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



# 2024 Interim Results Presentation

August 2024



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Chapter 1 **Business Overview**

Chapter 2 **Financial Overview**

Chapter 3 **Strategy and Outlook**



# 2024H1 Key Operating Metrics



Key Operating Metrics	2024H1	2023H1	Change
Hog production volume ('000 heads)	1,584	2,447	-35.3%
Average selling price of finishing hogs (RMB/kg)	15.28	14.61	4.6%
Fresh pork sales volume ('000 tons)	120	123	-2.2%
Ratio of revenue from branded business of total fresh pork business (%)	26.7%	26.2%	+0.5ppt
Meat import sales volume ('000 tons)	33	36	-9.1%



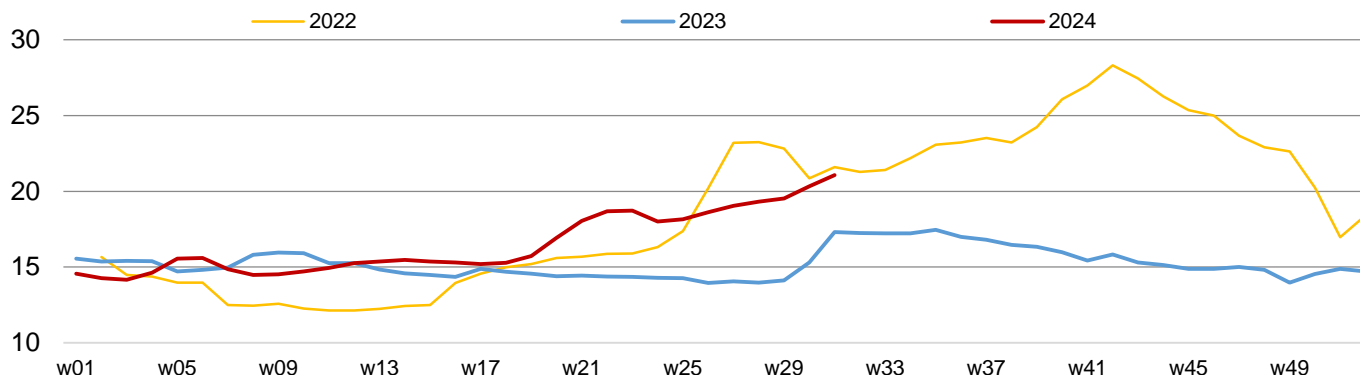
# 2024H1 Financial Metrics



Key Financial Metrics	2024H1	2023H1	Change
Revenue (RMB MM)	4,571	5,818	-21.44%
Profit/Loss for the period (before adj.) (RMB MM)	-389	168	Down 557
Including: profit/loss attributable to the owners of the Company (before adj.) (RMB MM)	-387	184	Down 571
Profit/Loss for the period (after adj.) (RMB MM)	249	-485	Up 735
Including: profit/loss attributable to the owners of the Company (after adj.) (RMB MM)	251	-470	Up 721
Basic EPS(before adj.) (RMB)	-0.084	0.043	Down 0.127

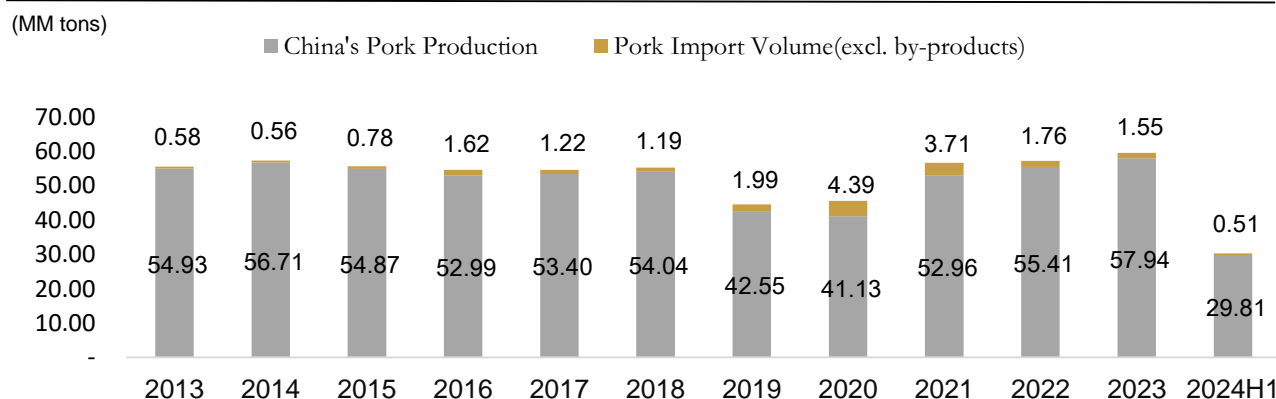
The Board has resolved not to declare any interim dividend for the six months ended June 30, 2024

## Chinese Hog Prices (RMB/kg)



Pork prices remained low in 2024Q1, due to ample supply and the effects of the traditional low season for pork consumption after CNY. Starting from mid-to-late May, as production capacity reductions took effect, prices began to improve, boosting industry profitability. By the end of June, the wholesale hog price in major and medium-sized cities in China reached RMB 18.00/kg, a 22.4% increase from hog price at the end of 2023, indicating an upward trend of hog prices.

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



2024H1, China's pork production was 29.81MM tons, down 1.7% on a YoY basis, pork import (excluding by-products) was 0.51MM tons, down 45.3% YoY.

- 1 Refined management improved with technology empowerment**
- 2 Production capacity layout optimized**
- 3 Accelerating product R&D and channel promotion, with brand influence further expanding**
- 4 Strengthened market analysis and promoted internal synergy**
- 5 Open-up planting and breeding cycle to contribute to the sustainable development of agriculture**

- Prioritize intelligent farming, breeding and epidemic prevention, empowering production management with technology to further improve the level of refined management



**Genetic breeding:** the smooth operation of the genome breeding platform help accelerate the improvement of herd performance



**Production management:** improving the standardized ASF prevention system, strengthening internal benchmarking and narrowing the gap between internal production performance



**Performance assessment and incentives:** optimizing management team and implementing precise incentives to fully mobilize enthusiasm and responsibility of the staff team



**Intelligent breeding:** actively explore intelligent farming by installing digital intelligence equipment in new projects on a pilot basis

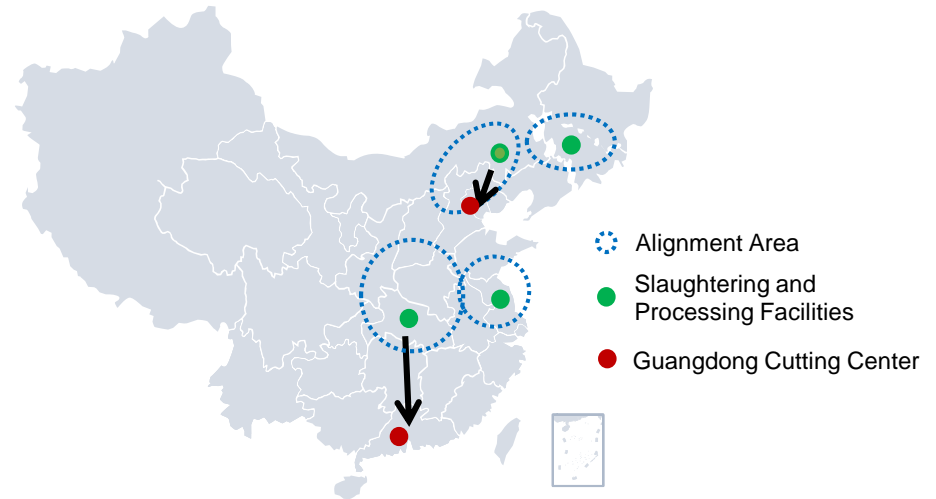
- 2024H1, the hog production volume was 1,584 thousand heads.
- By the end of June, the breeding and replacement hogs amounted to 337 thousand heads, safeguarding the subsequent production



### Hog farm under-construction



### Geographical Layout of fresh pork business



- The company continues to build new hog farm capacity, and the new capacity is mainly located in Jilin province, which is the benchmark area among the company .
- In August 2024, Pinggu cutting center in Beijing was officially put into operation, which, along with the modern slaughtering and processing bases in Inner Mongolia, could respond more efficiently to the fresh market demands in North China.

## Accelerating product R&D and channel promotion

- the sales volume of linseed-fed pork increased by over 100% year on year
- Products:**
  - In August 2024, COFCO Joycome flaxseed pig and pork products have successfully passed the antibiotic-free product certification, the competitive advantage of product differentiation would be further enhanced.
  - Developed new products with linseed-fed pork, such as dumplings, sausages, rice dumpling ,meat buns, expanding product variety to increase the packed rate
- Channels:**
  - Systematically enhanced service capacity and vigorously explored high-quality end-customers with channel demonstration



## Further expanding “JOYCOME” brand influence

- Focusing on marketing campaigns in sports field, spanning competitive sports to nationwide fitness**
  - Renewed the contract with the Training Bureau under GASC to further empower “JOYCOME” with sports DNA
  - Sponsored 2024 Beijing Half Marathon and 2024 Wuhan Marathon, deepen brand experience

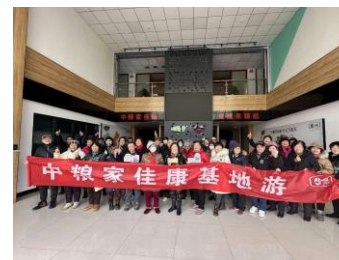


Renewed contract with GASC



2024 Beijing Half Marathon

- Rolling out branding activities to achieve more accurate brand communication**
  - Hosting interactive branding activities such as “Visiting Production Bases” and “Community Dumpling Contests”
  - Sponsoring the “World Guobaorou Contest” to convey the safe and healthy image of linseed-fed pork .



Visiting Production Bases



World Guobaorou Contest

- 2024H1, we continued to strictly control the import risk, proactively develop terminal channels, and accelerate inventory turnover
- Meanwhile, import business deepened synergies with FPP business. leveraging market research and supply chain advantages to strengthen the adhesion of catering customers



## Pork Import:

- Focused on by-products business, reduced pork imports and fully implemented order locking



## Beef Import :

- Domestic beef prices fell under supply pressure
- Strengthened market analysis and accelerated inventory turnover;

- through brand image upgrading of FPP brand “MAVERICK”, focus on the demand of young target consumer groups to enhance customer recognition.
- During the reporting period, the meat import segment realized profits of RMB 28.21MM, an increase of 19.9% YoY. The FPP segment realized profits of RMB 21.68MM, an increase of 197.2% YoY.

## Enhancing Catering



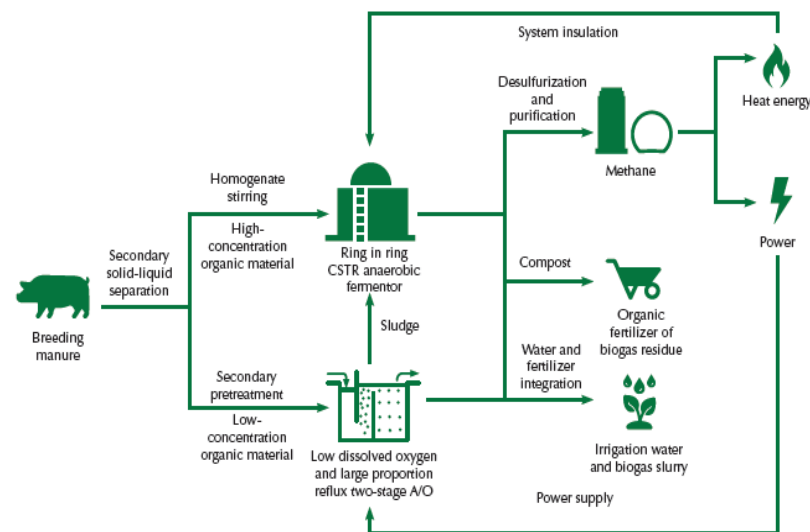
## Brand image upgrading





## Resource treatment technology of “pollutants disposal before discharging”

- Based on the experience of recycling and utilization of waste from hog production process for over 10 years, we have pioneered the development of the resource treatment technology of “pollutants disposal before discharging” on top of the traditional biogas engineering and wastewater treatment, thus effectively alleviate land capability.
- Actively explored diversified modes of returning to the field, such as alfalfa planting, to create a green and recycling agricultural industry chain
- Treated odorous gas across the whole process to ensure harmonious community relationship and contribute to carbon emission reduction and carbon neutrality.



## Farming + Breeding contributing to carbon neutrality



Partial View of Crop Field and Growth State



Spray deodorization



Biogas purification



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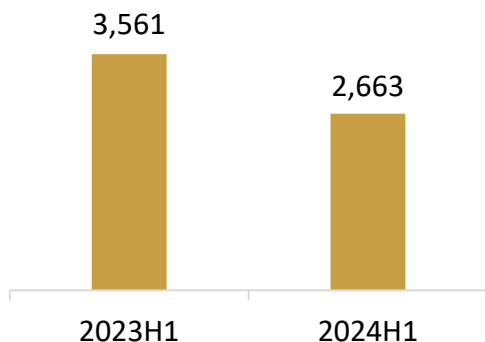
Chapter 3 **Strategy and Outlook**

- 1 Revenue amounted to RMB4,571 million**
- 2 Inventory decreased continuously and accounts receivable remained steady**
- 3 Due to Improvement of operational efficiency and acceleration of cash flow, the sum of selling and distribution expenses/administrative expenses and finance costs decreased 8.2% year-over-year**
- 4 Capital structure remained healthy, net assets increased by RMB 245 million, whilst Asset-liability ratio was stable**

## Hog production

(RMB MM)

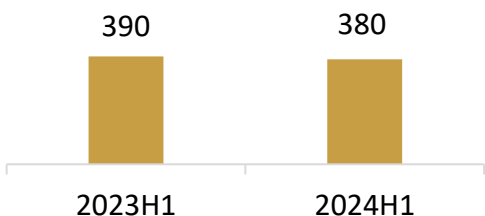
- In 2024H1, hog production volume was 1,584 thousand heads, representing a year-on-year decrease of 35.3%.



## Processed meat products

(RMB MM)

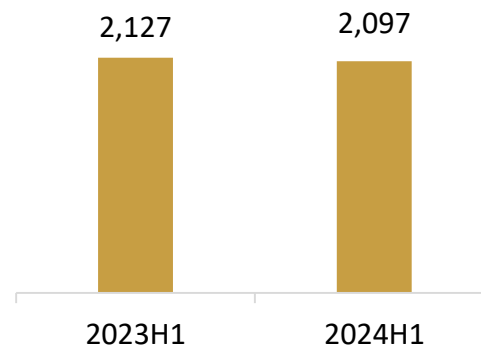
- In 2024H1, processed meat products business realized an income of RMB380 million



## Fresh pork

(RMB MM)

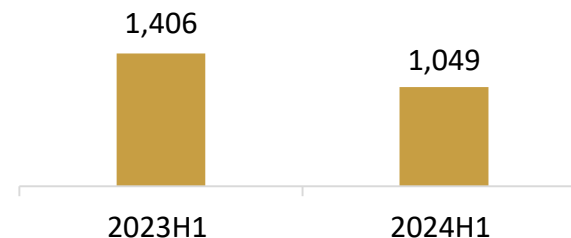
- In 2024H1, sales volume of fresh pork was 120 thousand tons



## Meat import

(RMB MM)

- In 2024H1, meat import business proactively reduced volume considering risk control





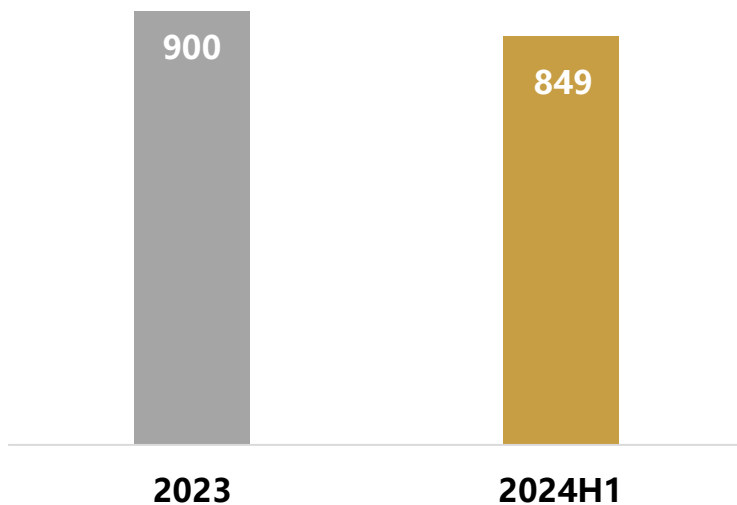
2

Inventory decreased continuously and accounts receivable remained steady



## Inventory

(RMB MM)



\*Note: inventory refers to "inventory" in HKFRS balance sheets

## Accounts receivable

(RMB MM)



\*Note: accounts receivable refers to "accounts receivable" in HKFRS balance sheets





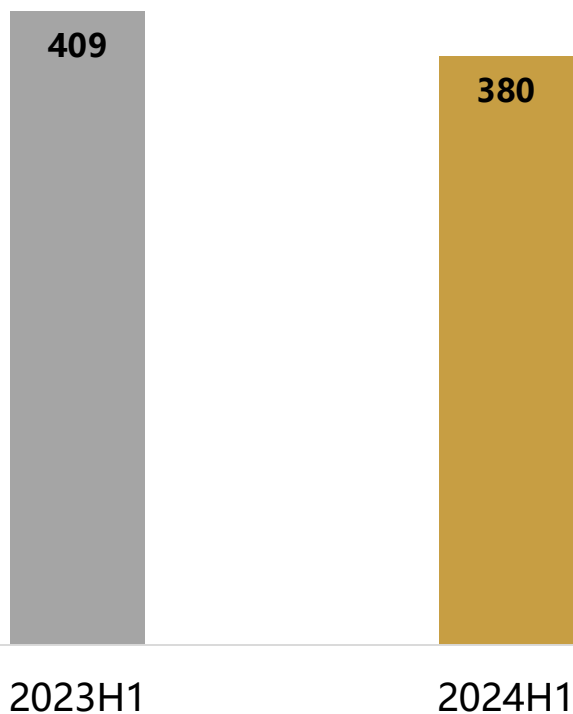
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Due to Improvement of operational efficiency and acceleration of cash flow, the sum of selling and distribution expenses/administrative expenses and finance costs decreased 8.2% year-over-year



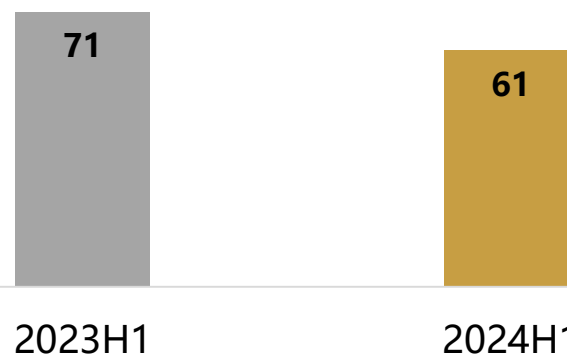
### Selling and Distribution Expenses/ Administrative Expenses

(RMB MM)



### Finance Costs

(RMB MM)





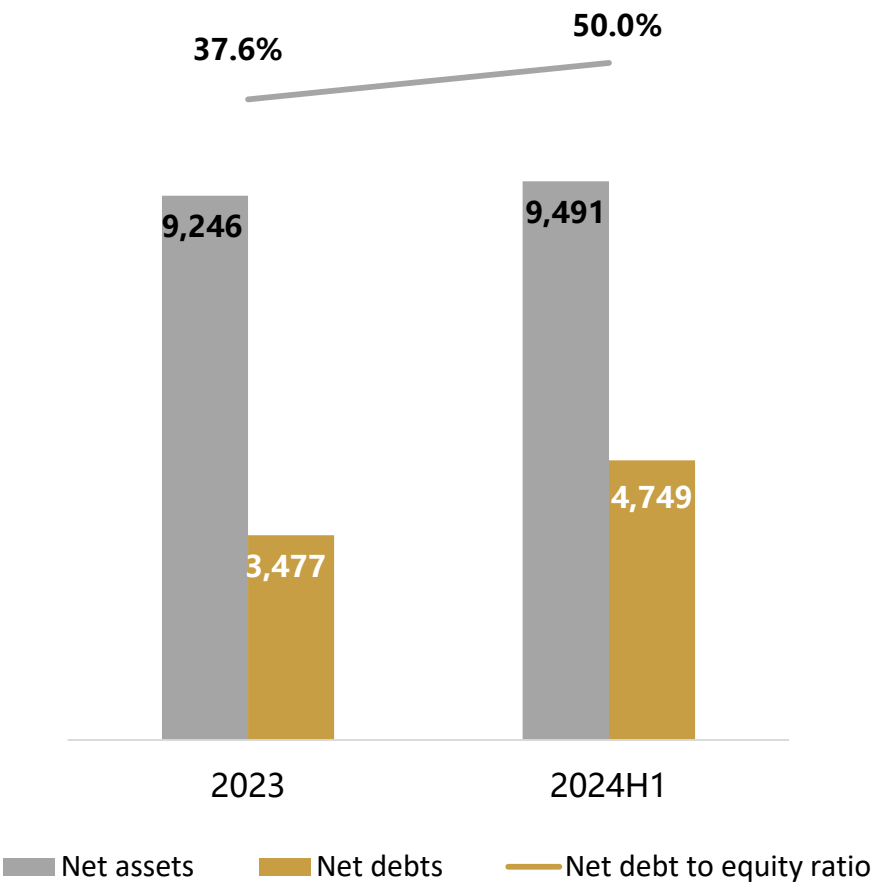
4

Capital structure remained healthy, net assets increased by RMB 245 million, whilst Asset-liability ratio was stable



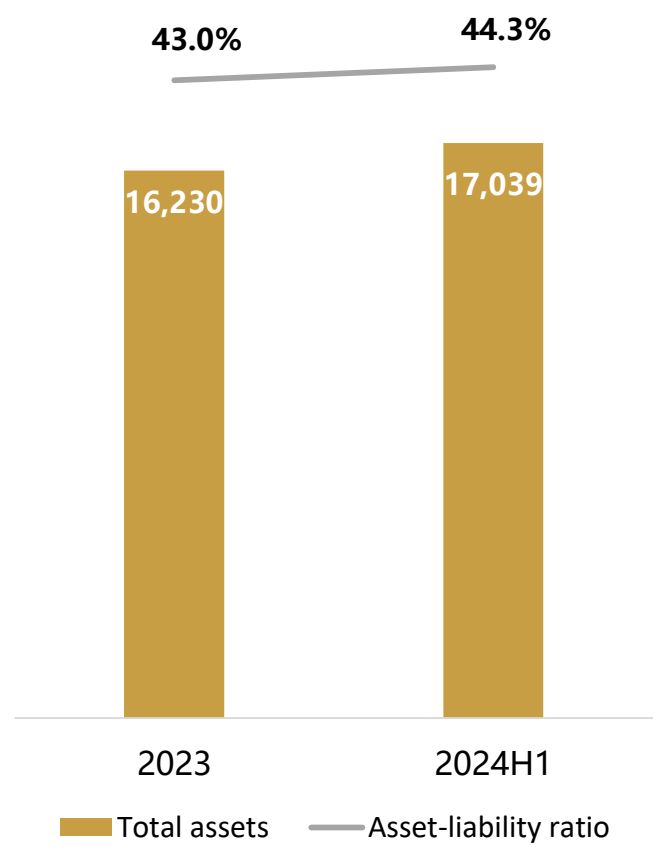
### Net debt to equity ratio

(RMB MM)



### Total assets and Asset-liability ratio

(RMB MM)



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1

## Focus on Operation: Improve production volume and efficiency, optimize futures hedging strategies

- Improve production volume , efficiency and reduce production cost
- Optimize the futures hedging strategies to achieve organic combination of futures and spot commodities

2

## Strengthen Management: Improve the level of refined management, consolidate the core competitive advantages.

- Systematically build ASF prevention system and ensure production safety and operation stability
- Improve refined management and narrow internal efficiency gaps to bolster core competitive edges

3

## Optimize the Layout: Expedite expansion of core business, improve the quality of layout

- Expedite expansion of core business
- Fully introduce intelligent farming technology to new projects, solving the core weakness of hog farm management

4

## Prevent Risks: Establish a safe production system, improve the green, low-carbon and sustainable development model

- Establish a safe production system, implementing food safety requirements
- Improve the green, low-carbon and sustainable development model with “Farming + Breeding ,recycling path ”.

5

## Consolidate Team: Improve talent training system and optimize incentives

- Improve talent training system
- Optimizing incentives to boost the team's vitality.

## Closing Price of Corn in Dalian (2020-2024H1)



- 2024H1, the average closing price of corn in Dalian was 2,394 RMB/ton, compared with 2,783 RMB/ton of 2023H1, down 14% YoY.

## Spot Price of Soybean Meal (2020-2024H1)



- 2024H1, the average spot price of soybean meal was 3,478 RMB/ton, compared with 4,280 RMB/ton of 2023H1, down 18.7% YoY.