HSS Holdings Berhad (HSSBAKERY)

Baking the Recipe for Success

- **HSS Holdings Berhad is an established bakery producer and distributor in Malaysia, principally engaged in (i) the sourcing of bakery products, (ii) the in-house manufacturing of biscuits, cookies, and cakes, and (iii) the trading of third-party consumer goods and beverages.**
- **We project 3-year earnings CAGR of 7.3%, with core PATMI expected to reach RM9.0m-RM10.5m over the next three years, supported by (i) higher manufacturing capacity through the installation of new production lines, (ii) margin uplift as the Group expands its in-house manufacturing segment and (iii) the launch of tourism-led premium products.**
- **We assign a fair value of RM0.23 per share for HSSBAKERY, indicating an 27.8% upside from the IPO price of RM0.18. This valuation is based on a PE multiple of 12.0x, pegged to FY27f EPS of 1.94 sen.**

Investment highlights

Margin expansion driven by manufacturing mix shift. Gross margin has expanded consistently from 15.6% in FY22–23 to 18.8% in FY25, as in-house manufacturing revenue surged from RM7.4m (5.8% of revenue) in FY22 to RM23.9m (16.6%) in FY25. We believe the addition of automated production lines at Manufacturing Facility 1 (biscuits and cookies) and Manufacturing Facility 2 (cakes), funded by RM2.6m of IPO proceeds, will further strengthen this mix shift, translating into improving margins moving forward.

Post-IPO capex to unlock new daily-consumption SKUs. Currently, the Group is unable to manufacture daily-consumption cookies in-house due to the lack of a cookie forming-and-loading system, and these orders are outsourced to third-party manufacturers. The planned IPO capex will address the gap by installing a new cookie forming system at Manufacturing Facility 1 and a new automated cake line at Manufacturing Facility 2. We view this as a key earnings catalyst over FY26–FY27, as higher-volume daily-consumption lines would allow more consistent year-round utilisation of manufacturing capacity.

Extensive multi-channel footprint and strong brand equity. As at 30 April 2026, HSSBAKERY has built a network comprising 330 wholesalers, 5 distributors, and 117 retailers across Malaysia, Singapore, Australia and Indonesia. Its products command strong retail presence in hypermarkets and supermarkets, together with a portfolio of 11 brands of bakery products, including flagship brands like "SINAR®" and "合顺成饼家®".

Fig #1 HSSBAKERY's portfolio of bakery products



Source: HSS Holdings Berhad

IPO Note – Not rated

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Non-Rated

Share price	**RM0.18**
Target price	RM0.23
Previous TP	-
Capital upside	27.8%
Dividend return	-
Total return	27.8%

Company profile

Started since 2004, HSS Holdings Berhad is a Malaysia-based bakery producer and distributor, primarily involved in (i) the sourcing of bakery products, (ii) in-house manufacturing of biscuits, cookies, and cakes, and (iii) the trading of third-party consumer goods and beverages.

Stock information

Bursa Code	0460
Bloomberg ticker	HSSBAKERY MK
Listing market	ACE
Share issued (m)	500.0
Market Cap (m)	90.0
Shariah compliant	Yes
MITI allocation	Yes

Major shareholders

	%
Valura Group	52.7
Essential Family Ventures	14.7
Goh Chen Chang	5.3

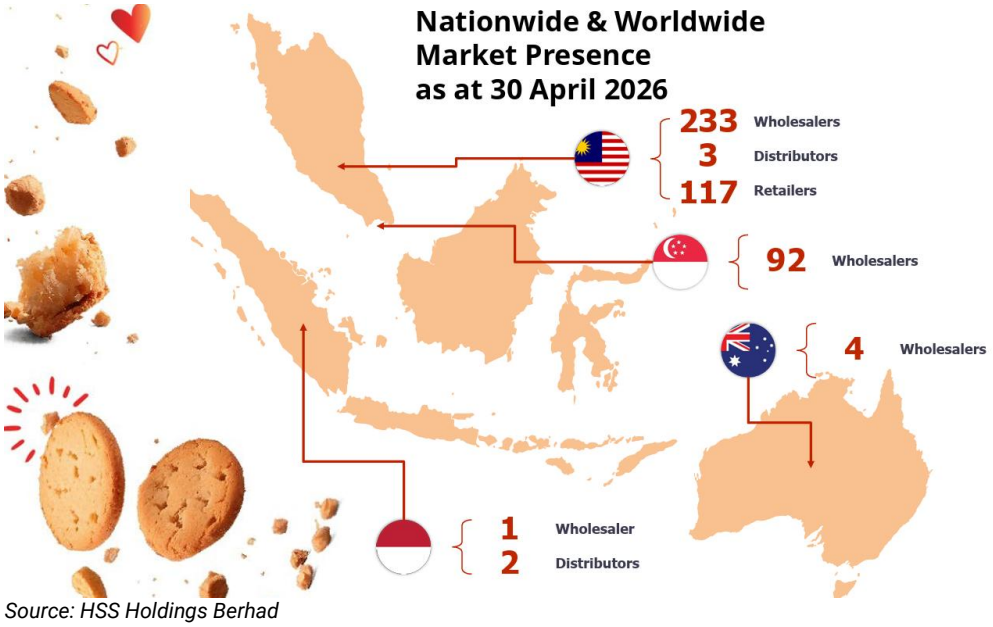
Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	8.5	9.0	9.7
EPS (sen)	1.7	1.8	1.9
P/E (x)	10.6	10.0	9.3

Timetable of IPO

Opening of application	29 May
Closing of application	9 June
Balloting of application	11 June
Allotment of the IPO shares	19 June
Listing on the ACE market	23 June

Fig #2 HSSBAKERY's network of wholesalers, distributors and retailers worldwide



Source: HSS Holdings Berhad

Tourism-led premium product as additional growth driver. The Group intends to launch a dedicated premium bakery gift range, including butter cakes, sponge cakes, and layer cakes in locally themed packaging, targeting tourist distribution through airports, heritage sites, and attraction spots to capitalise on Malaysia's growing inbound tourism ahead of Visit Malaysia 2026. We believe this initiative will add revenue diversification for HSSBAKERY and allows the Group to command higher ASPs on premium gifting SKUs.

Company background

Started since 2004, HSS Holdings Berhad is a local bakery producer and distributor with three key business segments, including:

i. **Sourcing of bakery products.** This segment involves the collaboration with third-party contract manufacturers, whereby the bakery products sourced are produced according to specifications, recipes, and/ or brand standards, either under customers' brands or unbranded, or the Group's own brands.

ii. **Manufacturing of bakery products.** This segment involves the production of everyday mass-market biscuits and rolls (such as roti kok) alongside specialized automated seasonal cake production lines to service peak festive surges.

iii. **Trading of bakery and other products.** This segment focuses on the wholesale trading of third-party brand consumer staples and beverages, including instant noodles, soft drinks, instant drinks and fruit juices.

The Group's product portfolio spans 11 brands of bakery products and over 6,500 SKUs, anchored by the halal-certified "SINAR®" and the seasonal "合顺成饼家®", distributed across Malaysia, Singapore, Australia and Indonesia to a customer network of 330 wholesalers, 5 distributors, and 117 retailers.

Fig #3 Corporate milestones

Year	Key Milestone
2004	Establishment HSS Confectionery Trading; commenced bakery trading to Singapore wholesalers
2006	Incorporated HCF Sdn Bhd; relocated to 1,400 sqft shop lot in Bakri, Johor
2012	Commenced direct sales to Retailers; introduced first own brand "Sbb®"
2014	Commenced in-house cookie manufacturing
2016	Launched halal-certified "SINAR®" brand; relocated trading and sourcing operations to No. 22 Factory; cookies manufacturing operations moved to MF2
2018 – 2019	Expanded "SINAR®" to Chinese New Year and mooncakes; commenced biscuit manufacturing; launched "合顺成饼家®" seasonal brand
2021 – 2022	Expanded warehousing capacity (PTD 13425) and Office & Warehouse 1
2023	Commenced operations at MF1; acquired HSS HQ (Muar); first export to Cambodia
2024	Commenced operations at HSS HQ; first export to Korea
2025	Acquired 75% of equity interest in Kasaga and commenced in-house manufacturing of cakes in MF2
2026	HSS Holdings converted to public company; IPO prospectus issued 29 May; ACE Market listing 23 June

Source: HSS Holdings Berhad

Substantial Shareholders and Key Management

1. Goh Chen Chang – Managing Director
Mr Goh is the founder, Promoter, substantial shareholder, and Managing Director of HSS Holdings. He oversees the Group's overall business operations and strategic direction. With 22 years of experience in the bakery products industry, he established HSS Confectionery Trading in 2004 and has since led the Group's evolution from a pure trading operation to an integrated sourcing and manufacturing business. He is the brother of Goh Chen Ann and the ultimate beneficial owner of Valura Group (95.3%), which holds 52.7% of the Company post-IPO.

2. Goh Chen Ann – Executive Director
Mr Goh is a Promoter and Executive Director responsible for overseeing the Group's sales and marketing activities. With 18 years of experience in the bakery products market, he joined HCF in 2008 and progressed from Logistics Executive to Business Development Manager before being appointed Executive Director in 2025. He co-founded LHMC Sdn Bhd in 2014 and previously served as General Manager of LHMC overseeing manufacturing operations until 2024. He is the brother of Goh Chen Chang.

3. Joshua Lau Ern Tien – Production Director
Mr Lau is the Production Director and co-founder of Kasaga Sdn Bhd, in which he

retains a 25.0% equity interest following Valura Group's acquisition of the remaining 75.0% in April 2025. He is responsible for ensuring our Group's smooth factory operations, daily flow of production, product projection planning, logistics planning as well as production of new products.

4. Wee See Yee – Chief Financial Officer

Ms Wee oversees the Group's accounting, finance, financial reporting, and internal controls. She holds a Bachelor of Accountancy (Honours) from Universiti Putra Malaysia and has been a certified Chartered Accountant with the Malaysian Institute of Accountants (MIA) since 2006. She brings a background in public accounting from SC Lim, Ng & Co, Edaran Precision Industries Sdn Bhd and a solid 15 years in Homeritz Corporation Berhad before eventually joining HSSBAKERY in October 2023.

5. Pang Teck Heng – Senior Sales Manager

Mr Pang is responsible for promoting the sales of the Group's own brands of bakery products, such as "SINAR®" and "合顺成饼家®". He brings an extensive 40-year track record in retail food networks, supermarket operations, and FMCG brand placement dating back to 1985. He joined Chatur Capital as a Sales Executive in 2013 and was subsequently transferred to the Group in 2016 following internal distribution consolidation.

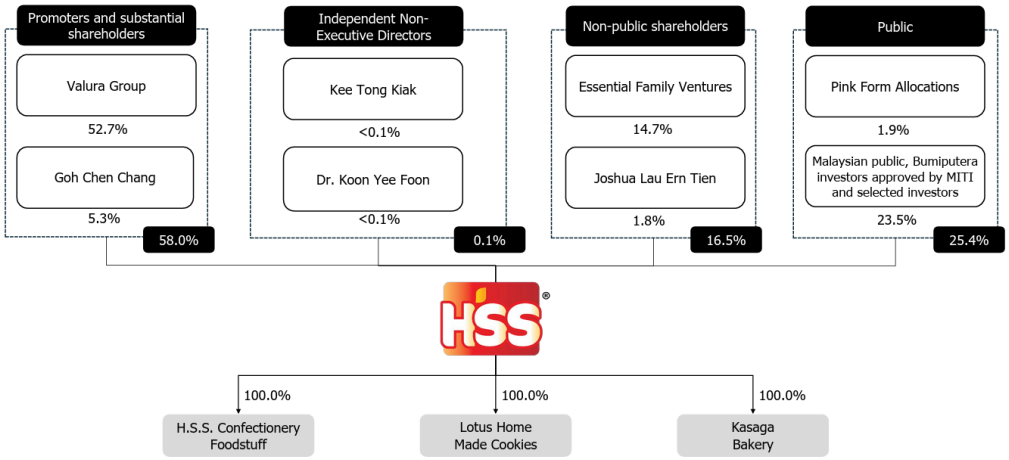
6. Tho Che Ping – Administration and Human Resources Manager

Mr Tho is the Administration and Human Resources Manager responsible for workplace disciplinary policies, administrative functions, and regulatory compliances and health and safety structures. He holds a Master of Business Administration from Eastern Michigan University, USA (1997). He initially joined the Group as General Operations Manager in 2021 before assuming his current focused compliance and human resource management roles in 2024.

7. Koon Kok Feng – Marketing Manager

Mr Koon is the Marketing Manager responsible for the full oversight of the marketing department's operations, marketing schemes, packaging aesthetics, and visual artwork designs. He holds a Bachelor of Marketing Management from Multimedia University, Melaka (2021). He joined the Group in 2021 as a Senior Marketing Officer and successfully established and led the Group's three core promotional, product, and design and arts sub-teams before his promotion to manager in 2025.

Fig #4 Post-IPO Structure



Source: HSS Holdings Berhad

Fig #5 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Capital expenditure for Manufacturing Facility 1	1.1	8.2	Within 12 months
Capital expenditure for Manufacturing Facility 2	1.5	10.8	Within 12 months
Repayment of borrowing	4.5	33.4	Within 6 months
Working capital	2.9	21.7	Within 12 months
Estimated listing expenses	3.5	25.9	Within 1 month
Total	13.5	100.0	

Source: HSS Holdings Berhad

Business overview

Sourcing of bakery products (73.9% of FYE 2025 revenue)
This segment involves the procurement and customization of biscuits, cookies, cakes, and snacks from third-party manufacturers based on specific recipes or brand standards. Operating under customers' private labels, unbranded and the Group's own brands (such as "SINAR®" and "合顺成饼家®"), the Group provides end-to-end support to offer clients added convenience, including product taste and formulations, shape and appearance, and packaging designs and formats. As at the LPD, the segment manages 3,557 customer-branded SKUs and 538 own-brand SKUs.

Manufacturing of bakery products (16.6% of FYE 2025 revenue)
This segment involves the production of biscuits, cookies, and cakes within the Group's facilities, either serving its customers' brands, unbranded or own brands. However, in order to optimise the use of its limited production capacity, the Group outsources its certain existing cake productions to external partners. As at LPD, the Group supports 446 customer SKUs and 211 own brand SKUs.

Trading of bakery and other products (9.5% of FY25 revenue)
This segment focuses on the wholesale commercial distribution of consumer staples, including instant noodles, soft drinks, instant drinks, and fruit juices under established third-party brands. The Group acts as an exclusive distributor for the Malaysian 'Yami' brand (Singapore and Australia) and 'Huat Huat' brand (Singapore). As at the LPD, this segment manages 1,835 active SKUs.

Fig #6 Principal business activities and services provided

Business segment	Sourcing	Trading	Manufacturing

Brands	• Bakery products
	  • Customers' brands
	  • Unbranded
	  • Own brands such as *SINAR®* and *合顺成饼家®*
		• Bakery products
		  • Third-party brands
		• Other products
		  • Third-party brands
			• Bakery products
			  • Own brands such as *SINAR® and 合顺成饼家®*
			  • Customers' brands
			  • Unbranded

Products	• Bakery products such as biscuits, cookies, cakes, and snacks • Other products such as instant noodles, soft drinks, instant drinks, and fruit juices		• Biscuits, cookies, and cakes
Geographical markets	Malaysia, Singapore, Indonesia, Australia, Cambodia and Korea		
Customers	Wholesalers, Distributors and Retailers		

Source: HSS Holdings Berhad

Fig #7 SWOT analysis of HSSBAKERY

Strength	Weakness
• 22-year operating track record (2004–2026) • 11 registered brands with 6,500+ SKUs • Increasing margin over the years due to growing manufacturing segment	• Revenue declined 9.8% YoY in FY25 • Third-party manufacturer supply concentration (83.5% of FY25 revenue contribution)
Opportunity	**Threat**
• IPO capex unlocking daily-consumption cookie and cake production lines • Introduction of new premium tourist-oriented gift bakery range in airports and heritage sites	• Competitive environment from other bakery competitors • Raw material prices volatility

Source: M+ Research

Financials

Revenue and income highlights. The Group posted revenue of RM144.4m in FY25, a decline of RM15.8m (9.8% YoY) from RM160.2m in FY24, dragged largely by the sourcing segment which fell RM22.9m to RM106.8m caused by the timing of festive season. Due to the earlier arrival of Chinese New Year in January 2025, most of the orders were placed earlier towards the end of FY24. Nevertheless, the decline was partially offset by a strong ramp-up in the manufacturing segment, which grew RM12.5m (110.1% YoY) to RM23.9m, boosted by the consolidation of Kasaga Sdn Bhd from 1 April 2025 and the continued expansion of both own-brand manufacturing and customers' brands or unbranded. Despite the lower topline, PAT grew 10.1% YoY to RM8.6m as the higher-margin manufacturing mix lifted gross margin from 17.1% to 18.8%.

Balance sheet. Total assets stood at RM113.3m as at FY25, marginally lower than RM114.9m in FY24 following the disposal of No. 22 Factory (RM3.5m proceeds) and depreciation charges of RM2.7m on PPE. Total equity strengthened from RM25.9m to RM35.6m, thanks to higher profit retention. Total borrowings declined from RM44.6m in FY24 to RM40.5m in FY25, resulting in a net gearing of approximately 0.8x prior to the IPO. Post-listing, the repayment of RM4.5m in bank borrowings from IPO proceeds will further reduce its net gearing to around 0.3x.

Cash flow. Net cash from operating activities moderated from RM19.9m in FY24 to RM6.5m in FY25, mainly due to a working capital build from higher inventories as the Group stocked up ahead of festive season production and Kasaga's inclusion. Investing cash flow turned positive at RM2.8m (FY24: outflow of RM6.4m), driven by the RM3.5m disposal of investment property and RM3.9m disposal of other PPE. Financing outflows were RM10.9m, reflecting net repayment of borrowings and a RM0.5m dividend payment.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 7.3%, with core PATMI expected to reach RM9.0m, RM9.7m and RM10.5m over the next three years. This growth is underpinned by (i) higher manufacturing capacity through the installation of new production lines, (ii) margin uplift as the Group expands its in-house manufacturing segment and (iii) the launch of tourism-led premium products.

Fig #8 Financial Highlights

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	160.2	144.4	149.3	157.9	166.3
EBITDA	16.0	17.4	18.1	19.6	20.9
EBIT	12.9	14.1	14.5	15.4	16.4
PBT	10.8	11.9	12.6	13.5	14.5
PAT	7.8	8.6	9.1	9.9	10.6
PATMI – Core	7.8	8.5	9.0	9.7	10.5
PATMI – Reported	7.8	8.5	9.0	9.7	10.5
% change YoY – Core PATMI	43%	9%	6%	8%	8%
Core EPS (sen)	1.6	1.7	1.8	1.9	2.1
P/E (x)	11.5	10.6	10.0	9.3	8.6
EV/EBITDA (x)	3.9	3.5	3.4	3.1	2.9
DPS (sen)	1.2	0.1	0.5	-	-
Yield (%)	7%	1%	3%	0%	0%
BVPS (RM/share)	0.1	0.1	0.1	0.1	0.1
P/B (x)	3.5	2.5	1.6	1.4	1.2
ROE (%)	39%	28%	20%	16%	15%
Net Gearing (x)	1.2	0.8	0.3	0.2	CASH

M+ Research

Valuations

We assign a fair value of RM0.23 per share for HSSBAKERY, representing an 27.8% upside from the IPO price of RM0.18. This valuation is based on a P/E ratio of 12.0x, pegged to the FY27f EPS of 1.94 sen.

We believe the ascribed P/E multiple is fair, given that HSSBAKERY's peers are trading at average forward and historical P/E multiples of 12.1x–13.8x. The P/E multiple assigned is tilted to the lower end of the range, reflecting HSSBAKERY's lower NP margin and smaller market capitalization. HSSBAKERY has a NP margin of 5.9% and market capitalization of RM90.0m, lower than its peers average of 9.2% and RM374.6m, respectively.

Fig #9 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
HSS Holdings Berhad	**ACE**	**Dec**	**0.18**	**90.0**	***10.6**	****9.3**	***27.6**	***5.9**
SDS Group Bhd	MAIN	Mar	0.42	224.2	8.4	8.1	16.3	8.0
Apollo Food Holdings Bhd	MAIN	Apr	5.85	468.0	13.7	N/A	14.8	13.5
Oriental Food Industries Holdi	MAIN	Mar	1.11	266.4	11.6	N/A	7.9	4.9
Hup Seng Industries Bhd	MAIN	Dec	0.98	780.0	15.7	16.0	29.8	12.6
A1 A.K. KOH Group Bhd	ACE	Jun	0.16	134.4	19.5	N/A	16.4	7.1
Avg ex-HSS Holdings Berhad				**374.6**	**13.8**	**12.1**	**17.0**	**9.2**

Source: M+ Research (*FY25, **FY27f)

Investment risks

Dependent on third-party manufacturers for the majority of its revenue. As third-party suppliers accounted for 83.5% of the Group's FY25 revenue, it makes HSSBAKERY to be heavily reliant on a network of external manufacturers for product availability and quality.

Raw material price volatility may compress margins. Key manufacturing inputs including flour, edible oil, sugar, eggs, and nuts are subject to global commodity price fluctuations, which would affect the Group's ASPs and margins.

Seasonal demand concentration causing revenue variability. Given a portion of the Group's bakery products, including festive cookies, mooncakes, and specialty cakes, are demand-driven during festive seasons like Hari Raya, Chinese New Year, and Mid-Autumn, any shortfall in festive season sell-through, earlier-than-expected purchasing cycle compression, or consumer spending slowdown could lead to elevated inventory build and revenue shortfalls.

Environmental, Social and Governance (ESG) Practices

Environmental:

- FIFO production system and yield analysis monitoring to minimize bakery product spoilage and optimize raw material efficiency
- Installation of energy-efficient roofing (fibre-reinforced polymer) and inverter air conditioning systems to reduce electricity consumption
- Products with less than 45 days to shelf life are donated to a third-party company for repurposing as animal feed and fertiliser
- Transitioning administrative and marketing materials to digital formats as part of a paperless initiative

Social:

- Safe and healthy workplace environment adhering to occupational safety and health regulatory standards
- Equal opportunity policy across age, gender, ethnicity, religion, national origin, sexual orientation, and disability
- Zero-tolerance policy on workplace bullying, discrimination, sexual harassment, and victimisation
- Employee development and upskilling programmes to support professional and career growth

Governance:

- Anti-Bribery and Corruption Policy and Whistleblowing Policy implemented pre-listing
- Personal Data Protection Act 2010 compliance for all stakeholder data handling
- Audit and Risk Management Committee oversight

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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned