8. IMR REPORT

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Date: 27 NOV 2023

The Board of Directors
OCEAN FRESH BERHAD
Lot 19869, Kampung Baru Peramu,
26060 Kuantan,
Pahang Darul Makmur.

Dear Sirs,

Independent Market Research ("IMR") Report on the Frozen and Dried Seafood Market and the Frozen Seafood Processing Industry in Malaysia, in conjunction with the Proposed Listing of OCEAN FRESH BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this IMR report on the Frozen and Dried Seafood Market and the Frozen Seafood Processing Industry in Malaysia for inclusion in the Prospectus of OCEAN FRESH BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

For and on behalf of PROVIDENCE:

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent boutique research and advisory firm based in Selangor, Malaysia. Since our inception, PROVIDENCE has specialised in the preparation of independent market research reports for capital market exercises on Bursa Malaysia Securities Berhad, including initial public offerings, reverse takeovers, mergers and acquisitions, as well as other related corporate exercises. Our reports aim to provide insightful business intelligence for corporations and investors through the assessment of industry dynamics.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

Ocean Fresh Berhad and its subsidiaries (collectively referred to as "**OFB Group**" or "**the Group**") are principally involved in the processing and trading of frozen seafood products as well as provision of frozen seafood processing services. OFB Group has been selling its frozen seafood products to local and international markets, particularly countries in Asia Pacific such as Republic of Turkiye ("**Turkey**"), the People's Republic of China ("**China**"), Malaysia, Thailand, Vietnam and Japan.

In addition, the Group also intends to grow its exports of frozen seafood products to international markets, particularly China which is part of the Asia Pacific. The Group also intends to venture into the processing and trading of dried seafood products.

As such, this IMR report focuses on the following:

- **The frozen and dried seafood market**. This chapter covers the frozen seafood market size in Asia Pacific to depict the demand for OFB Group's frozen seafood products in a major market the Group presently serves. This chapter also covers the frozen seafood market size in China (to depict the demand for frozen seafood products in a market that the Group intends to grow its exports to) and the dried seafood market size globally and in Asia Pacific (to depict the demand for dried seafood products in a market the Group intends to expand into); and
- **The frozen seafood processing industry in Malaysia**, as this is the industry that OFB Group operates in.

1 THE FROZEN AND DRIED SEAFOOD MARKET IN ASIA PACIFIC

INTRODUCTION

Seafood refers to marine or freshwater organisms which are consumed as food such as fishes, crustaceans and molluscs. As seafood is highly perishable, it begins to deteriorate upon being harvested from the wild or from aquaculture farms and this will affect its quality and freshness. Thus, seafood may be processed in a variety of ways to preserve its quality, taste and shelf life. Examples of processed seafood include frozen, dried, canned, ready-to-cook and ready-to-eat seafood products.

The value chain of the seafood processing industry begins with the harvesting of seafood from either commercial fishing activities or aquaculture farms. These harvested seafood can either be chilled or frozen in blocks while on-board the fishing vessel or before it is transported from aquaculture farms.

Fishing vessels will bring their catch to a fish landing jetty or port, where they are inspected and purchased by traders and/or wholesalers for onward sale to seafood processing companies, amongst others. Seafood processing companies may also purchase directly from fishing vessels at fish landing jetties or ports. As for farm-raised seafood, traders and seafood processing companies typically place their orders directly with the aquaculture farms.

Upon purchasing, seafood processing companies will then carry out seafood processing, which refers to the activities carried out to prepare the seafood for commercial sale. Seafood processing encompasses the following activities:

(i) Primary seafood processing activities refer to basic processing activities such as defrosting, cleaning, cutting and filleting of seafood as well as frozen and dried seafood processing activities.

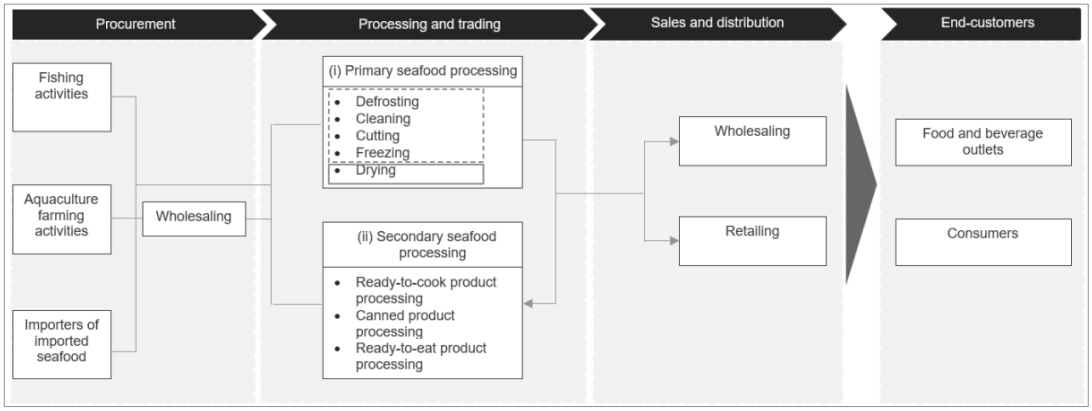
Frozen seafood processing activities refer to the freezing of cleaned, cut and/or filleted seafood into frozen seafood products. Frozen seafood products can be processed using semi-contact blast freezers or individual quick frozen (IQF) freezers to produce frozen seafood products in the form of frozen blocks or individual frozen product units. Such processing activities allow for the preservation of quality and freshness of seafood products.

Meanwhile, dried seafood processing refers to the drying or dehydration of cleaned, cut and/or filleted seafood into dried seafood products. There are various methods for drying seafood supplies, including hot air drying (by using a dehydrator which has a temperature-controlled system to ensure even and controlled drying), sun drying (by exposing seafood supplies under the sun) and vacuum drying (by using pressure in an air-tight vessel to increase the rate of evaporation). Dried seafood processing lengthens shelf life and may enhance the flavours of seafood products; and

(ii) Secondary seafood processing activities refer to the further processing of chilled or frozen seafood products and by-products to produce ready-to-cook products such as pre-marinated seafood, seafood with pre-mixed sauces and pastes, and seafood dumplings or balls as well as canned seafood products or ready-to-eat seafood products such as smoked seafood or seafood-based meals. Some of these products may be frozen.

Traditionally, these products are sold to wholesalers and/or retailers. Wholesalers will sell these seafood products in bulk to foreign wholesalers and/or retailers or to local retailers. Retailers, who have physical retail outlets, will sell these products to end-customers such as consumers and food and beverage outlets.

Value chain of the seafood processing industry



Notes:

(i) ⬚ denotes the segment/ activities in which OFB Group is involved

(ii) ▭ denotes the segment/activities which OFB Group intends to expand into

Source: PROVIDENCE

OFB Group is principally involved in the processing and trading of frozen seafood products as well as provision of frozen seafood processing services. The Group is thus involved in primary seafood processing activities. Its frozen seafood products are sold to local and international markets, particularly countries in Asia Pacific. As part of its future plans, the Group intends to expand into the processing and trading of dried seafood products.

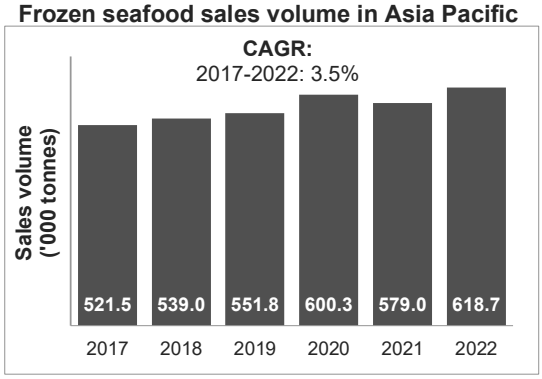
PROVIDENCE STRATEGIC PARTNERS

MARKET SIZE, PERFORMANCE AND GROWTH

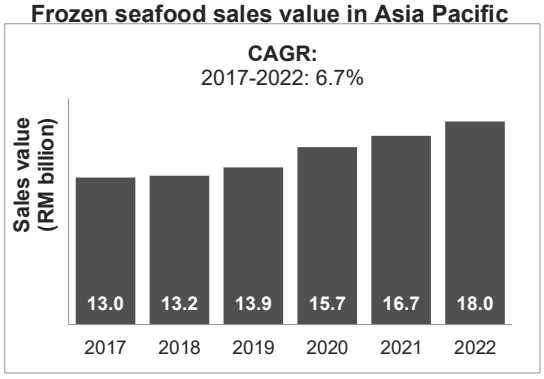
The frozen seafood market can be depicted by retail sales volume and value of frozen seafood. Globally, the retail sales volume of frozen seafood grew at a compound annual growth rate ("**CAGR**") of 1.7% between 2017 and 2022, from 1.5 million tonnes to 1.7 million tonnes.[1] Meanwhile, global retail sales value of frozen seafood increased from RM53.5 billion in 2017 to RM68.5 billion in 2022, registering a CAGR of 5.1%.[2]

Retail sales volume of frozen seafood in Asia Pacific grew at a CAGR of 3.5% between 2017 and 2022, from 521,500 tonnes to 618,700 tonnes. The frozen seafood retail sales value in Asia Pacific grew at a CAGR of 6.7% between 2017 and 2022, from RM13.0 billion to RM18.0 billion.

Frozen seafood sales volume in Asia Pacific



Frozen seafood sales value in Asia Pacific

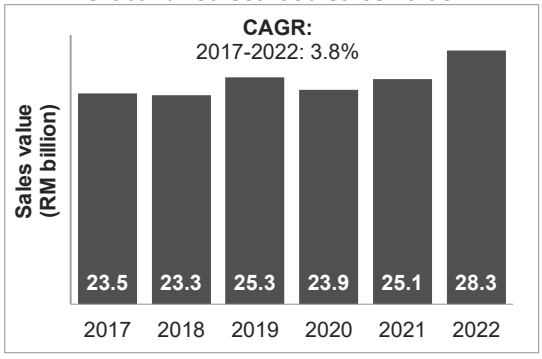


Source: Euromonitor International

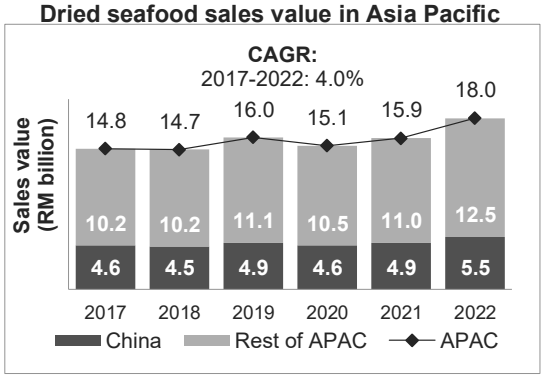
A large proportion of the retail sales volume and retail sales value of frozen seafood products in Asia Pacific was contributed by China, which constituted 73.9% and 57.8% of retail sales volume and retail sales value of frozen seafood products in Asia Pacific in 2022.[3] In China, the retail sales volume of frozen seafood grew at a CAGR of 3.4% between 2017 and 2022, from 386,800 tonnes to 457,200 tonnes.[4] Frozen seafood retail sales value in China grew at a CAGR of 9.0% between 2017 and 2022, from RM6.8 billion to RM10.4 billion.[5]

The dried seafood market size can be measured in terms of retail sales value. Globally, the dried seafood market size grew from RM23.5 billion in 2017 to RM28.3 billion in 2022, registering a CAGR of 3.8%. In particular, the dried seafood market size in Asia Pacific registered a CAGR of 4.0% during this period, growing from RM14.8 billion in 2017 to RM18.0 billion in 2022.

Global dried seafood sales value



Dried seafood sales value in Asia Pacific



Source: Regional Research Reports

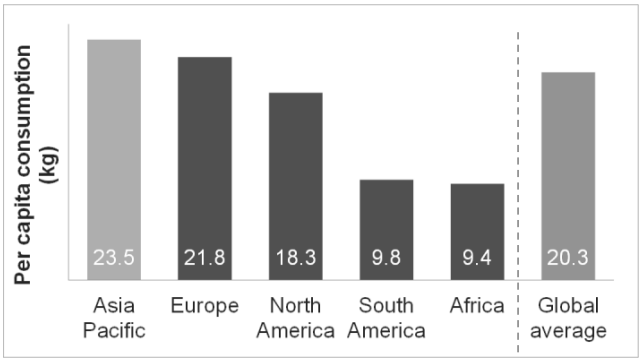
[1] Source: Euromonitor International
[2] Source: Euromonitor International
[3] Source: Euromonitor International
[4] Source: Euromonitor International
[5] Source: Euromonitor International

8. IMR REPORT *(CONT'D)*

The dried seafood market in China constituted a large proportion to the dried seafood market in Asia Pacific, i.e. 30.6% of the dried seafood market in Asia Pacific in 2022. Between 2017 and 2022, the dried seafood market size in China grew from RM4.6 billion in 2017 to RM5.5 billion 2022, registering a CAGR of 3.6%.[6]

The Asia Pacific region has the highest per capita consumption of seafood globally, with an average consumption of 23.5 kilograms ("**kg**") per capita. In comparison, the global average consumption was 20.3 kg per capita. Malaysia is one of the top consumers of seafood in Asia Pacific, consuming 53.3 kg per capita in 2020. Japan, China, Vietnam, Thailand and Turkey consumed 46.7 kg, 40.3 kg, 39.8 kg, 28.5 kg and 5.5 kg per capita respectively in the same year. The large population and growing middle-class society in these countries indicate that they contribute substantially to seafood demand, and have the potential for further growth.

Per capita consumption of seafood in selected regions in 2020



Note:

(i) Per capita consumption of seafood by region is as at 2020 as the latest publicly available information for all regions and countries are as at 2020

Source: Our World in Data

Per capita seafood consumption in selected countries in 2020

Country	Per capita consumption (kg)
Malaysia	53.3
Japan	46.7
China	40.3
Vietnam	39.8
Thailand	28.5
Turkey	5.5
Average	**35.7**

Note:

(i) Per capita consumption of seafood by region is as at 2020 as the latest publicly available information for all regions and countries are as at 2020

Source: Our World in Data

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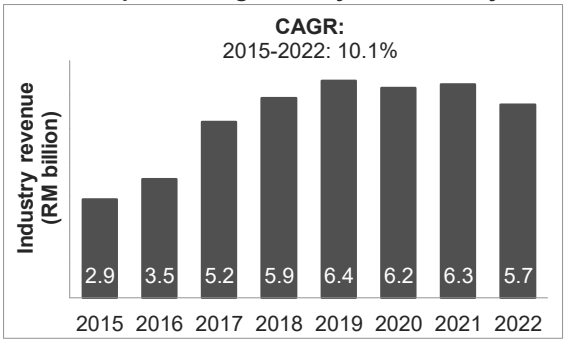
[6] Source: Regional Research Reports

2 THE FROZEN SEAFOOD PROCESSING INDUSTRY IN MALAYSIA

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The frozen seafood processing industry size in Malaysia can be indicated by the overall industry revenue of seafood processing companies in Malaysia. The seafood processing industry in Malaysia grew at a CAGR of 10.1% between 2015 and 2022, from RM2.9 billion in 2015 to RM5.7 billion in 2022. The industry size declined in 2022 as a result of lower demand for seafood as there was a significant rise in prices of seafood, particularly for fishes, in the year. The significant seafood price increase was due to a lack of availability of wild-caught seafood due to unfavourable weather conditions, and lack of labour supply which was caused by the travel restrictions that were implemented to curb the Coronavirus disease ("**COVID-19**").

Seafood processing industry size in Malaysia



Note:

(i) Seafood processing industry size includes industry revenue generated from both primary and secondary seafood processing activities

Source: Department of Statistics Malaysia, PROVIDENCE analysis

Moving forward, PROVIDENCE estimates that the seafood processing industry in Malaysia will grow from an estimated RM6.2 billion in 2023 to reach RM7.4 billion by 2025, at a CAGR 9.2% between 2023 and 2025.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Rising global demand for seafood will lead to higher exports for frozen seafood products from Malaysia

Global consumption of seafood was estimated to be 20.3 kg per capita in 2020.[7] This is relatively higher than other types of animal products such as poultry (14.9 kg per capita), beef (6.4 kg per capita) and mutton (1.8 kg per capita).[8]

This has been largely driven by the increase in population and disposable income. Between 2017 and 2022, the population growth in Asia Pacific has grown at a CAGR of 0.7% to reach 4.4 billion.[9] Meanwhile, economic growth as measured by gross domestic product ("**GDP**") also grew at a CAGR of 4.7% during the same period, from USD28.9 trillion to USD36.3 trillion.[3] The growth of the population and continued economic development in Asia Pacific is expected to increase demand for food, including frozen seafood products. Economic development is indicative of more disposable income, and thus the ability to spend on higher quality and nutritious food such as seafood.

The population of Asia Pacific accounts for approximately 60.0% of the global population, with China, India and Indonesia among the most populous countries in the world. In particular, the population of China has grown at a CAGR of 0.2% between 2017 and 2022 to reach 1.4 billion.[3] The growth of the population will lead to an increase in demand for food, including seafood.

Meanwhile, economic growth in Asia Pacific is driven by China, India and other emerging economies in the region. This economic growth has led to an increase in disposable income for the population, contributing to growing demand for seafood in Asia Pacific. In particular, China's GDP grew at a CAGR of 7.8% between 2017 and 2022 to reach USD17.9 trillion.[3]

Regional demand will continue to contribute to growth of frozen seafood trade globally. Malaysia's exports of frozen seafood grew from 110,200 tonnes in 2015 to 114,400 tonnes in 2021 to meet global consumer

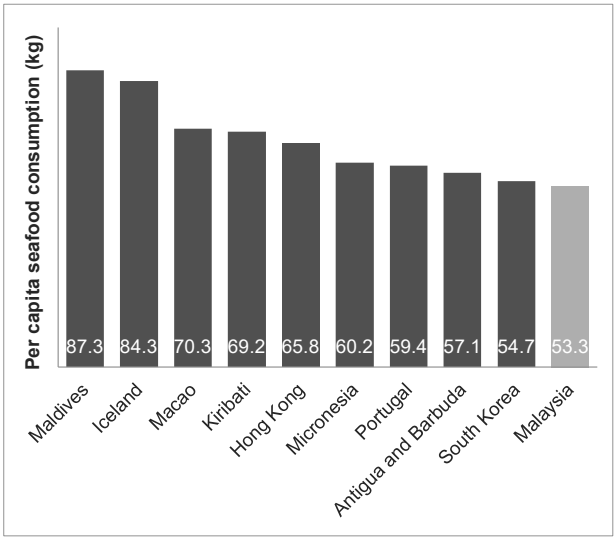
[7] Source: Our World in Data. Latest publicly available information is as at 2020
[8] Source: Organisation for Economic Co-Operation and Development (OECD)
[9] Source: International Monetary Fund

demand.[10] The frozen seafood processing industry in Malaysia is expected to benefit from increasing exports of frozen seafood to meet global seafood demand.

Strong local demand for seafood will drive demand for frozen seafood processing in Malaysia

With a per capita seafood consumption of 53.3 kg in 2020, Malaysia is among the world's top 10 seafood consumers. Seafood is also the most widely consumed animal product in Malaysia, followed by poultry meat at 50.2 kg per capita, and chicken/duck eggs at 21.2 kg per capita.

Top 10 seafood consumers worldwide in 2020



Note:

(i) Latest publicly available information is as at 2020

Source: Our World in Data

Per capita consumption by animal product in Malaysia in 2020

Type of animal product	Per capita consumption
Seafood (kg)	53.3
Poultry meat (kg)	50.2
Chicken/duck eggs (kg) [a]	21.2
Beef (kg)	6.1
Milk (litres) [b]	2.0
Mutton (kg)	1.3

Notes:

(i) [a] Based on estimated average weight of 60 grams per egg

(ii) [b] Per capita consumption of fresh and imported liquid milk

(iii) Latest publicly available information for seafood is as at 2020

Source: Department of Veterinary Services, Our World in Data

Demand for seafood in Malaysia continues to be driven by improving living standards and disposable income of the population, especially for urban households. Malaysia's GDP grew from RM1.2 trillion in 2015 to RM1.8 trillion in 2022, at a CAGR of 6.0%.[11] The long-term growth of disposable income will support the population's growing demand for seafood, including frozen seafood products. As the population becomes more affluent, they have greater spending power to purchase more costly food products, including those that they perceive are superior in terms of nutritional benefits such as seafood. In addition, demand for food, including frozen seafood, will increase alongside the growth of Malaysia's population, which grew from 31.2 million in 2015 to 32.7 million in 2022.[12]

The strong local demand for seafood in Malaysia is expected to drive demand for frozen seafood processing in Malaysia.

Government initiatives to develop the seafood processing industry in Malaysia

In July 2023, the Selangor government announced 2 key projects in the Sabak Bernam region under the Sabak Bernam Development Area initiative, which will involve the development of large-scale fishing ports and processing facilities to increase fishing capacity and seafood production:

- An integrated fish landing port in Sekinchan, which will be equipped with a comprehensive traceability system to track the origin, processing and distribution of fish. This is a collaboration between the Selangor government, Sekinchan Fishing Industry Association and Sekinchan Fishermen's Association and is estimated to attract an investment of RM484.0 million and create over 4,000 jobs.

[10] Source: United Nations Comtrade database
[11] Source: Department of Statistics Malaysia
[12] Source: Department of Statistics Malaysia

This project is expected to increase fishing capacity by 344.0% and seafood processing capacity by 20.0%, which will result in additional 300,000 tonnes of fish and 20,000 tonnes of seafood products produced annually. The first phase of this project is expected to be completed in 2027; and

- A downstream tuna processing and deep-sea fish processing and packaging plant in Sungai Lang which includes a new landing port for large vessels from the Indian Ocean and a land-based fish and crab farm. This project is expected to create between 2,5000 and 5,000 job opportunities. The initial investment of the landing port is over RM100.0 million and is expected to start operating in 2024.

The abovementioned Government initiatives to develop the the seafood processing industry aim to ensure long-term food security for the industry as it will encourage higher volume of landings and imports of seafood supplies in Malaysia. As such, these initiatives are expected to improve the prospects of the frozen seafood processing industry in Malaysia.

PRODUCT/SERVICE SUBSTITUTION

Frozen seafood products can be substituted with live or chilled seafood. However, due to the perishable nature of seafood, frozen seafood products have additional advantages as they can be stored for longer periods while retaining their quality and freshness. Frozen seafood products can also be substituted by other types of frozen animal products such as poultry and beef. Nevertheless, it is important to note that seafood remains the most widely consumed animal product in Malaysia (as mentioned in **Chapter 2 – Demand Conditions: Key Growth Drivers**).

SUPPLY CONDITIONS AND DEPENDENCIES

Availability of seafood supplies

Seafood supplies, which are the raw materials used in frozen seafood processing, can be sourced from traders, aquaculture farms or fishing enterprises. Fishing activities are highly seasonal and may be subject to many factors such as weather conditions and volume of stock available. As such, certain wild-caught seafood supplies may not be available throughout the year and the volume of wild-caught seafood may not be sufficient to fulfil market demand. Most of these wild-caught seafood supplies are typically procured from traders and fishing enterprises at fish landing jetties or ports. There are 48 jetties/ports in Malaysia and among these jetties/ports, the largest volume and value of fish landings were from Kuantan port in 2020.[13]

During periods where certain wild-caught seafood types are not available or in cases where volume of wild-caught seafood supplies cannot fulfil market demand, aquaculture farming, which is not as dependent on environmental factors, fulfils this demand-supply gap with the supply of farm-raised seafood supplies. In 2022, aquaculture farming fulfilled approximately 30.5% of local fishes, based on volume of seafood harvested. The remaining 69.5% of local seafood was fulfilled through fishing activities.[14] Malaysia is generally not dependent on imports of most fish types that can be found in local waters. According to the Department of Statistics Malaysia, the import dependency ratio[15] for tilapia and catfish, which are fishes that can be found in local waters, were 4.3% and 2.1%, respectively, in 2022. However, the import dependency ratio for imported seafood that are not found in local waters are relatively higher as consumers in Malaysia may have preference for some of these imported seafood product types. In 2022, the import dependency ratio for sardine, crabs and cuttlefishes were 28.8%, 23.5% and 70.6%, respectively.[16]

Availability of machinery and equipment and labour for the processing of frozen seafood

Frozen seafood processing requires the use of machinery, equipment and labour. Key machinery and equipment utilised in frozen seafood processing include, amongst others, blast freezers, vacuum forming packaging and tray sealing packaging machines as well as defrosting and cutting machines. Human labour is required to operate these equipment as well as to perform manual tasks such as cleaning and visual

[13] Source: LKIM. Latest publicly available information is as at 2020
[14] Source: Selected Agricultural Indicators, Department of Statistics Malaysia
[15] Source: Import dependency ratio is a percentage of imports over apparent consumption
[16] Source: Department of Statistics Malaysia

inspections. Both equipment and labour are readily available, as equipment is typically purchased from foreign suppliers, while both local and foreign workers are hired as labour.

RELIANCE AND VULNERABILITY TO IMPORTS

Malaysia has a certain degree of dependency on imported frozen seafood products, due to factors such as variety and availability of certain types of seafood in the country. Some consumers have a preference for imported seafood product types that are not available locally.

Malaysia's imports of frozen seafood products increased from 159,500 tonnes to 229,900 tonnes between 2015 and 2021 at a CAGR of 6.3%.[17] Meanwhile, exports of frozen seafood products were 114,400 tonnes in 2021, growing from 110,200 tonnes in 2015.[18] The higher volume of imports relative to exports of frozen seafood indicates a reliance on imports of frozen seafood in the country.

INDUSTRY RISKS AND CHALLENGES

Among the risks and challenges faced in the frozen seafood processing industry in Malaysia include:

(i) Disruptions in supply of raw materials, as fishing activities are highly seasonal and may be subject to many factors such as weather conditions and volume of stock available. Thus, frozen seafood processing companies that solely rely on wild-caught seafood will be subject to these disruptions;

(ii) Fulfilling market demands for various seafood types and variety. For example, there are seafood types and varieties that are not available locally and can only be imported. In such cases, frozen seafood processing companies must be able to source a wide range of seafood types in order to fulfil this demand;

(iii) Product safety and quality-related risks, as frozen seafood processing companies must ensure proper measures are taken during the handling, processing and transportation of frozen seafood products, such as hygiene and temperature control. Any failure to do so may lead to contamination of seafood supplies and/or frozen seafood products;

(iv) Proper storage of frozen seafood supplies in cold rooms, as frozen seafood processing companies need to ensure that quality of frozen seafood products are maintained while awaiting delivery. These companies may also need to properly store seasonal seafood supplies to fulfil demand throughout the year;

(v) Competition from other frozen seafood processing companies, who may differentiate themselves based on their product offerings, freezing and other processing technologies used as well as certifications; and

(vi) Changing consumer demand, which is affected by factors such as pricing or events that could impact consumer perceptions towards seafood. For instance, the release of treated nuclear waste water from the Fukushima power plant in Japan into the Pacific Ocean could result in a negative perception of the world towards seafood, particularly wild-caught seafood from Japan or the Pacific Ocean. Although this release of treated nuclear waste water has been approved by the United Nations and is said to not have a large impact on marine life, the adverse perception towards the event may reduce demand for wild-caught seafood from Japan or the Pacific Ocean. There are also certain countries that could ban the imports of seafood caught from Japan such as has been done in China. Despite this, it is expected that the demand will shift to consume farm-raised seafood or seafood from other regions and thus, it is expected that the frozen seafood processing industry would be minimally impacted as frozen seafood processing companies can process seafood from other regions or even farm-raised seafood.

[17] Source: United Nations Comtrade database
[18] Source: United Nations Comtrade database

PROVIDENCE STRATEGIC PARTNERS

COMPETITIVE OVERVIEW

The frozen seafood processing industry comprises seafood processing companies that are involved in the processing of seafood to produce frozen seafood products. PROVIDENCE has identified 13 industry players, including OFB Group, on the basis that:

- they are involved in primary seafood processing activities in Malaysia to produce frozen seafood products;
- they have revenues of RM1.0 million and above; and
- they are not involved in farming or fishing activities.

These identified industry players are as detailed below [(a)] [(b)]:

Company name	Latest financial year end ("FYE")	Revenue (RM '000)	Gross profit ("GP") (RM'000)	GP margin (%)[(c)]	Profit/Loss after tax ("PAT/LAT") (RM '000)	PAT margin (%)[(d)]
PT Resources Holdings Berhad	30 April 2023	502,605	63,074	12.5	36,833	7.3
OFB Group	**31 December 2022**	**156,330**	**18,273**	11.7	**5,581**	**3.6**
Platinium Marine Products Sdn Bhd	31 March 2022	126,468	8,942	7.1	1,532	1.2
Piau Kee Live & Frozen Seafoods Sdn Bhd	31 December 2022	64,165	15,630	24.4	1,500	2.3
BEST Marine Products Supply Sdn Bhd	31 May 2022	63,844	11,091	17.4	(479)	-
Hai Zheng Frozen Foods Sdn Bhd	31 December 2022	56,646	5,925	10.5	256	0.5
Haiky Borneo Sdn Bhd	31 December 2022	35,538	3,926	11.0	696	2.0
FisherGold Sdn Bhd	31 December 2021	30,820	2,631	8.5	(26)	-
C-Food Portions Sdn Bhd	31 December 2022	27,825	563	2.0	(92)	-
Hai Seng Yek Frozen Food Sdn Bhd	31 March 2022	26,609	4,075	15.3	644	2.4
Mayfresh Frozen Sea Products Sdn Bhd	31' March 2022	25,142	6,001	23.9	1,001	4.0
Kuching Frozen Food Co Sdn Bhd	31 December 2022	18,590 [(e)]	4,243	22.8	568	3.1
Aiki Century Sdn Bhd	31 December 2022	4,483	1,239	27.6	(36)	-

Notes:
(i) [(a)] Information based on publicly disclosed information as at 10 November 2023
(ii) [(b)] This list is not exhaustive. Exempt private companies and companies with revenues below RM1.0 million have been excluded from this list. The list has been arranged based on the companies' revenues in descending order
(iii) [(c)] GP margin is computed based on GP divided by revenue
(iv) [(d)] PAT margin is computed based on PAT divided by revenue
(v) [(e)] Based on segmental revenue

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

Based on the revenue generated from OFB Group of RM158.5 million for the FYE 31 December 2021 and a total seafood processing industry size of RM6.3 billion in the year, OFB Group garnered an industry revenue share of 2.5% in 2021. OFB Group's industry revenue share further increased to 2.7% in 2022, with a revenue of RM156.3 million for the FYE 31 December 2022 and a total seafood processing industry size of RM5.7 billion in the year.

3 PROSPECTS AND OUTLOOK FOR OFB GROUP

The frozen seafood processing industry in Malaysia, as indicated by the seafood processing industry, has been growing at a CAGR of 10.1% between 2015 and 2022. Moving forward, PROVIDENCE estimates that the seafood processing industry in Malaysia will grow at a CAGR of 9.2% between 2023 and 2025.

The industry is expected to be driven by growing exports to international markets in light of rising global demand, particularly in Asia Pacific, which has the highest per capita consumption of seafood globally. Between 2017 and 2022, retail sales volume and retail sales value of frozen seafood in Asia Pacific grew at CAGRs of 3.5% and 6.7%, respectively. The frozen seafood processing industry in Malaysia is also expected to be driven by local demand for seafood as Malaysia is among the world's top 10 seafood consumers.

As an industry player in the frozen seafood industry in Malaysia, OFB Group stands to benefit from the positive outlook of the frozen seafood processing industry and frozen seafood market. The Group's plans to grow its exports into China will be driven by the growing market for frozen seafood products in China. China is a major market in Asia Pacific for frozen seafood products, constituting 73.9% and 57.8% of retail sales volume and retail sales value of frozen seafood products in Asia Pacific in 2022.

Further, OFB Group is expected to benefit from the growing dried seafood market in light of its future plan to expand into the processing and trading of dried seafood products. Globally, the dried seafood market size has been growing at a CAGR of 3.8% between 2017 and 2022.

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