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中糧家佳康食品有限公司
COFCO Joycome Foods Limited



2023 Interim Results Presentation

August 2023



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Chapter 1 **Business Overview**

Chapter 2 **Financial Overview**

Chapter 3 **Strategy and Outlook**



2023H1 Key Operating Metrics



Key Operating Metrics	2023H1	2022H1	Change
Hog production volume ('000 heads)	2,447	2,268	7.9%
Average selling price of finishing hogs (RMB/kg)	14.61	13.55	7.8%
Fresh pork sales volume ('000 tons)	123	109	13.0%
Branded small-packed fresh pork sales volume ('000 boxes)	20,942	27,228	-23.1%
Ratio of revenue from branded business of total fresh pork business (%)	26.2%	32.8%	-6.7ppt
Meat import sales volume ('000 tons)	36	29	25.8%

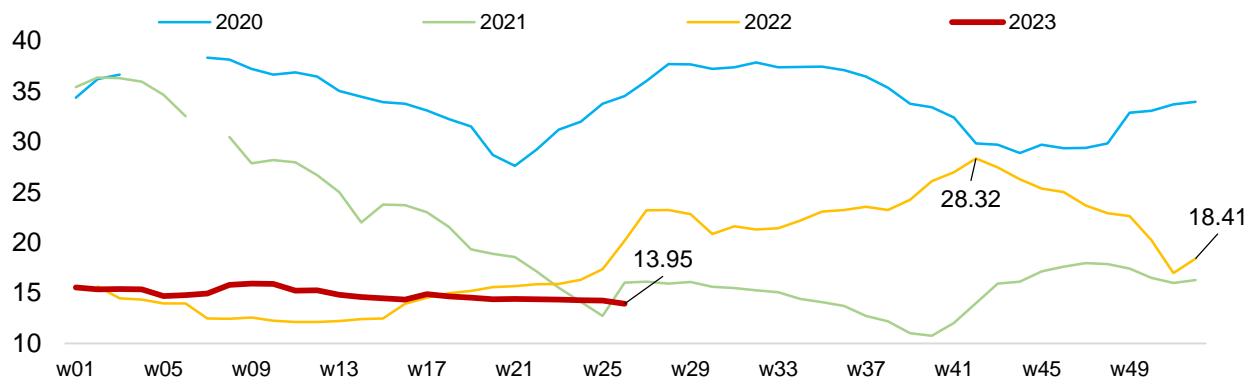


2023H1 Financial Metrics



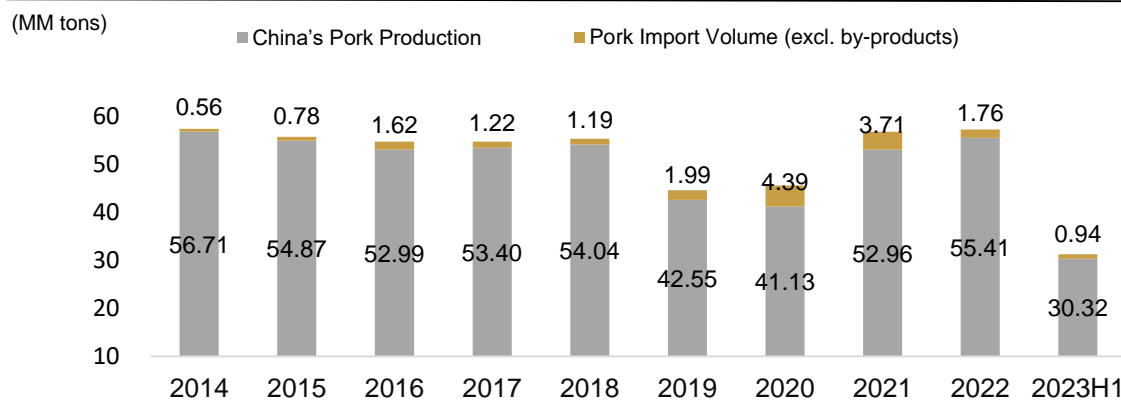
Key Financial Metrics	2023H1	2022H1	Change
Revenue (RMB MM)	5,818	5,345	8.9%
Profit/Loss for the period (before adj.) (RMB MM)	168	-1,399	Up 1,568
Including: profit/loss attributable to the owners of the Company (before adj.) (RMB MM)	184	-1,392	Up 1,576
Profit/Loss for the period (after adj.) (RMB MM)	-485	-469	-3.5%
Including: profit/loss attributable to the owners of the Company (after adj.) (RMB MM)	-470	-462	-1.6%
Basic EPS(before adj.) (RMB)	0.043	-0.357	Up 0.400

Chinese Hog Prices (RMB/kg)



Given the abundant pork supply backed by high production capacity, and the effects of the traditional low season for pork consumption after CNY, hog price was on a downward trend in the first half of 2023. The average hog price in 22 provinces in China dropped to RMB13.95/kg at the end of June, down 24% compared to the end of 2022

China's Pork Production and Pork Import Volume (excl. by-products)



2023H1, China's pork production was 30.32MM tons, up 3.2% on a YoY basis, pork import was 0.94MM tons, up 16.5% YoY.

1

Actively respond to market downturn through combining futures and spot commodities of the hog production business

2

Steady growth in fresh pork sales, with better upstream-downstream alignment

3

Optimizing product positioning, Streamlining channel network, with brand influence further expanding

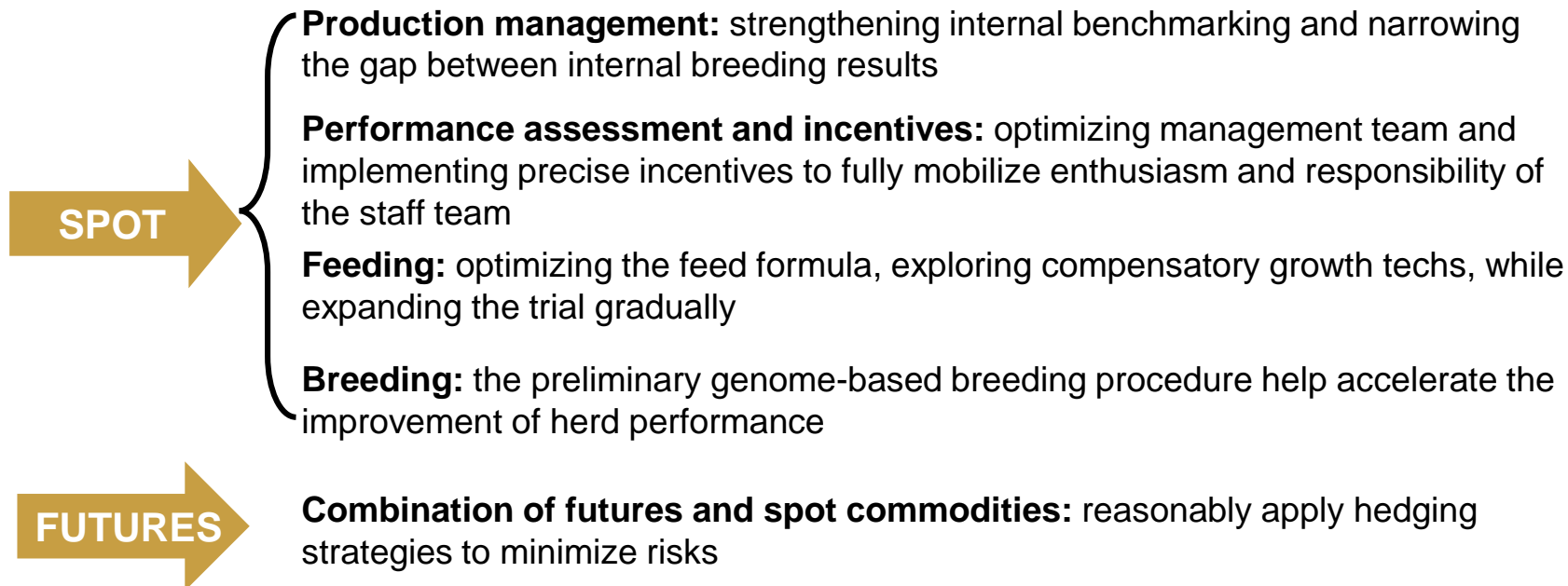
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Strengthening Risk Control and Deepening the Combination of Trade and Processing

5

Fulfilling SOE responsibilities, Supporting green agriculture

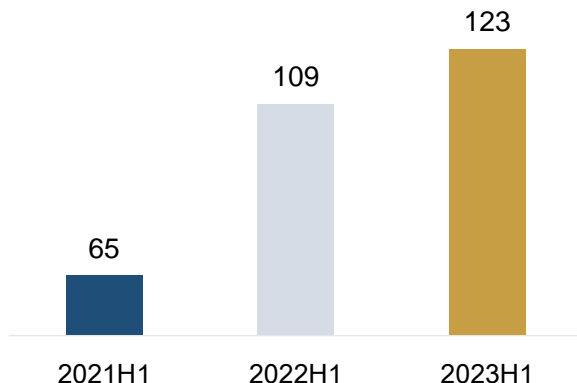
- In the face of market downturn, we remained committing to refined management, and continue to optimize the combination of futures and spot commodities.



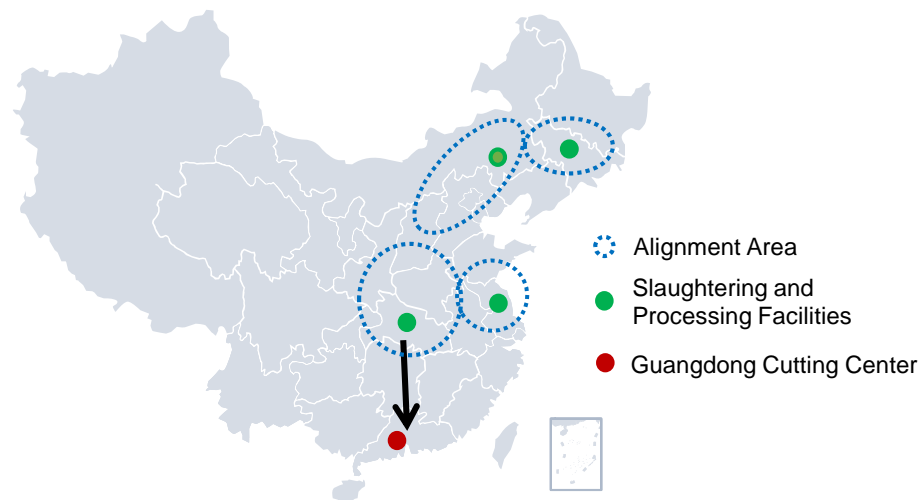
- 2023H1, the hog production volume grew by 7.9% YoY to 2,447 thousand heads.
- By the end of June, the breeding and replacement hogs amounted to 326 thousand heads, safeguarding the subsequent production

Fresh Pork Sales Volume

('000 tons)



Geographical Layout



- **2023H1, the sales volume of fresh pork reached 123 thousand tons, up 13.0% YoY**
- **Improvement in upstream and downstream alignment:**
 - After the two bases in Jilin and Inner Mongolia were put into production, the upstream-downstream alignment improved significantly in North and Northeast China
 - Guangdong cutting center enables faster response to the local market, and support our business development in South China. Sales volume of small-packed fresh pork products reached 1.985 million boxes in South-China region in 2023H1.

Seized the trend to expand business scale Achieved a turnaround in segment results

- **Business team:** Improve the regulative system, and cultivate a positive working atmosphere to lift management efficiency
- **Products:** Analyze product portfolios and clarify product positioning to enlarge added value



- **Channels:** Streamline channel network and optimize operation model to improve business quality
 - ✓ Upgrade some outlet stores into linseed-fed pork exclusive stores to increase the market share of linseed-fed pork products.



Further expanding brand influence

- **Deepening the slogan of “love at first bite” with the authorized endorsement of sports**
 - The official meat supplier of the “2023 Beijing Half Marathon”
- **Diversifying marketing methods to achieve more accurate marketing reach, and focusing on “healthier life and good fat”**
 - Collaborations with renowned brands to promote high-end brand image
 - More accurate marketing reach for reputation among the target group

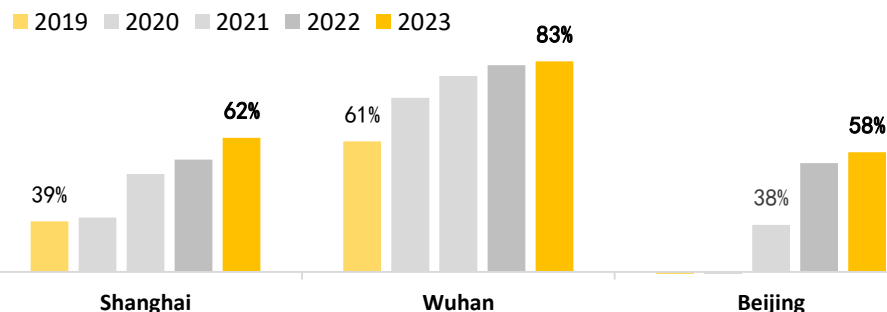


Exploring marketing in different areas



Official meat supplier of the “2023 Beijing Half Marathon”

Joycome Brand Recognition Survey Results in Main areas



Note: Surveys in Beijing started since 2021, so no results for previous years.

- 2023H1, we continued to strictly control the import market risk, proactively develop terminal channels, and accelerate inventory turnover.



Pork Import:

- Prices of imported frozen pork products remained inverted
- We focused on by-products business and fully implemented order locking



Beef Import :

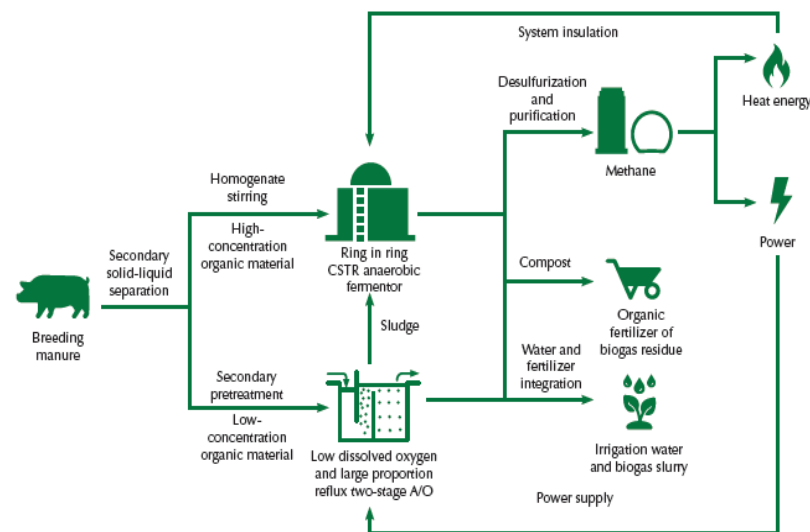
- Domestic catering consumption rebounded, and beef demand recovered
- We Enhanced the internal synergy with the processed meat business to increase the stickiness of catering clients

- During the reporting period, the meat import segment realized profits of RMB 23.52MM.

	Catering	Retail
Products		

Develop recycling tech of “Reduce Burden and Return to Farms” Promote the ecological cycle of “Farming + Breeding”

- Based on the experience of recycling and utilization of waste from hog production process for over 10 years, we developed the recycling tech of “reduce burden and return to farm” on top of the existed tech for biogas projects and wastewater treatment, stepped up for ecological cycle that combines farming and breeding, and made efforts into building green agricultural supply chain to reduce the environmental protection costs and risks.
- 2023H1, we further promoted crop planting projects to increase the utilization rate of biogas slurry and agricultural irrigation water, lowering the management costs and implementing concepts of low carbon and environmental protection.



Partial View of Crop Field and Growth State



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1

Due to the YoY increase in hog production volume, the average hog selling price and sales volume of fresh pork, the revenue represented an increase

2

Through adhering to risk control, inventories and accounts receivables both decreased

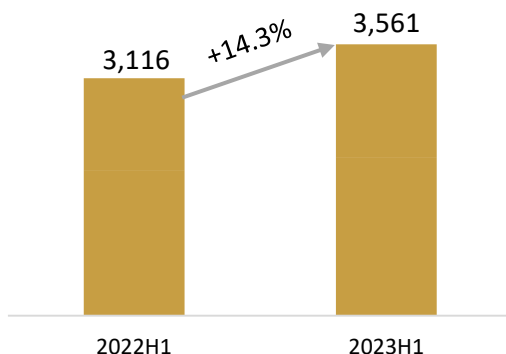
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Raised fund and accelerated cash flow help optimize capital structure

Hog production

(RMB MM)

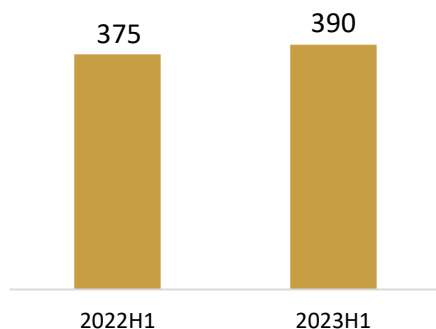
- In 2023H1, hog production volume was 2,447 thousand heads, representing a year-on-year increase of 7.9%, and the average hog selling price increased.



Processed meat products

(RMB MM)

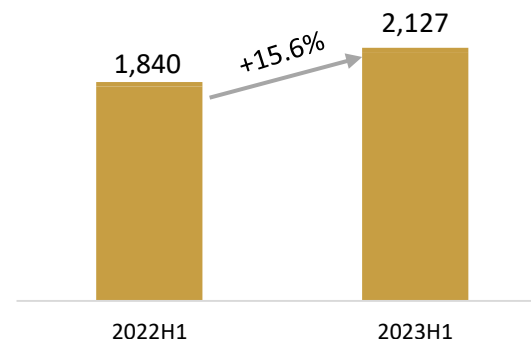
- In 2023H1, processed meat products business realized an income of RMB390 million, representing a slight year-on-year increase



Fresh pork

(RMB MM)

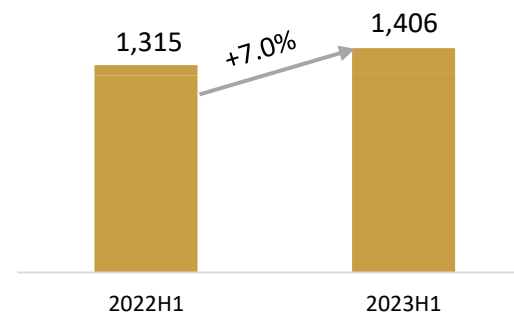
- In 2023H1, sales volume of fresh pork was 123 thousand tons, representing a year-on-year increase of 13.0%



Meat import

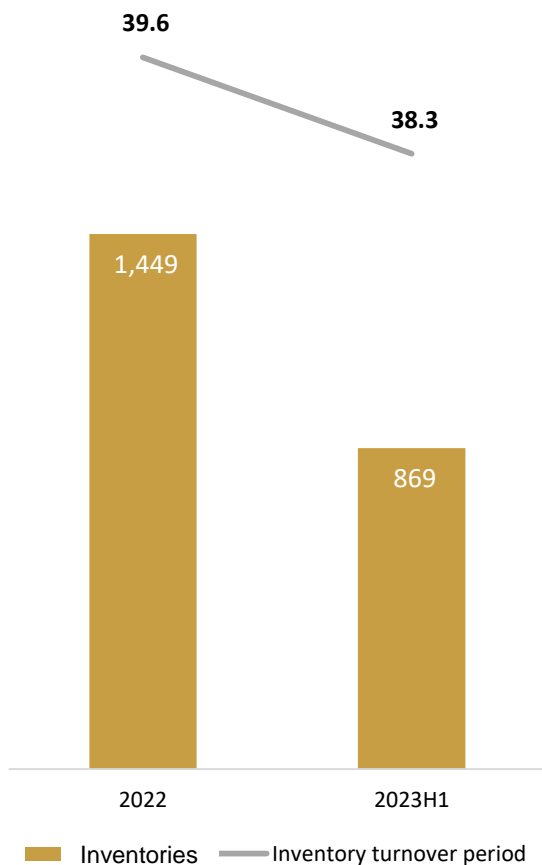
(RMB MM)

- In 2023H1, meat import business strengthened market analysis and promoted internal synergy. Import meat sales volume represented a year-on-year increase of 25.8%



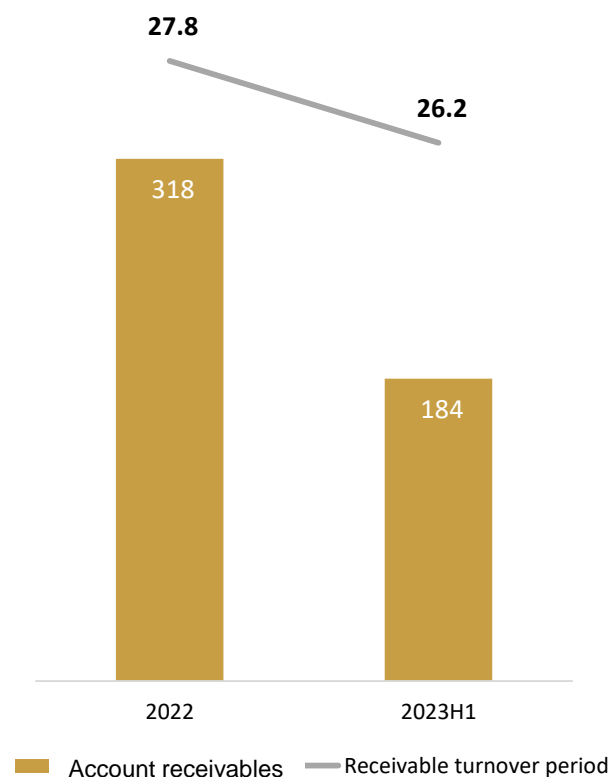
Inventories and inventory turnover period

(RMB MM)

(before biological assets
fair value adjustments)


Account receivables and receivable turnover period

(RMB MM)

(before biological assets
fair value adjustments)




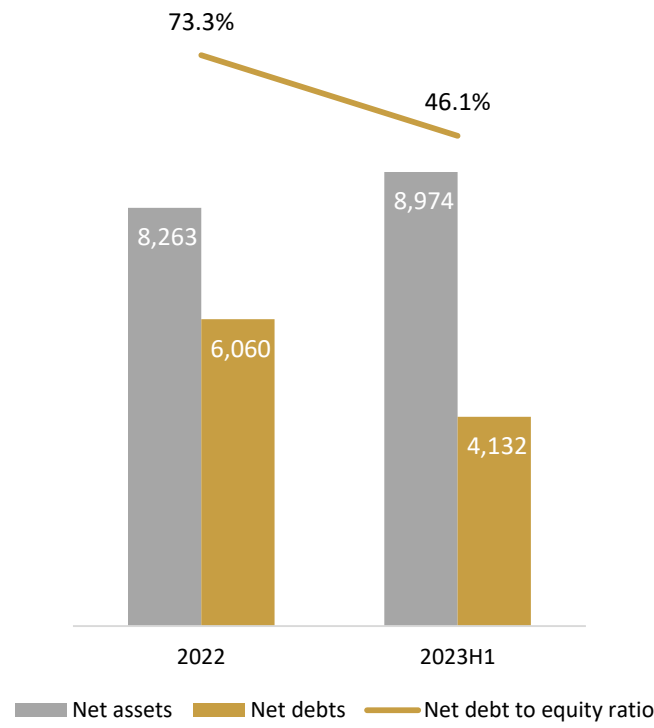
3

Raised fund and accelerated cash turnover efficiency help optimize capital structure



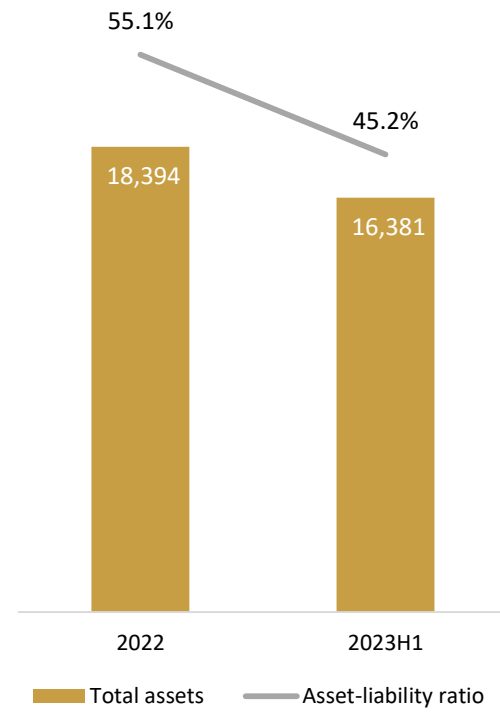
Net debt to equity ratio

(RMB MM)



Total assets and Asset-liability ratio

(RMB MM)



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1

Seek to attain the 14th Five-Year Plan, accelerate the expansion of core businesses

2

Normalize ASF prevention & control, improve refined management to consolidate core competitive edges

- Incorporate the prevention and control of the ASF into routine practices, and ensure production safety and operation stability
- Improve refined management and narrow internal efficiency gaps to bolster core competitive edges

3

Optimize the dynamic futures hedging strategy, to achieve the organic combination of futures and spot commodities

4

Continue branding & differentiation of fresh products, and expand brand influence

- Forward differentiated and branded operation of the fresh pork business, and gain high-value clients
- Enhance channel efficiency, focus on brand promotion and product development

5

Improve the risk control system for the import segment, and deepen the internal cooperation, to add value for the business

- Tighten risk control, deepen terminal channels, and enhance customer stickiness
- Strengthen internal synergy, and steadily promote the transformation into a terminal distributor, so as to add value to the business

Closing Price of Corn in Dalian (2020-2023H1)



- 2023H1, the average closing price of corn in Dalian was 2,783 RMB/ton, compared with 2,820 RMB/ton of 2022H1, down 1.3% YoY.

Spot Price of Soybean Meal (2020-2023H1)



- 2023H1, the average spot price of soybean meal was 4,280 RMB/ton, compared with 4,349 RMB/ton of 2022H1, down 1.6% YoY.