PRESS RELEASE

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1H2021 Financial Results

Japfa delivers strong results: Revenue grew 23.4% and Core PATMI without Forex up 31.1%

- **Japfa continues to deliver strong results in 1H2021, following an excellent first quarter.**
- **Revenue grew 23.4% to US$2,262.4 million on the back of higher sales volumes across all three segments.**
- **Core PATMI without Forex increased 31.1% to US$117.3 million, with a reinvigorated performance of PT Japfa Tbk compared to 1H2020.**
- **Diversification strategy once again proves effective while Covid-19 uncertainties persist.**

Singapore, 29 July 2021 – Leading industrialised agri-food company Japfa Ltd ("Japfa" or, together with its subsidiaries, the "Group") today posted strong results for the first half ended 30 June 2021 ("1H2021"), with all segments positively contributing to the growth of revenue and profits.

Revenue increased 23.4% year-on-year ("y-o-y") to US$2,262.4 (vs US$1,833.4 million in 1H2020). Operating profit soared 84.8% y-o-y to US$270.9 million (vs US$146.6 million) and Core PATMI without Forex grew 31.1% y-o-y to US$117.3 million (vs US$89.5 million in 1H2020).

Growth in revenue and profits was driven by good results in all three segments:

- **PT Japfa Tbk:** the segment recorded good results supported by growth in sales volumes together with more stable poultry prices in Indonesia following government's initiatives to balance demand and supply;
- **Animal Protein Other ("APO")**: Vietnam continues to drive the performance of the APO segment backed by higher sales volumes of swine fattening and swine feed;
- **Dairy:** revenue and profitability increased as a result of higher sales volumes and prices of both raw milk and beef in China.

Japfa continues to expand its farming capacity in Dairy in China and Swine in Vietnam. On 30 June 2021, the Group announced the acquisition of two state-of-the art dairy farms in Shandong, China, with a combined capacity of 16,000 heads of cattle. Japfa has also continued to expand its swine farming capacity in Vietnam as a result of the Group's strategy to build a swine breeding pyramid starting from its own Great Grand Parent ("GGP") stock.

Tan Yong Nang, Chief Executive Officer of Japfa, said: "In 1H2021, we delivered a strong set of results across all segments and the Rolling Core PATMI w/o Forex for the past 12 months ending 30 June 2021 reached again a new all-time high since IPO at US$223.2 million. This performance reflects our ability to execute, as well as our diversification strategy, which has proved to be effective even in the current unpredictable Covid-19 environment. As demonstrated by the recent acquisition of two dairy farms in China and the expansion of our swine farming capacity in Vietnam, we remain focused on growth to deliver value to our shareholders, while continuing to feed people in Asia".

Financial Highlights

US$ million	1H2020	1H2021	Change
Revenue	1,833.4	2,262.4	23.4%
Operating profit	146.6	270.9	84.8%
Operating Profit Margin (%)	8.0%	12.0%	4.0 ppt
EBITDA[1]	220.9	351.6	59.2%
Profit After Tax ("PAT")	82.6	191.5	131.9%
Net Profit Attributable to Owners ("PATMI")	76.8	118.5	54.3%
Core PATMI without Forex[2]	89.5	117.3	31.1%

Segmental Results

PT Japfa Tbk

PT Japfa Tbk delivered a commendable performance in 1H2021, with better results compared to a year ago.

Revenue grew 25.6% y-o-y to US$1,539.6 million (vs US$1,226.0 million in 1H2020) due to higher sales volumes of feed, Day-Old-Chick ("DOC") and broiler.

Operating profit increased 249.7% to US$183.8 million from US$52.6 million one year ago mainly driven by more stable poultry prices arising from effective culling initiatives from the government, which successfully balanced poultry supply and demand. Moreover, demand increased during Lebaran. In 1H2020, the segment performance was particularly weak due to the onset of Covid-19 in Indonesia, which reduced the demand of staple goods, including poultry.

Despite the vaccination programme being rolled out in March 2021, the deterioration of the Covid-19 situation in Indonesia since June 2021 creates uncertainties which could further disrupt consumption of staples and affect demand for poultry. The strong results of PT Japfa Tbk recorded in 1H2021 should help buffer the Covid-19 uncertainties ahead.

Feed remains a stable pillar of profitability even though margins in both poultry feed and aquaculture feed have tightened due to an increase in raw materials costs.

Movement restrictions linked to the pandemic are also changing consumer patterns towards processed foods. Sales volumes of frozen product (under the *So Good* brand) and ambient products (under the *So Nice* brand) have increased in 1H2021 compared to last year.

Animal Protein Other ("APO")

In 1H2021, the APO segment delivered good results, driven once again by the performance of Vietnam.

APO revenue increased 26.0% y-o-y to US$459.6 million from US$364.6 million in 1H2020. This growth was driven mainly by higher swine fattening sales volumes and swine feed.

Operating profit decreased to US$35.4 million compared to US$47.4 million in 1H2020 (-25.3% y-o-y) as a consequence of lower swine fattening prices in Vietnam compared to last year. In 2020, swine

[1] We define **"EBITDA"** as profit before tax, excluding interest income, finance costs, depreciation, and amortisation expenses. We also exclude (a) foreign exchange adjustments gains/(losses), (b) changes in fair value of derivatives relating to foreign exchange hedging, and (c) fair value of biological assets, other than gains/(losses) from the sale of beef in China.

[2] We derived **"Core PATMI"** from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding (a) changes in fair value of biological assets (net of tax), other than gains/(losses) from the sale of beef in China, (b) changes in fair value of derivatives, and (c) extraordinary items, attributable to the owners of the parent. **"Core PATMI w/o Forex"** is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gains/losses.

fattening prices were exceptionally high due to the supply shortage in the market caused by the African Swine Fever ("ASF"). As the pork supply in Vietnam has progressively increased, the swine fattening prices have decreased compared to exceptional 2020 levels.

In the meantime, Japfa continues to expand its swine farming capacity, and the increased sales volumes should help counterbalance the tightening of swine fattening prices as producers in Vietnam are restocking.

Feed also positively contributed to revenue and profitability on the back of Japfa's ability to pass on increases in raw materials cost.

APO-Myanmar saw an operating loss of US$5.3 million as DOC and broiler prices remain low due to the impact of Covid-19 on the demand for poultry as well as the recent disruptions in the country. The management has recently introduced measures to contain costs and will adapt operations accordingly as the situation develops.

With feed as the backbone of the business, APO-India remained profitable amid persisting Covid-19 challenges.

Dairy

In 1H2021, the Dairy segment[3] recorded higher revenue and profitability following increases in sales volumes and prices of both raw milk and beef in China.

Revenue increased to US$260.7 million (+6.6% vs US$244.5 million in 1H2020) on the back of higher sales volumes of raw milk, as Farm 8 is progressively reaching the "fully milking stage".

Operating profit grew 14.1% y-o-y to US$53.1 million (vs US$46.5 million in 1H2021).

Raw milk prices remained strong due to the supply shortage in China, as the industry takes time to build new dairy farms and reach the "full milking" stage. Rising global feed costs are mitigated by strong raw milk prices.

Beef operations in China also contributed US$41.2 million to the segment's total revenue and US$8.2 million to profit after tax, due to higher sales volumes and prices.

Dairy and beef operations are synergistic in many ways, such as leveraging the dairy genetic expertise, optimising farm management resources and benefitting from economies of scale.

Acquisition of two dairy farms in China

The acquisition of two state-of-the-art dairy farms in Shandong, China, is an important step in the execution of the Group's strategy to become the leading independent raw milk producer in China.

These additional farms add further capacity of quality raw milk significantly reducing the expansion lead time compared to building new farms from scratch. This enables us to accelerate the growth in the dynamic Chinese dairy market, where the demand for quality and healthy dairy products is expected to increase, as well as take advantage of the favourable raw milk price environment due to the current supply shortage in the market.

The farms are located in Shandong Province, in close proximity with the Group's Hub 1 farms, with benefits from operational efficiencies and the sharing of infrastructures. Expansion in Shandong, which

[3] In 2020, 100% of Dairy-SEA was consolidated into the Dairy segment. Starting from 1 January 2021, the 2021 numbers above do not include Dairy-SEA after the effective sale of 80% of Dairy-SEA, for which we apply equity accounting for our 20% stake at Japfa Group level.

is one of the most suitable provinces for dairy production, is becoming more difficult due to increasing lack of available space.

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About Japfa Ltd

Headquartered in Singapore, Japfa Ltd is a leading vertically integrated agri-food company listed on the SGX Main Board since 2014. Established in 1971, the Group has grown into one of Asia's leading low-cost producers of protein staples including poultry, beef, dairy as well as protein-based consumer products across fast-growing emerging Asian economies such as Indonesia, China, India, Myanmar and Vietnam. Japfa embraces an integrated industrial approach to livestock and food production across the value chain. Its vertically integrated business model spans from Feed & Breeding (upstream), Milking and Fattening (mid-stream) and Processing and Distribution of consumer products (downstream). For more information, please visit www.japfa.com

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