JB FOODS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201200268D)
(the "**Company**")

SHAREHOLDERS' QUESTIONS IN RELATION TO THE ANNUAL REPORT 2025

The board of directors (the "**Board**") of JB Foods Limited (the "**Company**" or "**JB Foods**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 15 July 2025 on Annual Report for the 15-months financial period ended 31 March 2025 (the "**Announcement**"). Further to the Announcement, the Board received questions from shareholders and the Securities Investors Association (Singapore) ("**SIAS**").

The Board would like to thank shareholders for the questions raised and is pleased to respond as follows:

Q1. In light of current market dynamics, how does JB Foods view cocoa processing demand relative to its capacity? What was JB Foods' capacity utilisation in FY2025, and how will it be maintained or optimised in FY2026?

Response: Currently, our total processing capacity remains at 210,000 MT, with optimised utilisation levels maintained despite high cocoa prices. The Company will not be providing any prospective statement for FY2026.

Q2. Assuming stable cocoa prices in FY2026, what processing margin or profit per MT does JB Foods expect? How have margins changed in FY2026 compared to FY2025?

Response: The Company will not be providing any prospective statement for FY2026.

Q3. Assuming stable cocoa prices and processing margins, what net gearing ratio does JB Foods aim to achieve by end-FY2026?

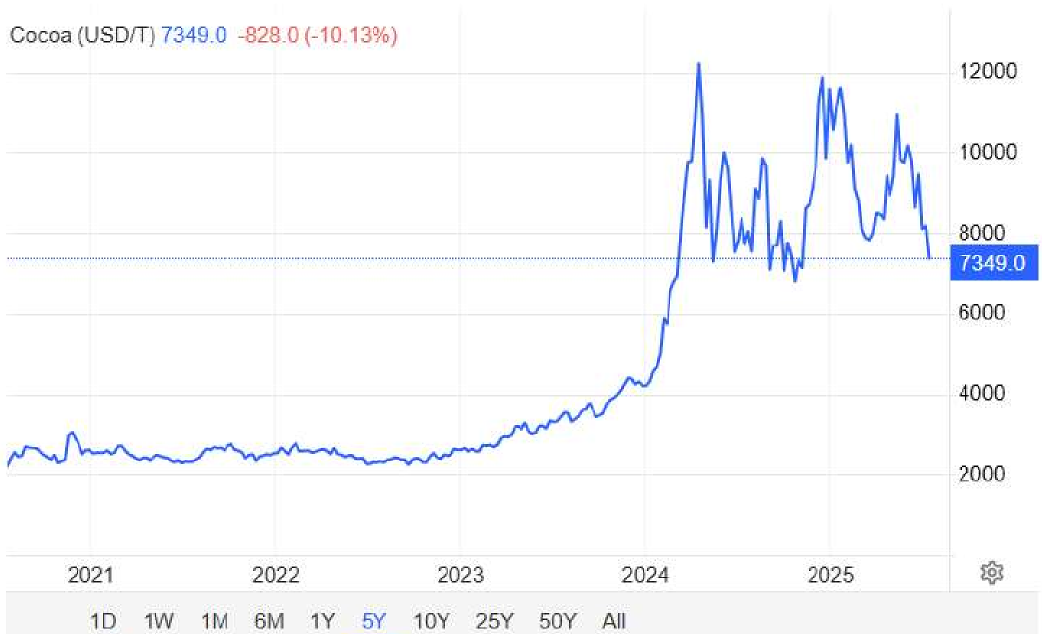
Response: The Company will not be providing any prospective statement for FY2026.

On top of the questions received from shareholders, the Company also received questions from the SIAS.

The Board would like to thank SIAS for the questions raised and is pleased to respond as follows:

Q1. The Group, which began as a wet cocoa bean processor in the 1980s, has grown into one of the world's leading cocoa ingredient producers, with a total processing capacity of 210,000 metric tonnes of cocoa beans equivalent per year. Its core business includes the production and sale of cocoa ingredient products such as cocoa mass, cocoa butter and cocoa powder.

For the 15-month financial period ended 31 March 2025 (due to the change in financial year-end from 31 December to 31 March), Group revenue rose sharply to US$1.66 billion, compared to US$595.8 million in FY2023 (12 months). The surge was primarily attributed to a sharp increase in cocoa bean prices.



(Source: https://tradingeconomics.com/commodity/cocoa)

(i) **How is management responding to the recent extreme spike in cocoa bean prices? Has the volatility in input costs led to adjustments in procurement strategies, contracting structures, production scheduling, or the group's financial and risk management frameworks?**

Response: The Group has imposed certain measures to reduce the overall working capital requirement cycles through reducing inventory holding periods, reducing customers' credit terms, negotiating for longer suppliers' credit terms, and hedging mechanism to manage the increased requirements on the working capital facilities so as to better manage the spike in cocoa bean prices.

(ii) **What is management's current and forward view on cocoa bean prices?**

Response: The management will not be providing a forward view on cocoa bean prices. Generally, cocoa bean prices depend on the global supply and demand situation. The ICCO website https://www.icco.org/statistics/#price is a good reference website for investors to obtain updates as to cocoa bean price movements, production and grinding developments.

（iii） **Under what specific circumstances could cocoa price volatility enhance the group's profitability? How well-positioned is the group to benefit from supply-demand dislocations?**

Response: The Company's adopts a cost-plus pricing model. The Company secures and sources raw materials based on customers' order and demand. The cocoa bean price is passed through with costs and the end consumer will bear and absorb the volatility of the bean prices movement risk. In general, higher cocoa bean price can affect consumption and thus affect the production volume of the Group.

Q2. Despite the company reporting an overall profit for FY2025, its financial performance deteriorated sharply in the latter part of the year. Based on the 9M2025 announcement, the group swung to a loss of US$(13.0) million over the final nine months, compared to a US$36.1 million profit in the first six months. The decline was driven by significant adverse movements in "other (losses)", as well as rising selling and distribution expenses, administrative costs, and finance charges.

		The Group					
	Note	9 months ended 31 Mar 2025	6 months ended 31 Dec 2023	Changes	15 months ended 31 Mar 2025	12 months ended 31 Dec 2023	Changes
		USD'000	USD'000	%	USD'000	USD'000	%
Revenue	20	1,204,149	324,586	271.0	1,657,461	595,786	178.2
Cost of sales		(1,161,983)	(314,756)	269.2	(1,553,198)	(555,464)	179.6
Gross profit		42,166	9,830	329.0	104,263	40,322	158.6
Other items of income							
Interest income		186	104	78.8	260	169	53.8
Other (losses)/gains, net		(8,860)	593	n.m	(4,688)	(3,408)	37.6
Other items of expenses							
Selling and distribution expenses		(9,576)	(3,660)	161.6	(13,375)	(7,116)	88.0
Administrative expenses		(12,391)	(6,180)	100.5	(19,680)	(13,046)	50.9
Finance costs		(23,226)	(9,909)	134.4	(35,065)	(15,466)	126.7
(Loss)/Profit before taxation	15	(11,701)	(9,222)	26.9	31,715	1,455	2,079.7
Tax (expense)/credit	16	(1,296)	2,736	n.m	(8,589)	440	n.m
(Loss)/Profit for the period/year		(12,997)	(6,486)	100.4	23,126	1,895	1,120.4

(Source: company announcement)

（i） **Can management provide further insights into the specific changes in the operating environment and internal dynamics that contributed to the sharp divergence in performance between the first six months and the following nine months?**

Response: For the first six months of FY2025, the Group recorded an unrealised mark-to-market gain of USD38.8 million on derivative financial instruments (in line with the Group's accounting policy requiring fair value recognition). This gain was largely reversed in the second half of the financial year when the corresponding beans went into production and translated into operating results.

Hence, the reported profit before taxation in the first half appeared significantly higher due to this unrealised gain, the underlying performance of the Group in the second half was in fact stronger when excluding the impact of this accounting adjustment.

The expenses for selling, administrative and finance costs increased in tandem with the volume and bean price volatility, though such increase did not pose any unusual or significant increase on the Group's expenses.

(ii) Does management view the second-half weakness to be temporary, and what key leading indicators does the board/management monitor to assess recovery?

Response: As explained above, the management does not view the second half as a weakness. In view of the elevated cocoa bean prices which continued from 2024 to the first half of 2026, consumption and demand in 2026 may slow down. Barring any unforeseen circumstance, the management remains confident in the long-term growth of the cocoa ingredients industry based on the trends observed in the past decades.

Q3. On 31 December 2024, the company announced a renounceable non-underwritten rights issue at an issue price of $0.45 for each rights share, on the basis of one right share for every seven existing ordinary shares. The rights issue price was priced at a 9.1% discount to the last traded price of $0.495, and more notably, at a substantial discount to the company's last reported net asset value per share of US$0.698 as at 30 June 2024.

Several controlling shareholders provided irrevocable undertakings to apply for excess rights shares that remain unsubscribed by entitled shareholders. For the avoidance of doubt, directors and substantial shareholders ranked last in priority for the rounding of odd lots and allotment of excess rights shares.

The company stated that the net proceeds of approximately $19.4 million would be used for general working capital needs.

(i) Has the group experienced liquidity stress or deterioration in solvency indicators due to the surge in raw material prices, and how has this shaped the decision to raise working capital?

Response: The main reason for the Company's rights issue exercise was to increase the Group's equity and capital base, in conjunction with the Group's expansion into Ivory Coast. The Company has well-equipped working capital facilities from existing financial institutions and has received substantial support from key shareholders.

(ii) Was the shareholder loan of US$30.4 million as at 31 March 2025 a temporary bridge to support cash flow, and how does it fit into the group's broader financing strategy? How was the interest on the shareholder loan determined? Note 14 Borrowings (page 122) shows a high interest rate of 9% on the shareholder loan.

Response: The working capital facilities from existing financial institutions mainly catered to trade purchases, whereas the shareholder's loan of USD30.4 million was mainly used for temporary bridging purposes. The ad-hoc bridging loan arrangement and the interest rate of 9% per annum were determined and undertaken on an arms'-length basis, with due consideration given to the size and readiness of the fund availability, flexibility and comparable market pricing.

(iii) What alternative financing options were considered before proceeding with the rights issue, and how did the board determine the size of the fundraising? Given the US$30 million shareholder loan and ongoing raw material cost pressures, is $19.4 million sufficient?

Response: As mentioned above, the rights issue exercise was to increase the Group's equity and capital base, in conjunction with the Group's expansion into Ivory Coast. The Company's existing trade facilities, shareholder's loans, and improvement in capital structure through the rights issue exercise have helped the Company to be a stronger and larger global processing player.

A higher dividend of $0.0205 per share has been declared by the board. If approved, this would amount to a payout of approximately $7.1 million, over 36% of the proceeds from the rights issue.

(iv) While minority shareholders welcome the higher dividends, can the board elaborate on what it considers an optimal capital structure for the group, given the working capital intensity of the cocoa business and recent commodity price volatility? How does the board ensure consistency between capital raising, dividend decisions, and overall financial risk management?

Response: While the Company does not have a fixed dividend policy, the Company intends to continue to maintain a relatively consistent payout ratio from the profits generated. As mentioned above, the rights issue exercise was to increase the Group's equity and capital base, in conjunction with the Group's expansion into Ivory Coast.

BY ORDER OF THE BOARD

LIM TONG LEE
Independent Director & Chairman
25 July 2025