



**NOURISHING GOODNESS
FOR EVERYONE**

INTEGRATED ANNUAL REPORT 2023





**Naturally
Wholesome!**

**14
Years of
Goodness**

Welcome to Farm Fresh Berhad's Integrated Annual Report for the financial year 2023

As the leading dairy brand in Malaysia, Farm Fresh is dedicated to providing nourishing goodness to all. Our extensive range of products encompasses a diverse selection of dairy products, plant-based alternatives such as soy, almond and oatmilk, as well as our product extension under Jom Cha, which includes bubble tea, soft-serve yoghurt and other milk tea products.

In addition, we are thrilled with the launch of our own brand of growing up milk for children, paving the way for healthier future generations. With this new addition, we reinforce our commitment to promoting wholesome choices and nourishment for young ones.

Our products are available throughout the country, in large format retailers, mini marts and convenience stores, as well as through our impactful home dealer network. Together with the support of our vast network of over 850 home dealers and regional stockists, we strive to continually expand our presence and ensure Farm Fresh products are available in every corner of the country.

At Farm Fresh, we are committed to fulfilling evolving customer needs through continuous innovation while staying true to our core purpose of providing fresh, nourishing goodness for everyone, every day.



About This Report

In our second year as a public listed company, we proudly present Farm Fresh Berhad's (otherwise referred to as "the Group" or "the Company") Integrated Annual Report 2023.

Enclosed within is a comprehensive overview of our strategic approach and the concerted efforts undertaken by the Group to address stakeholder needs, identify risks and opportunities, leverage key drivers for growth, enhance transparency and create sustainable value over the short, medium and long-term.

QR CODE DOWNLOAD

Follow these steps to download Farm Fresh Berhad's Integrated Annual Report 2023



Step01

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



Step02

Run the QR Code Reader app and point your camera at the QR Code



Step03

Get access to the soft copy of our reports and contact information

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders.

+607 232 3463

custsvc@farmfreshmilk.com.my

No. 11-1, Jalan Petaling
Kawasan Perindustrian Larkin
80350 Johor Bahru, Johor

Further information can also be found on our website:

www.farmfresh.com.my

Cross References

Tells you where you can find more information within the report



how to navigate this report

Our 6

Capitals



Financial Capital



Manufactured Capital



Human Capital



Social & Relationship Capital



Intellectual Capital



Natural Capital

Our Key 7

Stakeholders



Customers



Distributors



Employees



Governments & Regulators



Investors & Shareholders



Local Communities



Suppliers

UN SDGs



REPORTING FRAMEWORK

The disclosures in this report are guided by:

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

Our third Sustainability Report is incorporated into this <IR> and 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. Its disclosures are guided by:

- Bursa Malaysia Sustainability Reporting Guide (2nd Edition)
- Bursa Malaysia Main Market Listing Requirements
- Global Reporting Initiative (“GRI”) Sustainability Reporting Standards



FORWARD-LOOKING STATEMENTS

- This report contains certain forward-looking statements, relating to information on future directions, strategies, potential risks, actions to mitigate risks and our 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 any forward-looking statements

SCOPE & BOUNDARY

- In addition to financial reporting, this report encompasses the non-financial performance and other achievements of the Group
- It covers the reporting period of 1 April 2022 to 31 March 2023, unless otherwise stated

OUR MATERIAL MATTERS



Product Quality & Safety



Producing Healthy Products



Efficient Farm Management & Production



Distribution Network Management



Talent Attraction, Retention & Development



Environmental Stewardship



Community Impact



Regional Growth

STRATEGIC PRIORITIES



EXPANSION



INNOVATION

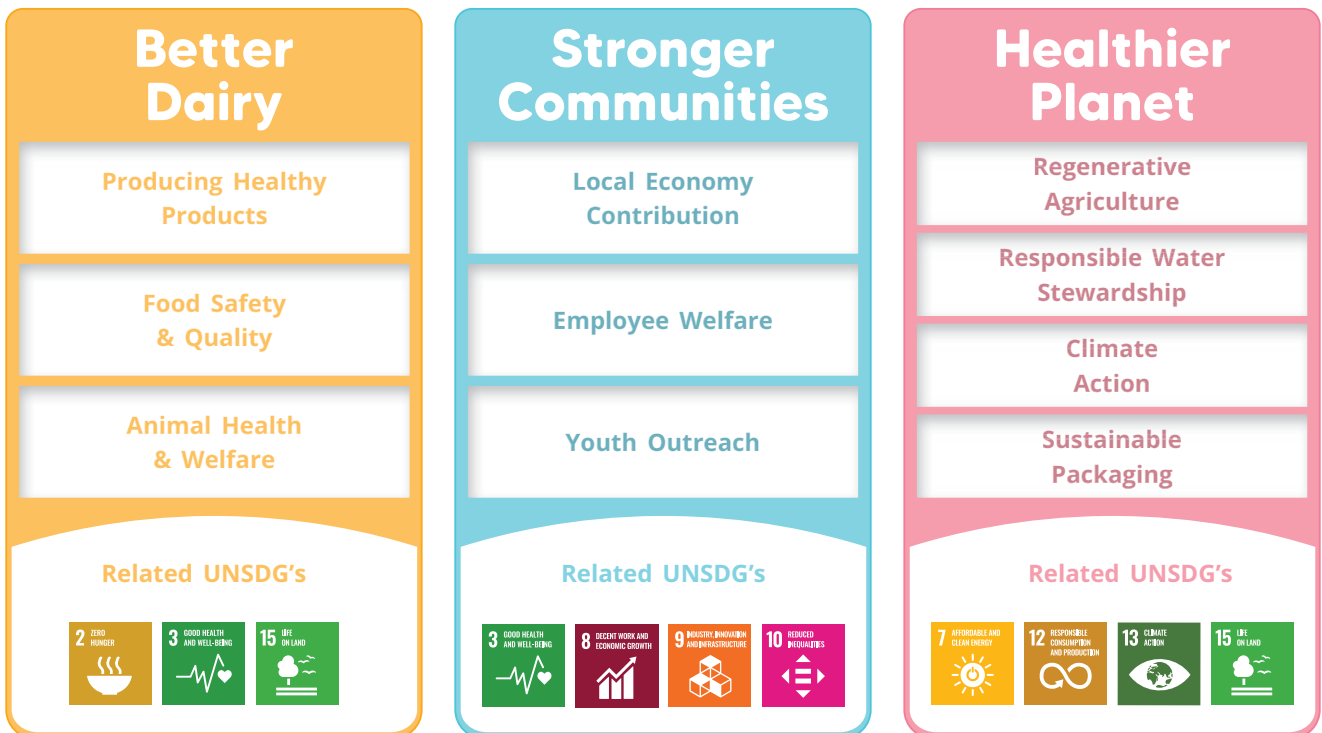


REPUTATION



Sustainability at Farm Fresh

At Farm Fresh, sustainability is not just a priority; it is the driving force behind our vision. We believe that by embracing sustainable practices, we can create a positive impact on local communities and the environment while simultaneously achieving financial success. To this end, we have developed a comprehensive approach to ESG matters, pillared on three focus areas.



Highlights of our Sustainability Agenda

Since starting our regenerative agriculture practices in 2014, we have been making significant strides towards implementing regenerative agriculture practices across all our farms. By treating and recycling waste, we promote the responsible and efficient use of solid and liquid animal waste, which we process to transform into useful resources for animal bedding, crop irrigation, soil fertilisation and more. This also improves the welfare of our animals, translating into healthier and more nutritious products.

As champions of climate action, we are accelerating our transition to renewable energy sources. The successful completion of two solar rooftop projects at our Muadzam Shah and Larkin plants is just the beginning. Our third site with solar PV will be our Taiping farm, which is expected to be completed in early 2024. Additionally, we have started constructing our first biogas plant in Muadzam Shah, slated to be completed by December 2023.

In addition, we have undertaken a comprehensive carbon inventory exercise for the calendar year 2022, which revealed that our farms have significantly lower carbon emissions intensity compared to our peers in the region. Building upon this, we are proud to have achieved a commendable 9% reduction in carbon emissions intensity per liter of milk since 2020, a testament to our relentless pursuit of a greener future.

At the same time, we strive to be a force for the sustainable socio-economic advancement of local communities. In addition to our 'local-first' hiring policy, under which 72% of our employees come from rural and underserved communities, we empower local micro-entrepreneurs to flourish through our home dealer network, which offers them the opportunity to earn a good and consistent income stream by acting as a stockist, agent or dealer of our products. Further to this, we are active contributors to school-based nutritional programmes, distributing over 62 million packs of school milk to about 3,400 schools under the School Milk Programme in FY2023 alone.

For more information on our approach to sustainability and the outcomes we have generated, read 'Our Sustainability Journey' from page 136 to 169.





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- Form of Proxy



12th ANNUAL GENERAL MEETING



To be held virtually



Tuesday,
26 September 2023



3.00 p.m.

Overview of Farm Fresh Berhad

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HIGHLIGHTS:

pg10 Who We Are

pg30 Key Milestones





Who We Are: A Story of Growth and Innovation

In the 13 years since our inception, we have steadily expanded across the grass-to-glass value chain and successfully established our international presence, becoming one of Malaysia's most well-known homegrown brands.

Our journey began in 2009, when our visionary founder, Loi Tuan Ee, imported 60 Holstein Jersey cows from Australia and established a farm in Mawai, Johor. His mission: to produce pure dairy for the local Malaysian market, free from preservatives and artificial additives, and delivered fresh to supermarket shelves.

This unwavering commitment to freshness and quality proved to be a key differentiator that positioned us favourably against imported dairy brands that were mainly offering products containing powdered or reconstituted milk. Bolstered by the enthusiastic customer response we received, and with support from Khazanah Nasional Berhad, we embarked on a transformative journey, expanding our production capacity and diversifying our product offerings.

Our establishment of an innovative home dealer network was a gamechanger on this journey. This groundbreaking initiative provided micro-entrepreneurs in both urban and rural areas of Malaysia with the opportunity to become stockists, dealers and agents of our products. As such, the programme not only empowered local communities with income generation opportunities but also strengthened our penetration into previously untapped markets.

Today, we proudly stand as a fully integrated dairy producer, operating six dairy farms and three processing facilities across Malaysia and Australia. Our diverse range of brands includes Farm Fresh, Yarra Farm, Yarra by Farm Fresh, Master Barista, Henry Jones, Nubian Goat's Milk, Jom Cha by Farm Fresh and our most recent acquisitions of Inside Scoop in Malaysia and St David Dairy in Australia. Collectively, we offer a comprehensive portfolio of 176 SKUs to a wide cross-section of customers across Southeast Asia and Australia.

From Ready to Drink (RTD) chilled and ambient products to yoghurts, plant-based alternatives and sauces, we have solidified our presence across various product segments. Propelled by strategic investment into research and development, we were the first to introduce innovative products such as organic milk, lactose-intolerant milk and almond milk to the evolving Malaysian market. Taking this further in FY2023, we launched our own liquid growing up milk, Farm Fresh Grow, enabling a younger audience to avail the benefits of our pure cow's milk fortified with the nutrients their bodies need.

Over the past year, we also introduced a new milk tea brand, Jom Cha by Farm Fresh, to the Malaysian market, while also making strong inroads into the consumer ice cream segment via our acquisition of the well-established premium ice cream brand Inside Scoop.

Building upon our rapid evolution from a homegrown upstart to Malaysia's largest integrated producer of dairy products, the next chapter of our international expansion is only just beginning. Our efforts will remain staunchly focused on further expanding our production capacity and capabilities, extending our reach to more markets in Malaysia, Australia and across the Asia Pacific as we deliver an ever-growing portfolio of dairy and plant-based products that places honesty, quality and the well-being of our consumers above all else.

“Our new growing up milk for children launched in FY2023 is fortified with essential vitamins and nutrients and contains zero sugar, sugar substitutes, preservatives or other unnecessary ingredients.”





Vision, Mission and Values

OUR PROMISE (VISION)

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



OUR ACTION PLAN (MISSION)

We plan to achieve our brand promise 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
- Practicing **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 of 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 to our own 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 in order 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.

Snapshot of FY2023

FINANCIAL HIGHLIGHTS

Revenue:

RM629.7
million

2022
RM501.9 million

Earnings Per Share:

2.69 sen

2022
4.87 sen

Profit Before Tax:

RM52.2
million

2022
RM65.7 million

Shareholder's Equity:

RM635.9
million

2022
RM611.0 million

Net Gearing Ratio:

0.51 times

2022
0.43 times

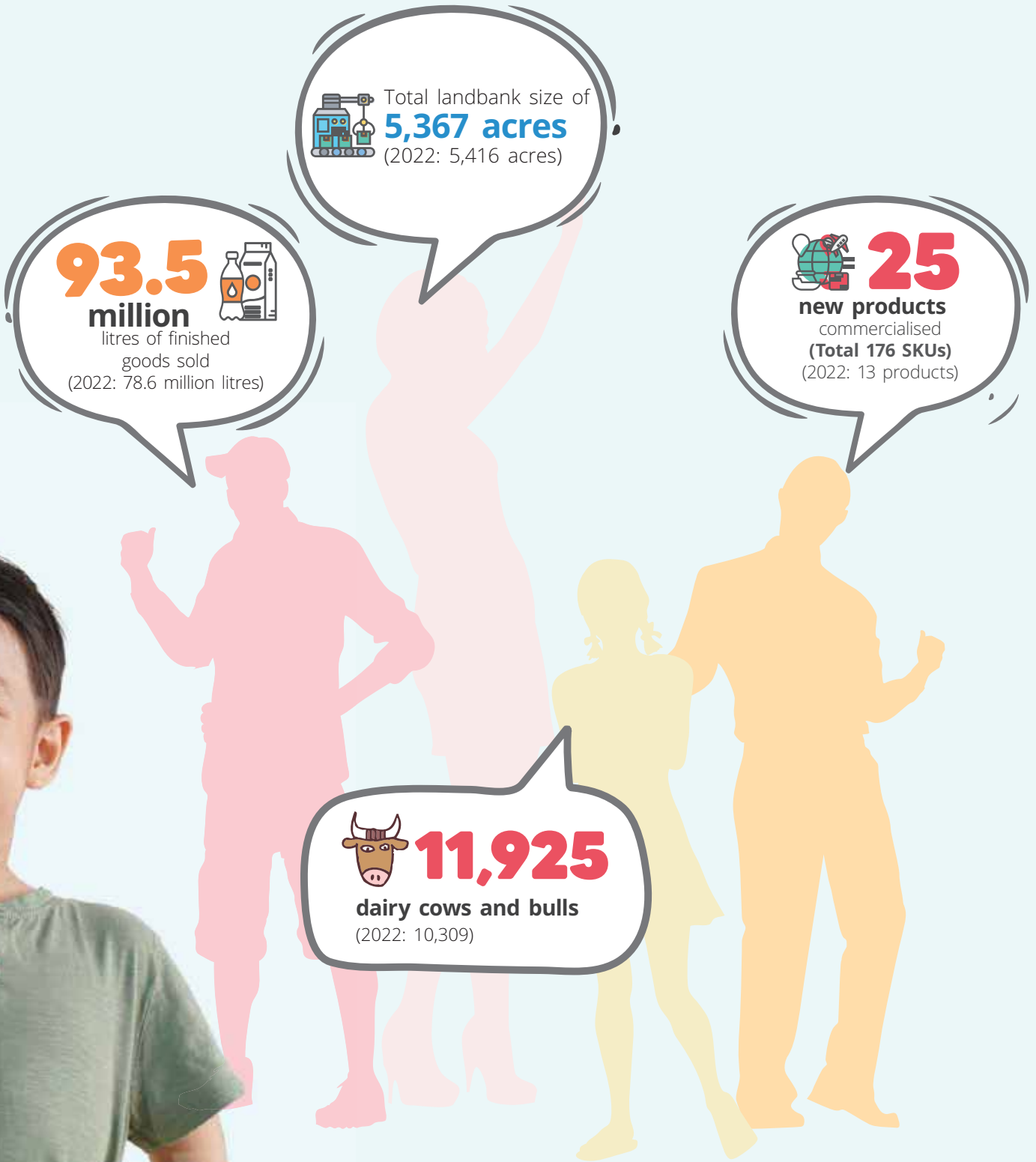
Net Profit:

RM49.9
million

2022
RM78.6 million



OPERATIONAL HIGHLIGHTS



SUSTAINABILITY HIGHLIGHTS



336.7 million

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

FY2022: 335.0 million litres



500.5 million

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

FY2022: 428.8 million litres



RM45.4 million

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

FY2022: RM46.5 million



88.3 million kg

of solid waste recycled and removed from waste discharge

FY2022: 86.4 million kg



35.5% of turnover from products using fully recyclable, sustainably sourced packaging

FY2022: 28%



RM1.7 million in income generated for our partner farmers

FY2022: RM3.2 million



1,748,730 kg of chemical fertiliser removed from our cycle

FY2022: 687,876 kg



0.42 tCO₂eq – Our carbon emissions intensity per tonne of milk in CY2022, representing a reduction of by 9% since 2020



72% of our total workforce across farms and processing facilities recruited from rural communities in Malaysia

FY2022: 72%

Awards & Recognitions



Brand of the Year 1

Dairy Products category at 2022-2023 World Branding Awards

Best IPO and Deal of the Year 2

Named as Best IPO for Retail Investors in Southeast Asia and Best Deal of the Year for Minority Shareholders in Southeast Asia in the Alpha Southeast Asia 16th Annual Best Deal and Solution Awards 2022

Platinum Award 3

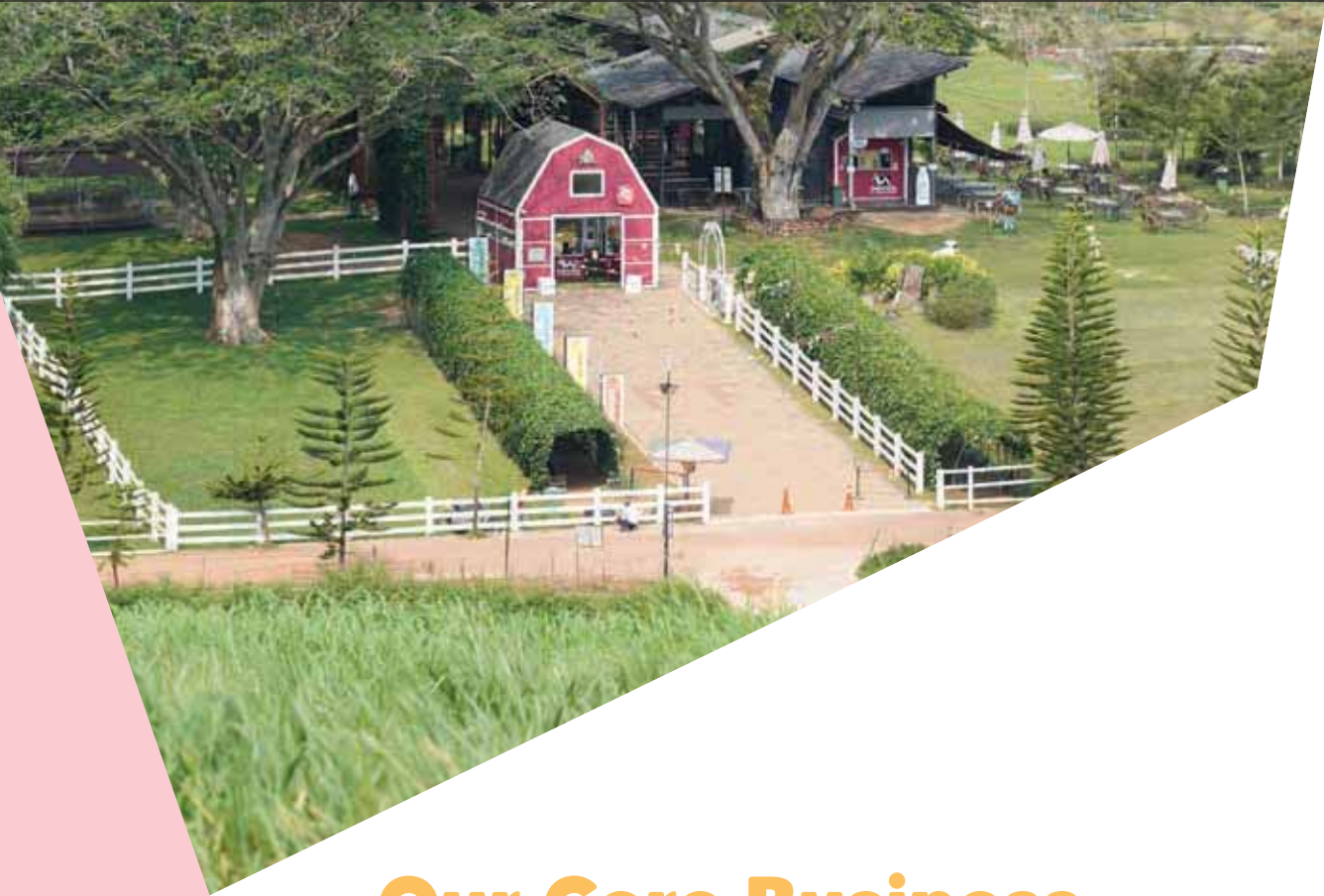
Beverage – Dairy category in Putra Brand Awards 2022 (second consecutive win)

Steward Leadership 25 4

Named in the SL25 list of Asia-Pacific companies with inspiring sustainability initiatives, jointly curated by Stewardship Asia Centre (established by Temasek), INSEAD Hoffmann Global Institute for Business and Society, WTW and The Straits Times

Equity & IPO Deal of the Year 5

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



Our Core Business Segments

Our “grass-to-glass” model has driven our expansion across the entire dairy value chain, from farming to finished product, and cemented our position as the leading integrated producer of dairy products in Malaysia.

This vertical integration has enabled us to have visibility and control over our value chain, while optimising cost-efficiency by reducing import and third-party expenses. Leveraging on this valuable competitive advantage, we are well-positioned to expand our operations and strengthen our presence in both the local Malaysian and regional markets.

FARMING



Systematic farm management, animal husbandry and milking practices

Six farms across Malaysia and Australia

- Our incorporation of a systematic breeding process using the AFS breed has resulted in high milk yield by our dairy herd in Malaysia
- Our adoption of a total mixed ration feeding regime ensures that our cows receive a chemically and nutritionally balanced diet
- Our purpose-built barns provide easy access to food and water, along with comfortable dry sand bedded areas, promoting the well-being of our herd and contributing to increased raw milk yield and herd longevity
- We prioritise strict biosecurity measures, overseen by a qualified team in veterinary science, animal science and husbandry, to ensure the health and safety of our herd
- We optimise milking schedules and utilise advanced milking stations to maximise efficiency and productivity

MANUFACTURING



Efficient processing of milk and finished dairy products in line with global food safety and quality standards

Three processing facilities across Malaysia and Australia

- Our processes are aligned with the Hazard Analysis Critical Control Points (HACCP) system, enabling us to effectively control biological, chemical and physical hazards across our production chain
- We have adopted Good Manufacturing Practices (GMP) to further enhance our food hygiene and safety standards
- We have developed and strictly adhere to the Farm Fresh Food Safety Management System, which incorporates key food safety controls tailored to the specific demands of our value chain

DISTRIBUTION



Extensive market penetration through our multi-channel distribution network

Diverse network comprising large-format retailers, modern trade outlets, distributor agents and home dealers

- Established presence in large-format retailers, including leading supermarkets and hypermarkets
- Strong presence across modern trade outlets, including convenience stores, minimarkets and petrol kiosks
- Robust sales pipeline to HORECA outlets via distributor agents
- Strong penetration of rural areas in Malaysia via the home dealer network, comprising 55 stockists, 801 home dealers and 952 agents across all states of Peninsular Malaysia

Our Products

We cater to both local and international markets, offering an extensive range of dairy and plant-based products to satisfy various consumer preferences and dietary needs. Our diverse product portfolio is carefully crafted in our own facilities, utilising pure dairy that is devoid of preservatives, artificial colourings, flavourings and hidden sugar. We take great pride in ensuring the highest quality and authenticity of our products, which are marketed exclusively under brands that are fully owned by the Group.



Our Brands



Malaysia's largest homegrown dairy brand



Our Australia-farmed milk brand, freshly flown and free of preservatives



A more affordable range of UHT milk made with full cream milk powder



Specialist milk formulated for discerning coffee creators



A premium range of locally sourced milk, butter, cream and yogurt serving the Melbourne HORECA market



Our Australian organic milk brand, available in both fresh and UHT varieties



A nutritionally wholesome alternative for the lactose intolerant



Gourmet sauces and marinades for home chefs



A bubble milk tea brand with 30 outlets across Malaysia



Ice cream made using premium ingredients without artificial flavourings or preservatives



Our Farms & Processing Facilities

With a total of six farms and three processing facilities spanning Malaysia and Australia, we possess the necessary capabilities to meet the increasing consumer demand for dairy and plant-based offerings.

Moreover, the strategic proximity of our processing facilities to our farms, as well as the proximity of our processing facilities to key consumer bases, enables us to ensure speed-to-market across all areas of Peninsular Malaysia and safeguard the freshness of our products.

The impending commissioning of our new Taiping processing plant in June 2023 has bolstered our total annual production capacity by 10 million litres of milk. Meanwhile, the completion of our Philippines processing plant and Bandar Enstek manufacturing plant will further enhance our product volume and capabilities in the near future.



MUADZAM SHAH

Commenced Production: December 2014
Area: 1,105 acres
Capacity: 3,100 dairy cows

A vertically integrated farm with processing and manufacturing facilities located on site. We are in the midst of developing an additional 500 acres of land, for which we have obtained a 30-year lease from the Pahang State Government, that will increase total capacity to 6,000 dairy cows. In FY2023, we increased the capacity of our processing facility to 81.03 million litres per annum.



DESARU

Commenced Production: September 2017
Area: 325 acres
Capacity: 600 dairy cows

A full-scale dairy farm with facilities covering all facets of dairy farm operations including barns, milking stations, pasture areas, a feed mixing area and calf facilities. Milk produced is processed at our Larkin facility, which boasts a production capacity of 62.76 million litres per annum.



UPM

Commenced Production: September 2018
Area: 100 acres
Capacity: 450 dairy cows

A full-scale dairy farm that also serves as the location for the Industry Centre of Excellence for dairy farming ("ICoE"), which we formed in collaboration with Universiti Putra Malaysia to boost research in areas related to dairy products and farming. Members of the public may access its visitor centre to learn about dairy farming, the benefits of fresh milk, and our brands.

5,367
acres of land

11,925
dairy cows and
bulls*

*Including non-milking cows

Annual capacity of
161.1 million
litres of finished goods

84.0 million
litres of processed milk



GREATER SHEPPARTON, AUSTRALIA

Commenced Production: December 2017, February 2019 & April 2019 (based on progressive landbank expansion)
Area: 2,538 acres
Capacity: 3,200 dairy cows

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



MAWAI

Commenced Production: October 2019
Area: 471 acres
Capacity: 1,550 dairy cows

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



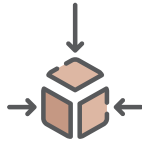
TAIPING

Commenced Production: September 2021
Area: 828 acres
Capacity: 1,800 dairy cows

A full-scale dairy farm which has been recently integrated with an on-site milk processing facility. Upon full completion, it will have a capacity of 3,000 dairy cows.

Our Growth Strategies

Utilising our robust financial position and established presence across the dairy value chain, we will continue to pursue strategic opportunities to enhance our capabilities and diversify our portfolio of products. We are committed to further strengthening our position as one of the leading Malaysian dairy players while simultaneously expanding our market share outside Malaysia. To guide our ambitions, we have established the following three growth strategies.



Continue to Develop and Grow our Product Portfolio

Leveraging our market reputation, R&D and product development capabilities, as well as our wide distribution network, we are well positioned to innovate and expand our product range. Some of our key focus areas are to:



Expand Capacity and Capabilities Across the Malaysian Value Chain

With the Malaysian dairy industry producing insufficient milk to meet domestic requirements, we are ready to capitalise on the increasing demand by scaling up our farms and herd, increasing our milk production and processing capacity, and enhancing our distribution capabilities.



Regional Expansion Outside Malaysia

Having already established our presence in Australia since 2017, we have the opportunity to leverage on Australia's prominence as the fourth largest dairy exporter in the world, as well as the large capacity for production of finished goods at our Kyabram facility, to support our growth and expansion plans across Asia Pacific markets.

- ▶ Reinforce our presence in the growing up milk segment with the impending launch of a new powder variant of Farm Fresh Grow
- ▶ Leverage the expertise and experience of newly acquired The Inside Scoop to roll out consumer packaged goods ice cream by end December 2023
- ▶ Expand into the plant-based yoghurt segment in the second half of 2023, and continue to explore the potential of other product categories, such as non-dairy packaged food and beverage products



- ▶ Increase our capacity for finished products through expansion at our existing facilities as well as via the establishment of a new central manufacturing hub at Bandar Enstek
- ▶ Leverage our gene bank ownership, in vitro fertilisation (IVF) proficiencies, efficient farm management and established animal husbandry practices to grow our farm land, herd size and milk production capacity
- ▶ Strategically grow our home dealer network to reach underpenetrated areas in Malaysia, while expanding our distribution channels, most notably in the convenience store and petrol kiosk segment, to expand the reach and accessibility of our products, especially new launches



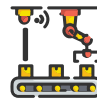
- ▶ Utilise the brand recognition and distribution network of newly acquired St David Dairy to enhance our distribution of dairy and plant-based products across Australia, while increasing production of their award-winning cultured butter to begin exports to Malaysia and other countries
- ▶ Capitalise on Australia's milk production surplus to grow our exports from Australia to Asia, where there is a positive perception of Australian dairy products being of high quality
- ▶ Establish a presence in Philippines once our new processing facility commences 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



Our Competitive Advantage

Our competitive advantage is derived from our presence across the dairy value chain, creating cost efficiencies and enabling us to swiftly respond to market trends and evolving consumer preferences. Meanwhile, our gene bank ownership and unique home dealer network provide us with key advantages in production and distribution, unlocking wider reach for our high quality dairy and plant-based products.

A DIVERSIFIED AND APPEALING BRAND PORTFOLIO



Our extensive range of proprietary brands represents the largest portfolio of locally manufactured dairy products among integrated dairy companies in Malaysia, all based on our core principles of quality and freshness.

GENE BANK OWNERSHIP AND PROVEN FARM MANAGEMENT PRACTICES



We take pride in possessing the largest remaining gene banks of the original Australian Friesian-Sahiwal cattle. Our farms adhere to proven animal husbandry practices, ensuring optimal herd health and milk yield.

A LEADER IN THE MALAYSIAN DAIRY INDUSTRY

We have risen to become the largest integrated producer of dairy products in Malaysia.



A VERTICALLY INTEGRATED "GRASS-TO-GLASS" MODEL

We have developed a significant presence throughout the value chain, from farming to distribution, which grants us greater economies of scale and empowers us to maintain stringent control over product quality.



EXTENSIVE MARKET REACH THROUGH MULTI-CHANNEL DISTRIBUTION

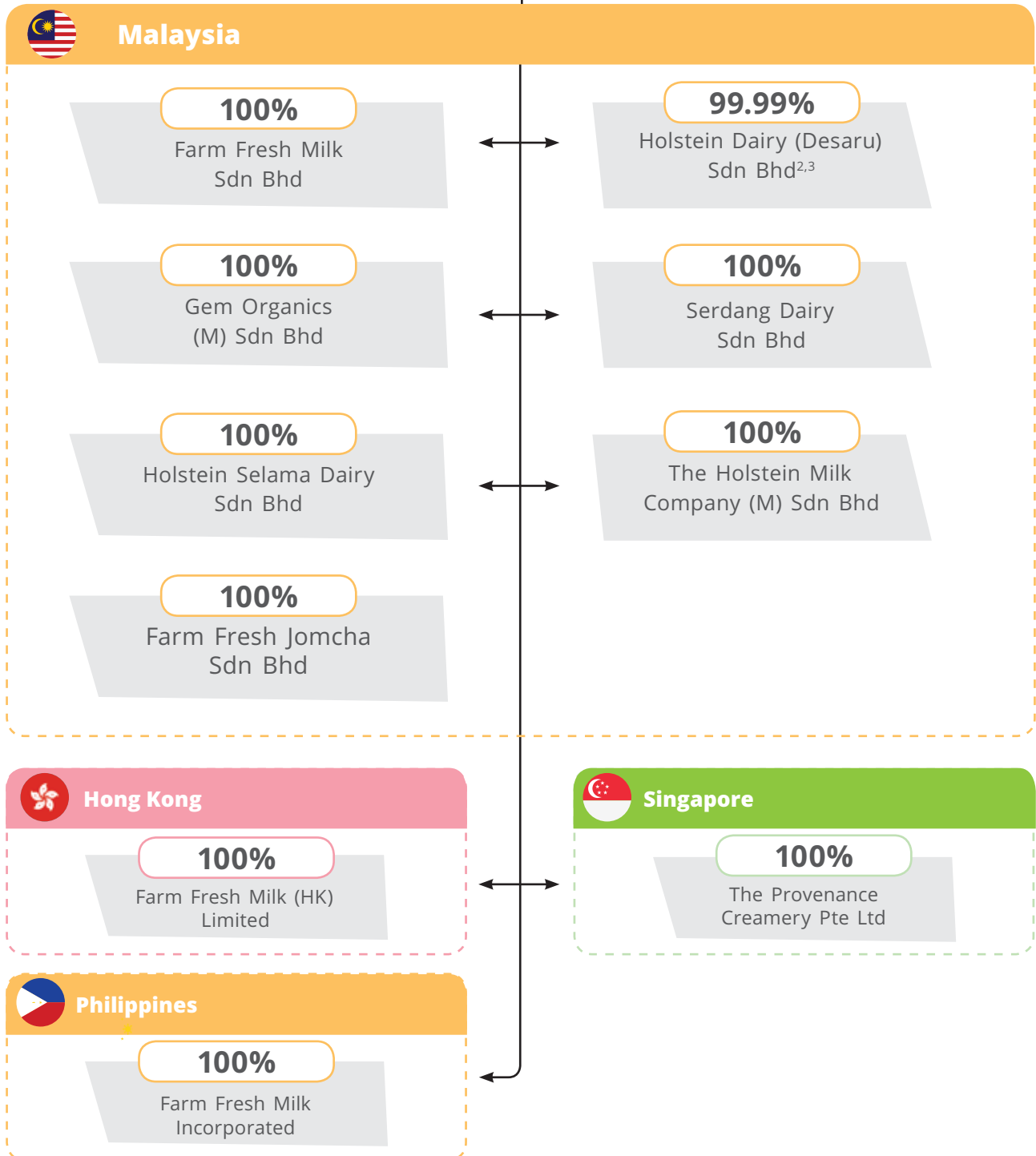
Our distribution network spans all states and major cities in Malaysia, while our unique home dealer network provides extensive coverage of rural areas throughout the country.

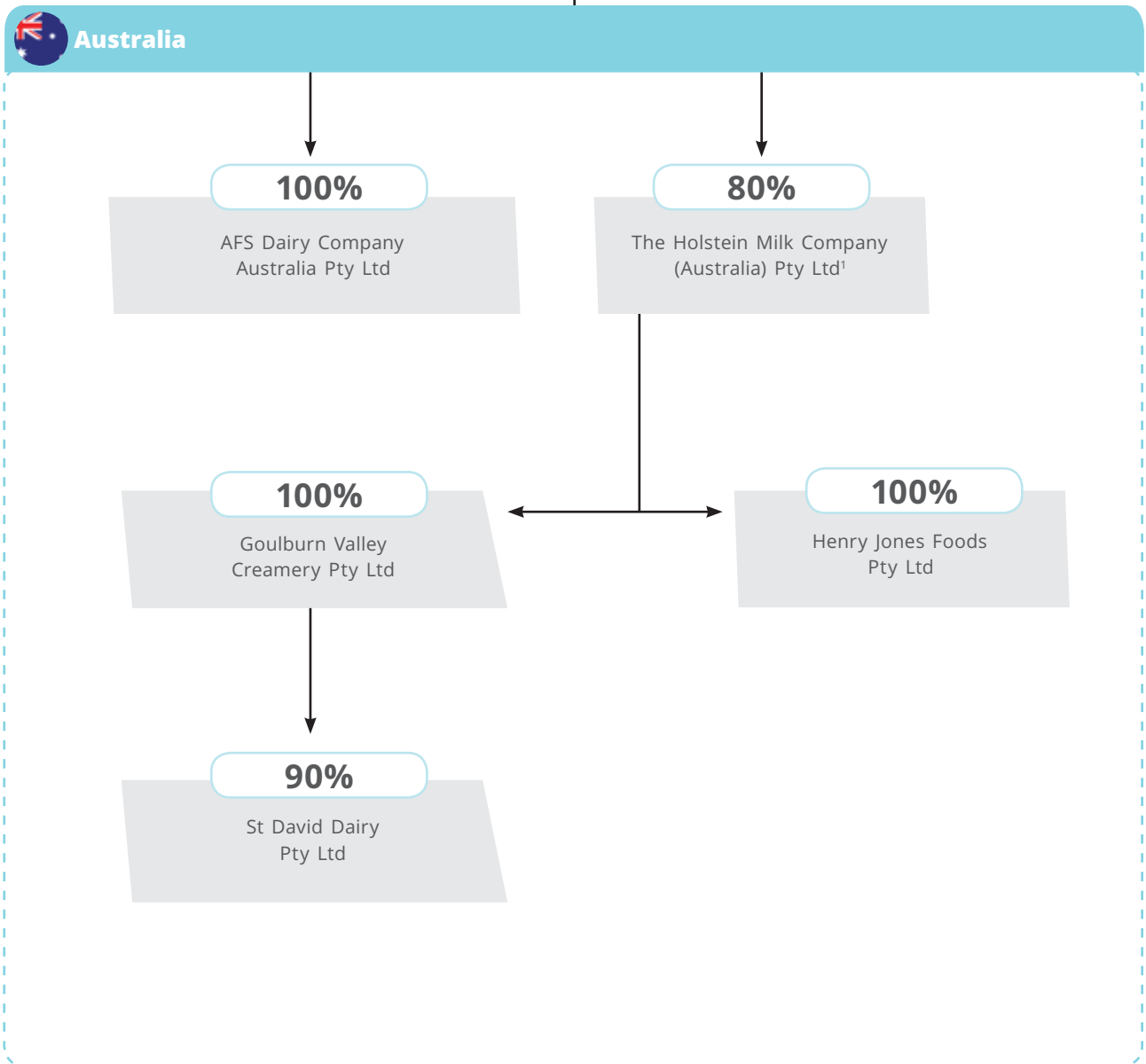


A SEASONED MANAGEMENT TEAM COMMITTED TO ESG INITIATIVES

Backed by 34 years of dairy industry expertise, our founder-led key senior management team boasts a remarkable track record of driving responsible growth, and has spearheaded our transformation to become an industry leader in sustainability.

Group Structure





Notes:

- 1) Remaining 20% held by Dairy Livestock Exports Pty Ltd, which is wholly-owned by Adam Graeme Pretty. Dairy Livestock Exports Pty Ltd is the trustee for the Adam Pretty Family Trust. Adam Graeme Pretty is the Managing Director of the Australian Business.
- 2) Loi Tuan Ee and Azmi Bin Zainal hold one share each in Holstein Dairy (Desaru).
- 3) 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.

Key Milestones

2009



- Commenced our dairy farming operations with the rearing of goats and sale of goat milk.

2011

- Khazanah Nasional Berhad, Malaysia's sovereign wealth fund, invests in The Holstein Milk Company Sdn. Bhd. (now known as Farm Fresh Berhad) via its wholly-owned vehicle, Agrifood Resources, acquiring a stake of 30%.



2012



- Commenced processing operations at our Larkin facility.
- Launched our first flavoured milk product: Farm Fresh chocolate milk.
- Launched our Farm Fresh colouring-free yoghurt.

2020

- Received the ASEAN Inclusive Business Award.
- Launched our oat milk, almond milk and chocolate soy milk products.



2019

- Entered into an agreement, through THMC (Australia), to acquire the Greater Shepparton Farm 3, which is an additional dairy farm located within the same vicinity as Greater Shepparton Farm 1 and Farm 2, to serve as an additional landbank allowing for further herd expansion and AFS breeding.
- Completed the acquisition of our Kyabram facility through THMC (Australia), enhancing our capacity to process fresh milk in Australia and reducing our reliance on third parties for processed milk.

2021

- Commenced operations at our Taiping farm.
- Launched A2 organic milk and banana milk.
- Established our UPM Facility, which commenced operations in March 2022.
- Received the Certified Humane® farming accreditation from HFAC.
- Achieved the Good Agricultural Practices Certification accreditation from the 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 2021 (ACES) in November 2021.

2022

- Received a Platinum Award in the Dairy Beverage category and Putra Most Enterprising Brand of the Year at the Putra Brand Awards 2022.
- Farm Fresh Berhad is listed on the Main Board of Bursa Malaysia on 22 March 2022.
- Completed a 90% acquisition 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.
- Acquired Greater Shepparton Farm 4, a 120-ha farm situated nearby our Kyabram facility in Australia.





2014

- Commenced dairy farming activities at our Muadzam Shah farm.
- Appointed “Anchor Company” for the Muadzam Shah Cattle Research and Innovation Centre in Pahang.

2015

- Entered into an agreement for the acquisition of AFS Dairy Company, granting us ownership of one of the largest remaining gene banks of the AFS dairy breed. The acquisition was completed in 2017.
- Awarded “Best Dairy Farm” by Asia Livestock.

2016

- Commenced distribution of our products in Singapore.
- Became the first Malaysian company to launch kurma (palm dates) RTD milk using pure kurma extract.

2018

- Launched our lactose-free milk, becoming the first local player in Malaysia to offer a lactose-free dairy option.
- Entered into an agreement, through THMC (Australia), to acquire our Greater Shepparton Farm 2, an additional dairy farm located adjacent to the Greater Shepparton Farm 1 in Australia, to serve as an additional landbank allowing for further herd expansion.
- Commenced processing and manufacturing activities at our Muadzam Shah farm.
- Launched our fresh milk-based UHT milk.

2017

- Our Desaru Farm became fully operational, increasing our fresh milk supply capacity.
- Acquired Petabern Dairies, granting us access to an Australian Holstein purebred herd and resulting in the establishment of our first dairy farm in Australia, our Greater Shepparton Farm 1.
- Achieved the Good Agricultural Practices Certification accreditation from the Department of Veterinary Services (DVS) for our Muadzam Shah Farm.

2023

- Received the prestigious Brand of the Year award in the Dairy Products category at the 2022-2023 World Branding Awards.
- Recognised for our sustainable dairy farming practices in the 2022 Steward Leadership 25 list of inspiring Asia Pacific companies.

- Won our second consecutive Platinum Award in the Beverage – Dairy category at the Putra Brand Awards in January 2023.
- The success of our IPO exercise was commemorated in the Alpha Southeast Asia 16th Annual awards as we picked up the distinction for Best IPO for Retail Investors in Southeast Asia & Best Deal of the Year for Minority Shareholders in Southeast Asia 2022.
- We were also bestowed the IFN Equity & IPO Deal of the Year 2022 in the IFN Deals of the Year 2022 awards.
- Completed 65% acquisition of The Inside Scoop Sdn Bhd in May 2023.



Key Messages



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HIGHLIGHTS:

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DEAR STAKEHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS (“THE BOARD”), IT GIVES ME GREAT PLEASURE TO PRESENT TO YOU FARM FRESH BERHAD’S (“FARM FRESH” OR “THE GROUP”) INTEGRATED ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023, MARKING OUR FIRST FULL YEAR OF OPERATIONS SINCE OUR LISTING ON THE MAIN BOARD OF BURSA MALAYSIA ON 22 MARCH 2022. ”



**TAN SRI DATO' SERI HAJI MEGAT
NAJMUDDIN BIN DATUK SERI
DR. HAJI MEGAT KHAS**
Chairman

Chairman's Statement

Our listing on Bursa Malaysia last year was a great milestone for us, unlocking new and exciting growth opportunities for the Group. While we have since faced external challenges that impacted our financial performance, we have also taken major steps on our long-term plan – pursuing strategic acquisitions, diversifying into untapped product segments and enhancing our internal processes. This sets the stage for us to further expand across the dairy value chain and capture new markets in Malaysia and across the Asia-Pacific region.

As we evolve, we remain steadfast in our commitment to being a sustainable and honest company that places the well-being of consumers, the health of the environment and the upliftment of our communities at the forefront of our operations. In this statement, I will highlight the numerous ways in which we are balancing our business priorities with these deeply-held responsibilities.

BECOMING THE MOST HONEST DAIRY COMPANY

Our overarching objective is to be recognised as the most ethical and transparent dairy company in the market, putting the well-being of our customers at the forefront of everything we do.

As we accelerate the diversification of our product portfolio, every innovation and expansion we undertake is underpinned by our commitment to honesty and clarity in ingredients. To this end, we strive to meet or exceed the nutritional expectations of our consumers and provide a range of options that cater to different needs, including products with no added sugar or minimal sugar content, while always ensuring that our products do not contain any artificial colourings or flavourings.

We acknowledge the prevalence of misleading advertising in the modern marketing landscape, especially where food ingredients are concerned. In response, our 'The Hidden Truth' campaign, launched alongside our growing up milk, aims to build trust with consumers by revealing the harmful ingredients commonly found in other growing up milk brands. Through this campaign, we aim to empower parents to make more informed decisions about the products they choose for their children, while fostering trust in Farm Fresh as an honest and well-intentioned brand.

Chairman's Statement



Our dedication to producing nutritious dairy products with honesty and transparency underscores our commitment to prioritise the well-being of consumers



Our ethical approach to business is validated by the recognition we continue to receive from our customers and across the industry. In FY2023, we were proud to be the recipient of the Brand of the Year in the Dairy Products category of the World Branding Awards in London. Meanwhile, we also took home the Platinum Award in the Beverage – Dairy category of the Putra Brand Awards, marking the second consecutive year that we have been recognised as the nation's favourite dairy beverage brand as voted by consumers.



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



35.5% of our products sold feature fully recyclable Tetra Pak packaging

LEADING THE WAY IN ANIMAL WELFARE AND ENVIRONMENTAL STEWARDSHIP

Our dedication to integrity and responsibility extends to our focus on animal welfare and environmental protection, as we work towards achieving greater sustainability by minimising our carbon footprint and fostering a harmonious relationship with our surroundings.

Illustrating this commitment, we proudly hold the distinction of operating the first dairy farms in Asia to be Certified Humane® in the handling and raising of livestock. In tandem, we are collaborating closely with tertiary institutions and scientific research organisations to develop innovative solutions that further enhance the nourishment and welfare of our cows, providing the added benefit of improved milk quality and yield.

We also look after the well-being of our herd by undertaking development of our in vitro fertilisation (IVF) unit to complement our breeding unit and the development of the best tropical dairy cow breed. This strategy entails utilising the wealth of data from our herd management systems to select the top 5-10% of our herd genetics with high milk production, fertility, longevity and adaptability

to the harsh tropical environment. The end goal is to optimise the genetic makeup of our Australian Friesian-Sahiwal and Holstein Jersey cow, propagating a superior gene pool locally. By enhancing their natural resilience to the heat and humidity stresses prevalent in Malaysia, where they are not native, we are significantly bolstering their long-term health and well-being.

As a leading agrifood company in Malaysia, we recognise equally the critical role we must play in environmental protection. To this end, since 2014, we have progressively expanded our use of regenerative agriculture practices across our farms, which contribute significantly towards protecting natural resources and minimising the impact of animal waste on our surroundings.

Building upon this, we have begun placing greater focus on increasing our use of clean and renewable energy. We are in the process of developing a biogas plant in the Muadzam Shah farm, expected to be operational by end of 2023, which will utilise cow manure to produce biofuel, contributing to a substantial reduction of 9,800

Chairman's Statement

tonnes of carbon dioxide emissions annually and displacing or reducing diesel usage by 670,000 litres per year. Simultaneously, we are constructing our third rooftop solar power plant in Taiping.

In our consideration of the environment, we also recognise the importance of adopting packaging solutions that contribute to the circular economy. One of our key initiatives in this regard is increasing our use of fully recyclable Tetra Pak packaging, which now accounts for 35.5% of our product sales, equivalent to RM209.9 million in revenue. Additionally, we are expanding our innovative Milk on Tap programme, which enables customers to purchase our fresh milk in reusable glass bottles, thereby minimising our waste footprint.

EMPOWERING PEOPLE AND COMMUNITIES

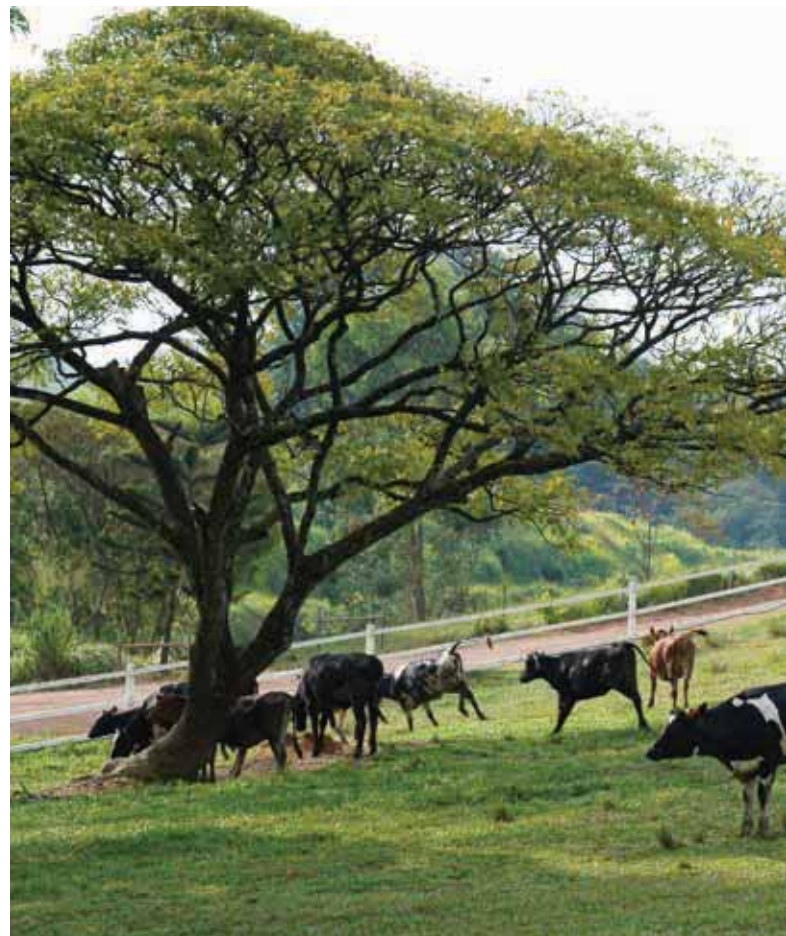
Since our inception, creating shared value with the communities we serve has been at the core of our mission. Illustrating this, the adoption of 'local-first' policies across our operations ensures we provide abundant employment opportunities to locals, with 83.5% of our total workforce currently comprising of local staff and 72% recruited from rural and underserved communities.

Our home dealer network, the first of its kind in Malaysia, further exemplifies our dedication to fostering economic opportunities in rural communities. Through this initiative, we have provided micro-entrepreneurs – especially women (who make up 80% of our network) – with valuable income-generating prospects. With 55 stockists, 801 home dealers and 952 agents currently in our network, we have helped them earn a gross income of RM45.4 million in the past year. Their direct sales, as well as their distribution support for our School Milk Programme, have contributed towards 29% of our annual revenue. This flourishing network not only strengthens local economies but also plays an important role in increasing the accessibility of our products to the far reaches of the country.

We have also remained steadfast in supporting the partner-farmers who supply us with fresh milk. In FY2023, we not only enabled them to earn RM1.7 million but also continued to share our knowledge of regenerative agriculture and responsible farming practices, empowering them to enhance the competitiveness of their businesses and the Malaysian agricultural sector as a whole.

Meanwhile, our commitment to youth nutrition continued to thrive in FY2023, primarily through our new School Milk Programme, which is a collaboration with the Ministry of Education. Following our successful delivery of over 62 million packs of school milk in FY2023, we are thrilled to have been re-engaged by the Ministry for the subsequent phase of the project, which will also include the establishment of community centres to impart knowledge about nutrition and foster healthy lifestyle habits among the youth.

Our dedication to empowering Malaysia's youth is further demonstrated by the Farm Fresh Scholarship Programme, which supports high-performing Orang Asli students throughout their academic journey. By providing financial assistance and guaranteed employment for graduates who meet our performance standards, we are fostering a brighter future for these individuals. In FY2023, a total of RM30,000 was disbursed to this impactful programme, helping a total of 20 indigenous students.



STRENGTHENING OUR GOVERNANCE AND INTERNAL CAPABILITIES

Upholding the highest standards of governance and business conduct remains vital in our efforts to achieve continued progress towards our sustainability, growth and operational objectives. Our esteemed and diverse Board of Directors sets a strong example in this regard, demonstrating unquestionable commitment with their remarkable 100% attendance at all meetings, where they lend their collective wealth of experience and expertise to shape our strategies and safeguard the interests of our valued stakeholders.

Building upon the strong foundation we laid last year via the introduction of key policies and codes, such as the Code of Conduct and Business Ethics, Conflict of Interest Policy, Ethical Trading Policy and Whistle Blowing Policy, we further strengthened our governance framework during FY2023 with the introduction of an Investor Relations Policy, which will enhance our transparency and engagement with the investment community.



Further to this, we organised a Board retreat in May 2023 that focused on aligning our ESG (Environmental, Social, and Governance) practices with our vision, mission and shared values. Guided by a robust and cohesive framework, our leadership is empowered to embed the principles of sustainability across all levels of the organisation and inculcate responsible practices within our day-to-day operations.

During FY2023, we also moved ahead with plans to reward and empower our workforce with the launch of our Employee Share Option Scheme (ESOS). A total of 22,318,000 ESOS options have been accepted by eligible employees at an attractive price of RM1.35 per option. This initiative not only allows our dedicated team members to share in our growth and prosperity but also enhances our ability to attract and retain top talent.

As we continue on our still-nascent journey as a listed company, these efforts to create stronger governance measures and encourage employee development stand us in good stead to achieve our long-term value creation ambitions.

ACKNOWLEDGEMENTS

On behalf of Farm Fresh Berhad, I would like extend my deepest gratitude and appreciation to our exceptional workforce, whose loyalty and dedication have been instrumental in driving our continued success. Led by the visionary guidance of our Founder, Group Managing Director and Group Chief Executive Officer, Loi Tuan Ee, our team has consistently demonstrated their commitment to achieving our goals and delivering excellence in everything they do.

I would also like to extend our heartfelt appreciation to our valued partners, including our suppliers, distributors and government authorities. It is through their collaborative efforts and unwavering support that we are able to fulfil our promise to our consumers as a trusted homegrown dairy company.

I look forward to breaking new ground on our ongoing evolution while remaining steadfastly focused on sustainability, integrity and customer centrisms at every turn. Together, we hold the potential to build a prosperous future for Farm Fresh Berhad and maximise the positive impact we generate for our stakeholders, local communities and the environment.