

JB Foods Limited

12th ANNUAL GENERAL MEETING



24 April 2024

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Disclaimer



Certain information and statements made in this presentation contain “forward-looking statements”. Such forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate”, “believe”, “considering”, “depends”, “estimate”, “expect”, “intend”, “plan”, “planning”, “planned”, “project”, “trend”, and similar expressions. All forward-looking statements are JB Foods current expectation of future events and are subject to a number of factors that could cause actual results to differ materially from those described in the forward-looking statements. Caution should be taken with respect to such statements and you should not place undue reliance on any such forward-looking statements.

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Cocoa Bean Price Trends

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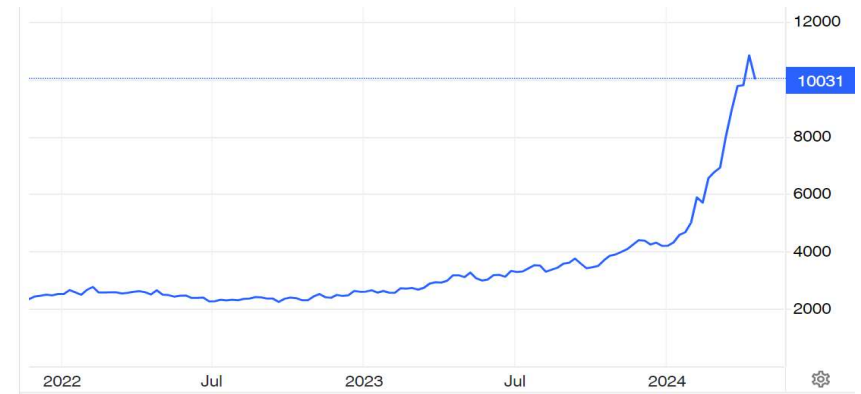
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Bean Prices (USD/MT) –
1959 to 2024 (Past 65 yrs)



Bean Prices (USD/MT) –
Jan 2022 to Apr 2024

(Past 3 yrs) – USD2500 to
USD10,000



Sharp increase in cocoa bean prices due to shortage of cocoa bean arising from unfavorable weather conditions.

Cocoa bean prices increase from USD2500/MT in Jan 22 to current level of USD10,000/MT, 4 times higher, especially sharp increase from Jan 24 at USD4,200/MT to USD10,000/MT over 3 months.

Cocoa Bean Grinding & Production Statistics

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Cocoa Bean Grinding & Production



Cocoa bean production & grinding from 2005 to 2024 (Source: ICCO Quarterly Bulletin of Cocoa Statistic published on 29 Feb 2024)

- ▶ Bean production: **20-year and 10-year CAGR is 1.38% and 0.45% respectively**
- ▶ Bean grinding: **20-year and 10-year is 1.77% and 1.42% respectively**



Introduction to JB Foods



Key Milestones

2000 to 2010

- Laying foundations; penetrating the market as a new player with a new brand
- Building the JB Cocoa Brand
- Developing Customer Base

2011 to 2017

- Scale operations
- Expand capabilities
- Grow global presence
- Growth strategy – selling to trade houses and end-users

2018 to 2023

- Establish global presence
- Begins sustainability efforts, and building momentum
- Broaden international customer base

2024 and beyond

- Building capacity
- Enhancing capabilities
- Charting the course for growth

2000



First factory in Malaysia (2002)

2012



IPO listing in Singapore (SGX)

2013 to 2023



▪ Sales offices in USA/Eastern Europe/Indonesia/ China

▪ Second factory in Indonesia (2015)



▪ Third factory in China (2019)

▪ Incorporation of Switzerland, Estonia, * Côte'D'Ivoire subsidiaries

▪ Breaking ground - Fourth factory in Cote'D'Ivoire (2022)

Growing sustainable bean sourcing capabilities



Key Milestones

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Shareholders Equity [Net Asset Value (USD' million)]



USD 3



USD 30m



USD 60m



USD 70m



USD 80m



>USD 180m



Production (Grinding Capacity)



30,000 MT



60,000 MT



85,000 MT



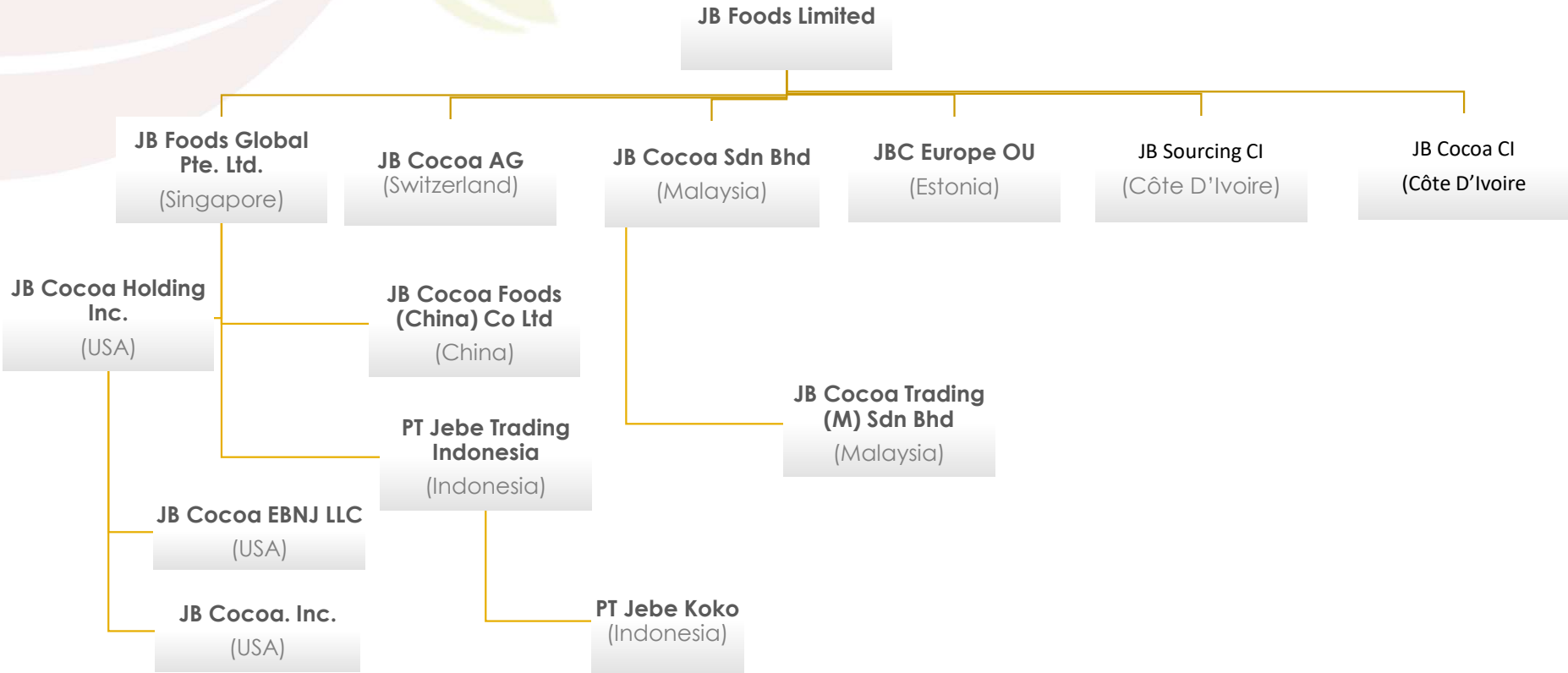
145,000 MT



180,000 MT



Group Structure



Except Indonesia subsidiaries which is 99.9% owned, all other subsidiaries are 100% wholly-owned by the Group.



Raw Materials & Our Products



Cocoa Beans



Cocoa Mass



Cocoa Powder



Cocoa Butter



More than 90% of our revenue is derived from Cocoa Powder & Cocoa Butter



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Global Presence

Over the years, JB Cocoa has honed its capability to develop and customise cocoa ingredient products to meet the varying and exacting requirements of globally diversified customers. With its technical know-how, product expertise, proprietary blending methods and compliance with high food safety standards, the JB Cocoa brand is associated with quality.



Manufacturing & Warehouse Facilities

▶ Asia: 3 ▶ Europe: 1 ▶ Africa: 1

Regional Sales Offices & Sourcing Centre

▶ Asia: 3 ▶ Europe: 2 ▶ America: 2 ▶ Africa: 2

Worldwide Headcount: 750

▶ Asia: 700 ▶ America, Europe & Africa: 50



MANUFACTURING / SUPPLY CHAIN FACILITIES



PRIMARY SALES OFFICES



CORPORATE OFFICE



SOURCING CENTRES



SALES PRESENCE

Business Performance Review

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Financial Highlights — At A Glance

(In US\$'000)	FY2023	FY2022	Y-on-Y Change
Revenue	595,786	509,630	16.9%
EBITDA	24,615	33,580	-26.7%
PAT	1,895	16,684	-88.6%
	FY2023	FY2022	Y-on-Y Change
ROE (%)	1.1%	9.9%	-89.3%
EPS (US cents)	0.6	5.5	-89.1%
NAV per share (US cents)	58.4	59.2	-1.3%
Gross gearing (times)	1.53	0.99	-55.3%
Net gearing (times)	1.38	0.87	-59.8%

- ▶ Higher in revenue mainly due to growth in shipment volume and higher ASP due to increase in cocoa bean price
- ▶ The drop in EBITDA due to MTM losses of USD12.3mil relating to hedging activities, recognized as at year end due to unprecedented sharp volatility in cocoa bean prices.
- ▶ Gearing increase in view higher trade facility utilization due to higher cocoa bean prices

Sales by Region/Country

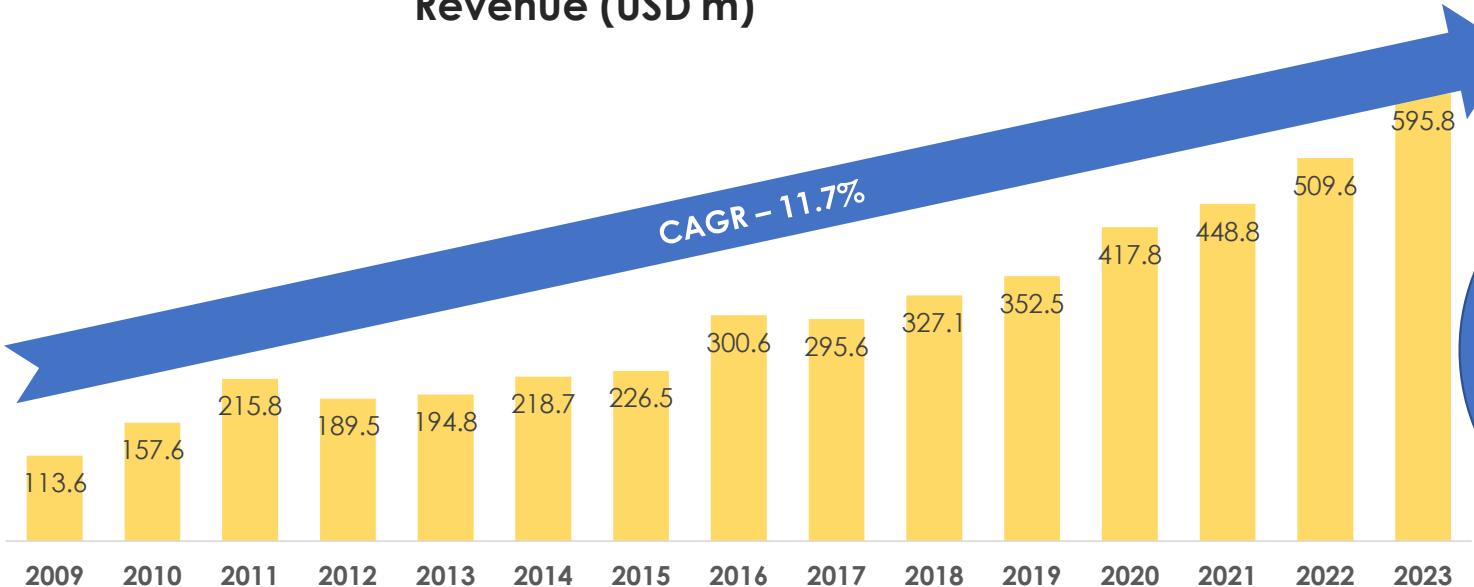
	2023		2022		2021		2020		2019	
Revenue	USD'000		USD'000		USD'000		USD'000		USD'000	
America	109,472	18%	120,432	24%	81,224	18%	94,287	23%	94,277	27%
USA	80,362	13%	90,391	18%	62,351	14%	73,757	18%	83,479	24%
Others	29,110	5%	30,041	6%	18,873	4%	20,530	5%	10,798	3%
Asia	259,538	44%	253,579	50%	209,353	47%	185,461	44%	135,236	38%
China	78,037	13%	64,996	13%	61,298	14%	50,987	12%	33,363	9%
Others	181,501	30%	188,583	37%	148,055	33%	134,474	32%	101,873	29%
Europe	171,588	29%	88,941	17%	105,102	23%	94,936	23%	90,800	26%
Russia	89,974	15%	62,255	12%	58,506	13%	47,436	11%	51,311	15%
Others	81,614	14%	26,686	5%	46,596	10%	47,500	12%	39,489	11%
Other	55,188	9%	46,678	9%	53,084	12%	43,070	10%	32,181	9%
	595,786	100%	509,630	100%	448,763	100%	417,754	100%	352,494	100%

▶ USA, China and Russia, remains our top 3 revenue contribution, and with those multi-national chocolate, confectionery manufacturers with business relationship more than 15 years.

▶ Growth in FY23 mainly driven from the Europe region as part of the Group's long-term expansion strategy.

Revenue Growth – 15-year CAGR of 11.7%

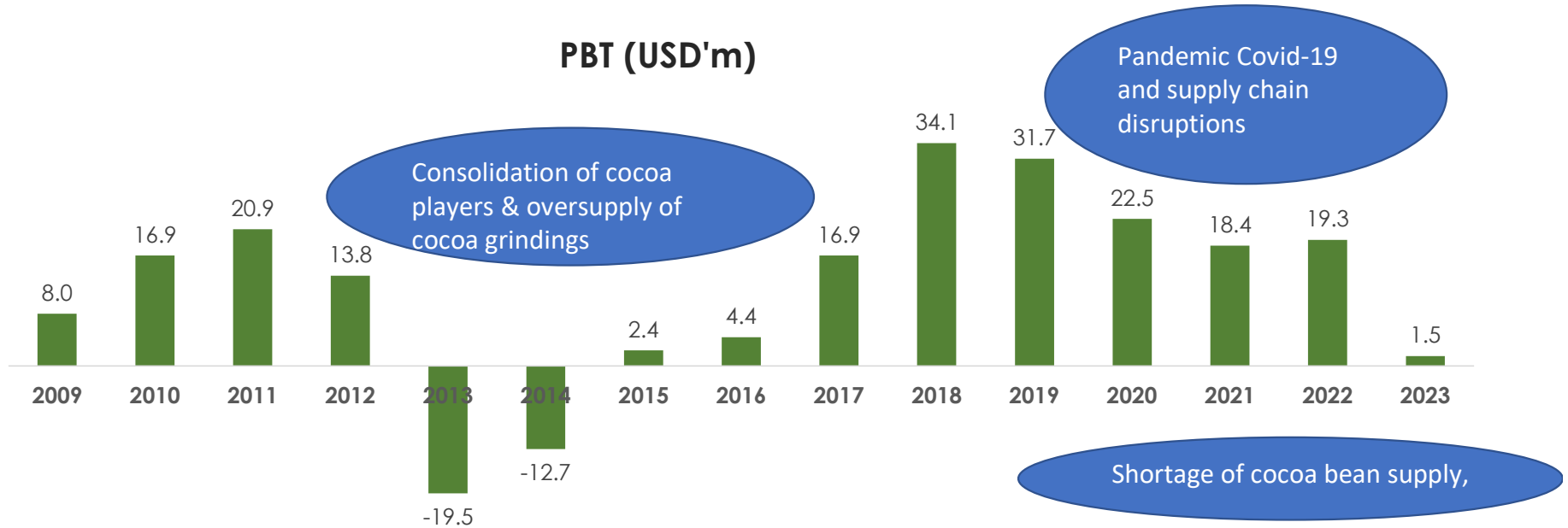
Revenue (USD'm)



Consistently growth in revenue as JB Cocoa has established long-standing partnership with the MNC customers.

- ▶ 15 year CAGR of 11.7%
- ▶ 10 year CAGR of 10.5%
- ▶ 5 year CAGR of 5.4%

Profit Before Taxation (“PBT”) – 2009 to 2023



Cyclical profitability due to cocoa demand & supply situation in the past years (2012 to 2014)
Market consolidation and major cocoa players shrinking over the years.

Year 2023 and 2024 – Unprecedented and increasing volatility and sharp increases in cocoa bean prices on the back of shortage in cocoa beans due to unfavorable weather conditions.

JB Foods Banking Trade Facilities

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil	USD'mil
Banking Facilities	64.7	78	109.5	113.4	115	130	150	199.8	223	235.9	264.1	281.6	272.8
Utilisation	44.4	53.6	87.4	102.6	85.2	101.6	78.5	80.3	168.7	156.5	192.1	138.3	225.4
% of unutilised trade credits limits	31%	31%	20%	10%	26%	22%	48%	60%	24%	34%	27%	51%	17%

- ▶ Banking trade facilities limit increased 3.5 times from USD78million in 2012 to USD273million in 2023. Decrease in the facilities limited due to devaluation of the currency of Ringgit Malaysia (“RM”) as the notional credit limits are denominated in RM.
- ▶ Subsequent to the year end and in year 2024, the Group has obtained the approval of additional trade facilities from banks to support the Group’s working capital requirement in view of higher bean price situation.

Profit and Loss Analysis

(In US\$'000)	FY2023	FY2022	Y-on-Y Change	Notes
Revenue	595,786	509,630	86,156	17% N1
Cost of sales	(555,464)	(461,481)	(93,983)	20% N2
Gross profit	40,322	48,149	(7,827)	-16% N2
GP margin	6.8%	9.4%	-	N2
Interest income	169	110	59	54%
Other losses, net	(3,408)	(926)	(2,482)	N/M N3
Selling & distribution expenses	(7,116)	(8,661)	1,545	18% N4
Administrative expenses	(13,046)	(12,724)	(322)	-3%
Finance costs	(15,466)	(6,669)	(8,797)	-132% N5
Profit before tax	1,455	19,279	(17,824)	-92%
Income tax expenses	440	(2,595)	3,035	-117%
Profit after tax	1,895	16,684	(14,789)	-89% N2
EBITDA	24,615	33,580	(8,965)	-27%

Explanatory

N1 Higher shipment volume and increase in ASP due to higher cocoa bean prices.

N2 Increase in cocoa bean prices, and a fair value MTM losses of \$12.3mil relating to hedging activities, which was recognised as at year end due to unprecedented sharp volatility in cocoa bean prices. Accordingly, GP and NP has decreased significantly.

N3 Other losses of \$3.4mil was mainly due to FX losses arising from the Group's forward FX contracts denominated in GBP and EURO due strengthening of the respective currency against USD on the purchase commitment and borrowings.

N4 Lower in S&D expenses due to less storage and sales commission expenses.

N5 Higher due to increase in the trade bills utilisation resulting from higher cocoa bean price, higher financing rate, and additional financing costs incurred on the Sukuk and TL to the CIP in Ivory Coast factory.

Balance Sheet Analysis

	Dec' 2023	Dec'2022				Dec' 2023	Dec'2022			
<u>Extract of Balance sheet</u>	USD'000	USD'000	Variance			<u>Extract of Balance sheet</u>	USD'000	USD'000	Variance	
Non-current assets	137,621	123,423	14,198	12%		Current liabilities	(514,859)	(258,263)	(256,596)	99%
PPE	114,488	99,828	14,660	15% N1		Trade payables	(48,545)	(26,748)	(21,797)	81%
Investment property	7,434	7,599	(165)	-2%		Other payables	(24,245)	(11,399)	(12,846)	113%
Intangible assets	1,558	2,210	(652)	-30%		Tax payable	(239)	(1,999)	1,760	-88%
Right-of-use assets	12,227	12,664	(437)	-3%		Lease liabilities	(2,835)	(2,798)	(37)	1%
Deferred tax assets	1,914	1,122	792	71%		Derivative instruments	(212,003)	(59,909)	(152,094)	254% N4
						Borrowings	(226,992)	(155,410)	(71,582)	46%
Current assets	607,121	347,786	259,335	75%		Trade financing	(214,479)	(130,390)	(84,089)	64% N5
Inventories	274,823	181,534	93,289	51% N2		Term loan/Sukuk/RC	(12,513)	(25,020)	12,507	-50% N6
Trade receivables	71,188	62,156	9,032	15%		Non-Current liabilities	(52,792)	(33,557)	(19,235)	57%
Other receivable, deposit, prepayment	36,382	20,155	16,227	81% N3		Deferred tax liabilities	(6,949)	(7,544)	595	-8%
Derivative instruments	198,469	62,339	136,130	218% N4		Lease liabilities	(963)	(3,841)	2,878	100%
Cash and cash equivalent	26,259	21,602	4,657	22%		Borrowings	(44,090)	(21,382)	(22,708)	106% N6
						Other	(790)	(790)	-	0%
Total Assets	744,742	471,209	273,533	58%		Total Liabilities	(567,651)	(291,820)	(275,831)	95%
						Total equity	177,091	179,389	(2,298)	-1%

Explanatory

N1	Additional CAPEX in Malaysia and Ivory Coast.
N2	Higher inventory mainly due to increase in the cocoa bean prices.
N3	Higher other receivable in relation to the downpayment to machine suppliers for IVC project and higher deposit on the derivative hedging financial instrument.
N4	Higher derivative financial assets and liabilities in relation to the higher mark-to-market valuation on the hedging for our raw materials and finished goods due to high volatility on the prices vs market prices.
N5	Higher trade bills utilisation due to higher cocoa bean prices.
N6	Net increase of about mainly due to 2nd tranche of Sukuk of RM50mil (USD10.6mil)

Cash Flow Analysis

Extract of Cash Flow Statement	FY23	FY22	Changes	Explanatory
	USD'000	USD'000		
Operating cash flows before working capital changes	24,656	33,945	(9,289)	Increase mainly relates to the payment of the purchases of inventory due to higher cocoa bean prices
Changes in working capital	(65,797)	21,465	(87,262)	
Income tax paid, net	(3,985)	(6,174)	2,189	
Net operating cash flows	(45,126)	49,236	(94,362)	
Net Investing cash flow	(20,610)	(13,814)	(6,796)	
CAPEX			-	
Malaysia	(5,877)	(7,270)	1,393	Upgrading of manufacturing plant facilities
Indonesia	(1,054)	(1,238)	184	Upgrading of manufacturing plant facilities
Ivory Coast	(13,819)	(4,233)	(9,586)	Construction progress
Others	140	(5,306)	5,446	
(Deficit)/Free Cash Flow	(65,736)	35,422	(101,158)	
Net financing cash flows	62,546	(41,812)	104,358	
Net movement TL, WC financing	83,455	(53,135)	136,590	Mainly due to net drawdown of the trade bill utilisation to finance the higher cocoa beans prices.
Net movement in lease	(2,909)	(712)	(2,197)	
Proceeds from issuance of Sukuk	10,887	22,679	(11,792)	
Others	(8,407)	(639)		
Interest paid	(16,384)	(6,669)	(9,715)	
Dividend paid	(4,096)	(3,336)	(760)	
Net Cash Movement	(3,190)	(6,390)	3,200	
Cash at end of year	16,640	20,391	(3,751)	



Competitive Strengths & Strategies

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Competitive Strengths

Loyal and supportive international customer base

- ▶ F&B multinational corporations, such as Mars, Nestle, Mondelez and Hersheys Group, which are our long standing customers

Strong Key Management Team

- ▶ Efficient and nimble decision making
- ▶ Attuned and adaptive to industry trends and market movements. Digitalisation & Automation
- ▶ Management – strong experience in cocoa industry

Customised solutions and product development capabilities

- ▶ Capability to customise cocoa ingredient products, in particular, cocoa powder to suit customers' requirement
- ▶ End-to-end cocoa ingredient provider with a commitment to product development and quality

Technical competence

- ▶ Proven capability to build world class cocoa processing factories that are strategically located to efficiently manage end-to-end logistical demands dexterously

Growth Strategy

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Our Growth Strategy





Key Takeaways

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Key Takeaways

- ▶ Cocoa terminal prices remains volatile (weather, crops yield, supply & demand from grinding and consumptions). Cocoa bean prices are the pass-through costs for our business model.
- ▶ Shortage of the cocoa supply due to unfavorable weather conditions . Despite this challenging period, the Group's revenue still show positive growth due to strong partnership with the multinational corporation customers and suppliers. Manage the Group's cashflows situation to address the higher working capital requirement.
- ▶ Long-term business growth strategy
 - ▶ Expanding and widening our existing customer base regionally and continuing to explore new customers
 - ▶ Building end-to-end supply chain solutions; VMI arrangement with key customers to grow the business volume
 - ▶ Focusing on cost efficiency, and optimising factory utilisation
 - ▶ Enhancing and expanding our sustainability framework

JB Foods Limited
ANNUAL GENERAL MEETING
Shareholders Presentation
26 April 2023

Thank You



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