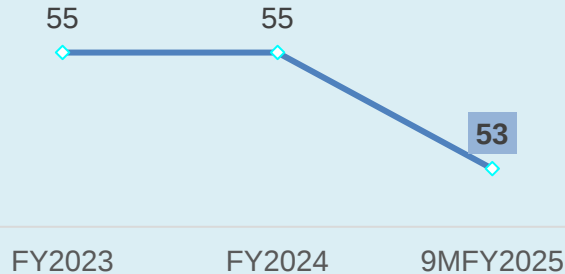
- Increase in **inventories** mainly due to higher raw material, eg: whole milk powder arising from more purchases during the period and finished goods arising from Philippines due to preparation of full scale operation.
- Decrease in **derivative financial assets** mainly attributable to reversal of fair value gain of whole milk powder ("WMP") futures contract as of Dec'24.
- Increase in **lease liabilities** is due to the expansion of new outlets by Inside Scoop.
- Increase in **derivative financial liabilities** mainly attributable to unrealised loss of forward exchange contracts denominated in AUD amounting to RM1.4m due to lower period end rates against contracted rate.
- Increase in **current loans and borrowings** primarily due to higher utilization of banker acceptances.
- Increase in **trade and other payables** mainly attributable to higher purchases of raw material as of Dec'24 and accrual of advertising and promotion expenses during the period.

Key Financial Ratios



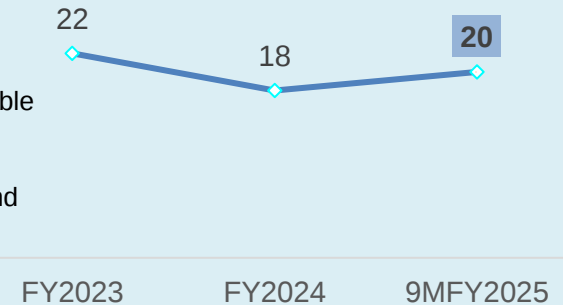
Trade receivable turnover (Days)

Average trade receivable turnover days remained constant versus prior year end as of Mar'24.



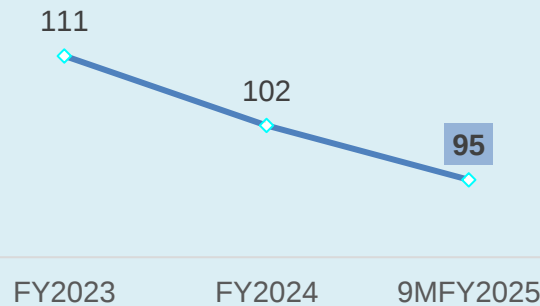
Trade payable turnover (Days)

Average trade payable turnover days remained constant versus prior year end as of Mar'24.

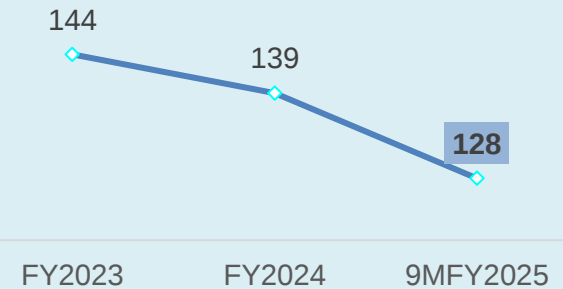


Inventory turnover (Days)

Inventory turnover days decreased to 91 days as during 1H FY25, the cost of sales increased at a higher pace than the inventory increase (in line with the increase in sales) resulting in a lower inventory turnover figure.



Cash conversion cycle (Days)

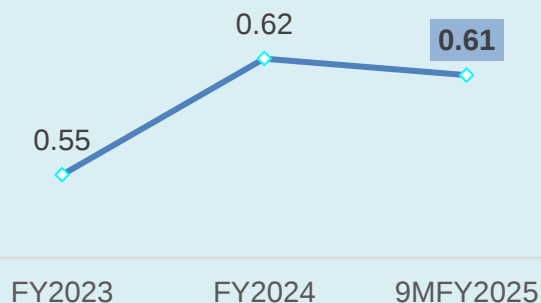


Key Financial Ratios



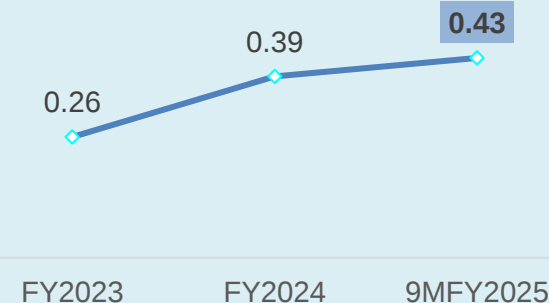
Gross gearing ratio (Times)

Gross gearing ratio remained constant at 0.62 times.



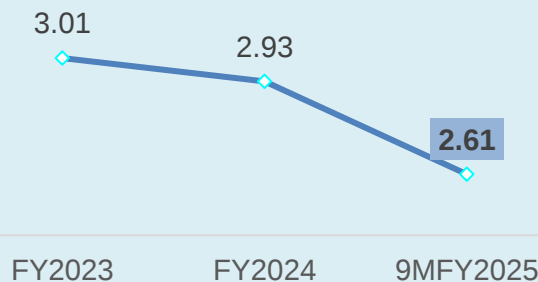
Net gearing ratio (Times)

Net gearing ratio improved over the period



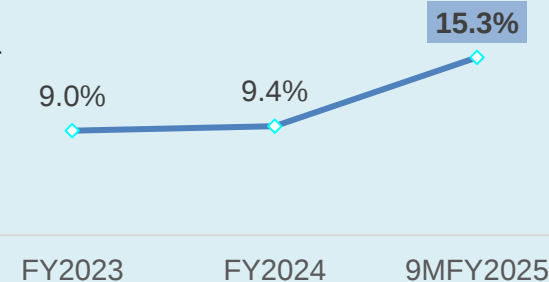
Current ratio (Times)

Current ratio decreased from 2.93 times to 2.35 times due to higher utilization of short-term financing i.e. banker acceptance during the quarter.



Return on equity* (%)

ROE improved over the period.



Note: *Computed based on trailing 12 months (TTM) net profit divided by the total equity as at year/period end.

01

Financial
Results

02

Outlook and
Prospects

New product launches



Mechamato series



Chocolate malt



CPG Ice cream



Full Cream Milk Powder



Choco Malt sachet &
Choco Malt Kaw



CPG Ice cream



Choco Malt UHT



Butter (9g and 200g)



Farm Fresh Grow Cultured Milk

July

August

November

2025

CPG Ice cream Progress



Ice cream Expansion Timeline

CPG ice cream launched in **August 2024** from **Taiping Plant** – enable **fast rollout** of new products and **market validation** + HORECA products.

Some ice cream production will be moved to **Enstek** once completed

Enstek large-scale ice cream production in **Jan 2026**, with **capacity of ~1,000,000 pieces of ice cream per day**

January 2024

July 2024

End-2025

January 2026

- Testing of extrusion line in manufacturing plant
- Ordering of ice cream lines

- Extrusion line trial run in Taiping plant
- Launch of CPG ice cream

- Enstek structure completed
- Delivery of ice cream lines

- Commissioning and production from Enstek

Enstek ice cream line

Ice Cream lines and capacity by Jan 2026: -

Lines and products	Location	Capacity (daily)	Capacity (hour)
Extruded Ice Cream 	Taiping Enstek	~180,000 pcs / day ~324,000 pcs / day	~18,000 pcs / hr ~10,000 pcs / hr
Moulded Sticks 	Taiping Enstek	~108,000 pcs / day ~216,000 pcs / day	~6,000 pcs / hr ~12,000 pcs / hr
Cones 	Enstek	~324,000 pcs / day	~18,000 pcs / hr
Ice Cream "Potong" 	Enstek	~162,000 pcs / day	~9,000 pcs / hr
Total		~1,314,000 pcs/day	~73,000 pcs / hr

CPG Ice Cream Capacity Plans: Taiping & Enstek Plant



Capacity in Taiping by March 2025

Ice cream line	Full production @ 18hours
Extrusion 1	3,600 pc/h 64,800 pc/d
Rotary 1	6,000 pc/h 108,000 pc/d
Rotary 2	6,000 pc/h 108,000 pc/d
Total 280,800 pc/d	

Enstek planned capacity

Ice cream line	Full production @ 18hours
Extrusion 2	18,000 pc/h 324,000 pc/d
Rotary 3	7,000 pc/h 126,000 pc/d
Rotary 4	12,000 pc/h 216,000 pc/d
Cone line 1	18,000 pc/h 324,000 pc/d
Total 990,000 pc/d	

Key takeaways

1

Another strong quarter posted leading to a solid 9-month result.

2

Strong demand for our CPG ice cream since launched in August 2024. The group is expediting the expansion of capacity for ice cream production at Taiping Plant while waiting for Enstek Plant to be completed. Enstek plant is expected to complete by end 2025, delayed due to necessary layout changes.

3

Choco malt also continues to garner popularity from the consumers aided by sachet format as well as 1kg and 2kg formats. Other products such as our FFG will continue to grow and will be augmented with our FFG cultured milk. Our butter has hit the shelves at modern trade and expected to contribute to the adjacent categories of our product growth.

4

Overseas operations – the Philippines with our factory operations commencing, has recorded significant revenue growth in December 2025. Revenue and will continue to grow with more products expected to hit in the modern trade and cafes in Greater Manila.



Q&A

Thank You