

COMPANY PROFILE

February 2023





Executive Summary



- Japtini Food and Retail was established to manufacture and distribute quality food products to African markets, addressing localized nutrition needs by offering affordable and fortified products.
- The Company's toll milling and contract manufacturing supports processors by ensuring constant capacity utilization thus generating and sustaining thousands of jobs through its network of farmers, suppliers, wholesalers, local buying agents and service providers in addition to their internal sourcing and markets.
- At Japtini Food & Retail, their advanced systems enable the Company to match the produce from hundreds of thousands of smallholder farms across Africa with available local processing capacity to minimise the time and cost in food manufacturing.

Vision



To be the topmost food processing and distribution company in Africa.

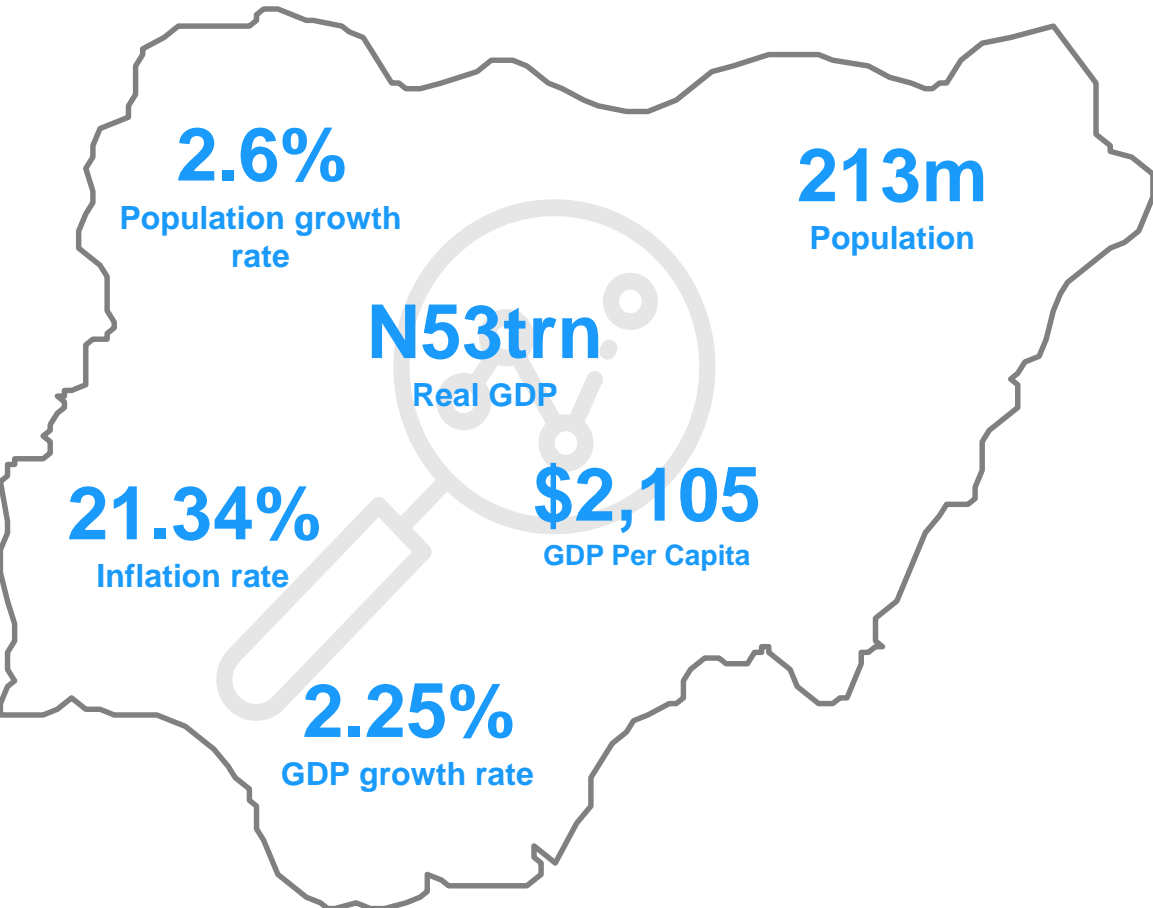
Mission



- To efficiently and cost-effectively provide quality food to end consumers across Africa.
- To bridge the gap between farmers and consumers thus guaranteeing market access for smallholder farmers.
- To support processing companies through contract milling thereby ensuring full capacity-utilization of existing processing facilities and encouraging expansion.
- Where necessary invest in new processing capacity.
- Strengthen national export markets by investing in value addition and export systems.



Agriculture industry highlights – Nigeria (2022)



34 million ha of arable land and only **40%** cultivated

>20% Agriculture **contributes the most to Nigeria's GDP**



12 million Smallholder Farmers (SHF) Households and each SHF cultivate an average of **2 Ha**

36.4% Agriculture **employs the highest number of Nigeria's workforce.**

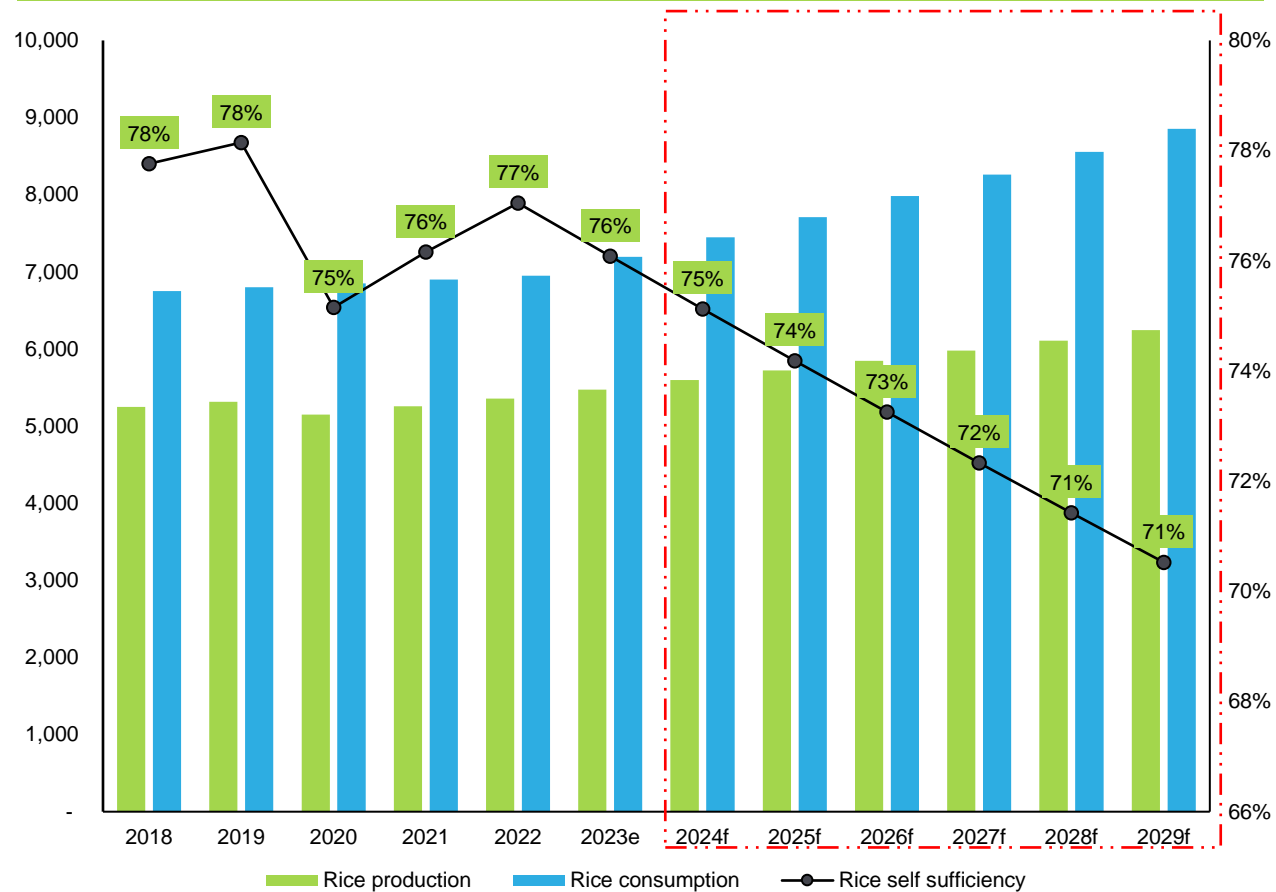
Improved seeds – **5% use**
 Fertilizer use – **6kg/ha**
 Mechanization intensity – **10 tractors per 1670 ha**

- Rice** – #1 Africa producer
- Maize** - #2 Africa producer
- Cassava, Yam** - #1 world producer
- Cashew, Sweet Potato** - #2 world producer
- Poultry** – #1 largest egg production in Africa, and 2nd largest chicken population in Africa

Source: FAO, NBS

The demand gap for rice in Nigeria poses an immediate opportunity for Japtini

Nigerian market demand trends and forecast ('000 metric tonnes)



Source: FAO, BMI, Gro Intelligence

- Given the importance of rice as a staple food in Nigeria, boosting its production has been accorded high priority by the government in the past 7 years. Significant progress has been recorded; rice production in Nigeria reached a peak of c.6 million tonnes in 2022.
- Consumption is estimated to grow moderately at a CAGR of 2.2% between 2023 and 2029, driven primarily by the country's population growth. However, local players remain wary of the threats posed by imported rice and smuggling.

The average self-sufficiency level for Nigeria is c. 75% indicating a significant demand gap of c. 25%, which has hitherto been filled by importation and smuggling from other countries.

Nigeria's rice statistics suggest there is an enormous potential to raise productivity and increase production

This poses an immediate opportunity for Japtini in Nigeria.

Feedstock challenges faced by processors

Inconsistent feed stock

Capacity utilization

Price fluctuations

Transportation

Unreliable power

Japtini's solutions

- Japtini's farmer networks and processor supply model assures a predictable and consistent quantity of feedstock.

- Japtini's capacity utilization will continue to increase over time to improve production levels

- Japtini's feedstock delivery dates and prices are fixed in advance

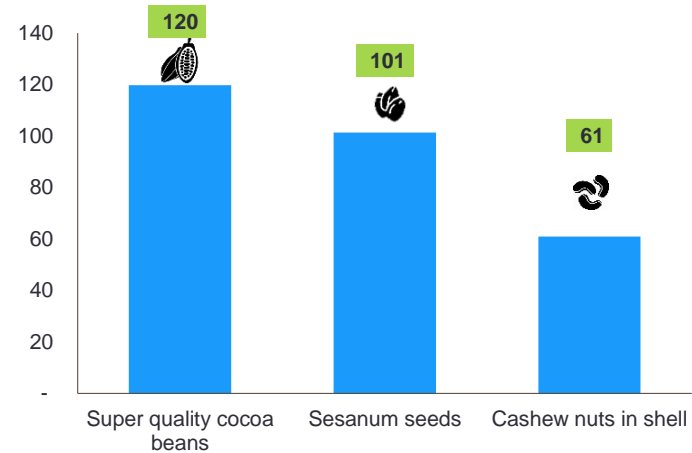
- Matching technology co-locates available processors with harvests

- Japtini enables off-grid solutions including solar energy packages

Agriculture exports

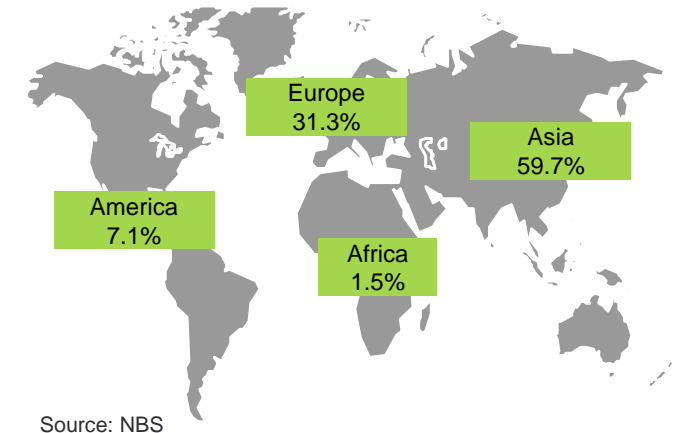
- Nigeria's total agriculture exports within Q1 – Q3 2022 was ₦428 billion with fermented cocoa beans, sesame seeds and cashew nuts constituting the top three exported agricultural produce.,,
- About 60% of trade export is consummated in Asia, with countries like India, Vietnam, and Malaysia serving as key trade partners for Nigeria.

Top agriculture exports N' billions (Q3 2022)



Source: NBS

Agriculture export destinations (Q3 2022)

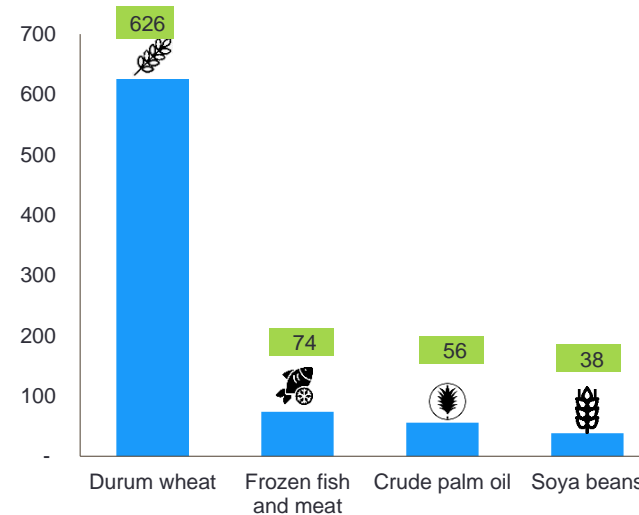


Source: NBS

Agriculture Imports

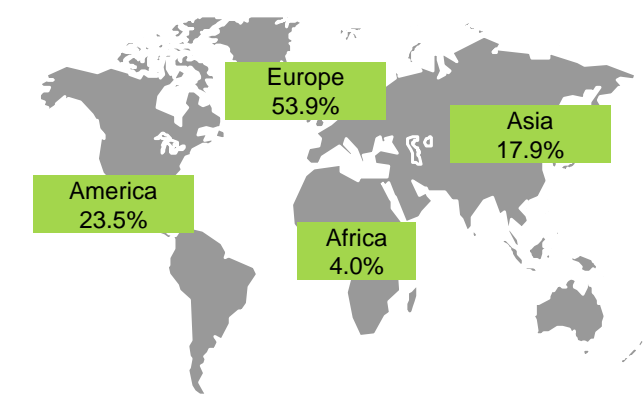
- Nigeria's total agriculture imports within Q1 – Q3 2022 was ₦1.42 trillion with wheat, frozen fish and meat, malt and crude palm oil constituting the top imported agricultural produce.,,
- Over 50% of imports are sourced from Europe with countries like Lithuania, Russia, Belgium and Netherlands serving as key trade partners for Nigeria.

Top agriculture imports N' billions (Q3 2022)



Source: NBS

Agriculture import sources (Q3 2022)



Source: NBS



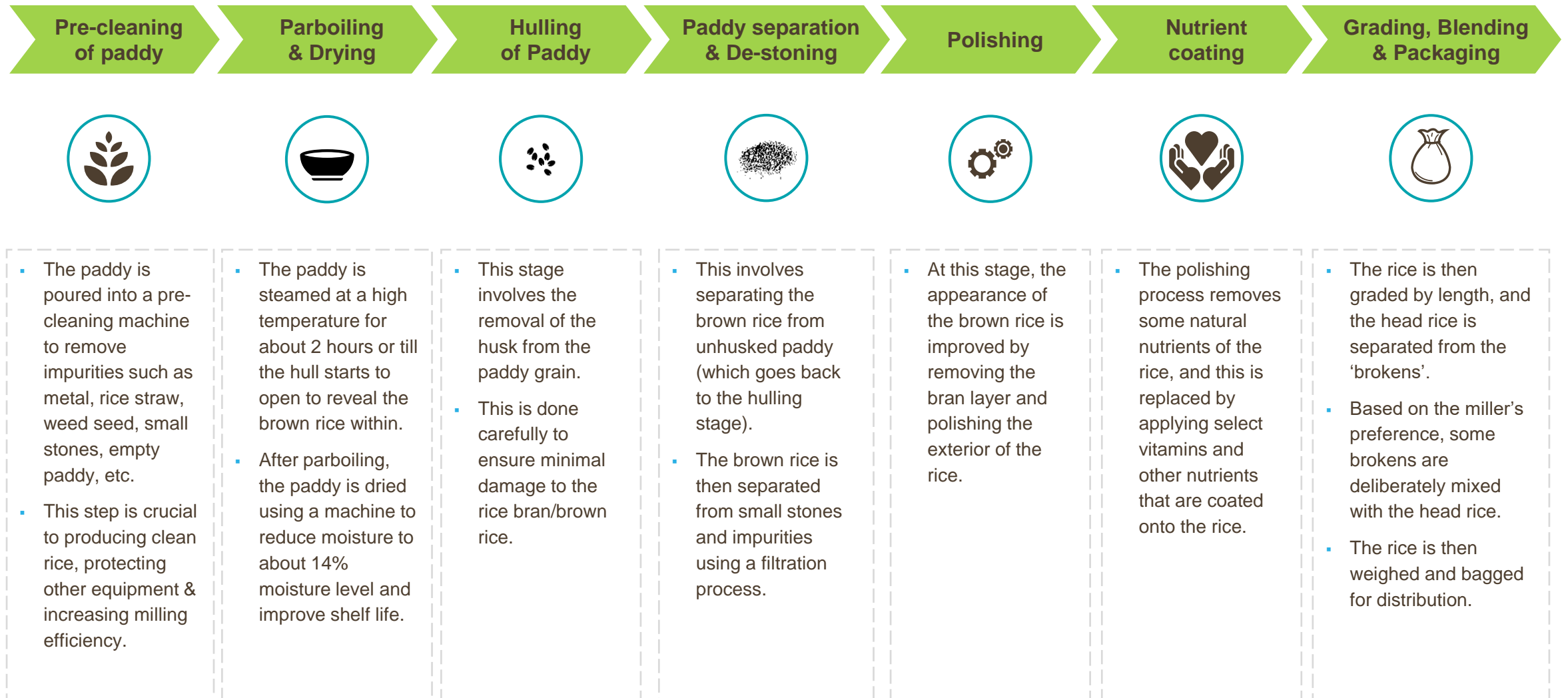
- Input supply includes activities such as land acquisition, input financing, as well as the provision of seedlings, fertilizers, water, machinery, medication, and vaccines for production.
- Key players include seed and fertilizer suppliers, equipment manufacturers, irrigation support, as well as crop and animal protection suppliers.

- The production stage includes activities such as land cultivation, planting, harvesting, irrigation systems, and livestock husbandry lifecycle.
- Key players in this segment include crop farmers and animal farmers.

- Storage involves the safekeeping of agricultural products after harvest and before transportation to processors or directly to the market for sale.
- Players in this segment include cold storage providers, warehousing, and logistics companies.

- Processing involves converting harvested agriculture products, livestock, or animal by-products into marketable products.
- Players in this segment include millers, small- and large-scale processing companies and confectionaries.

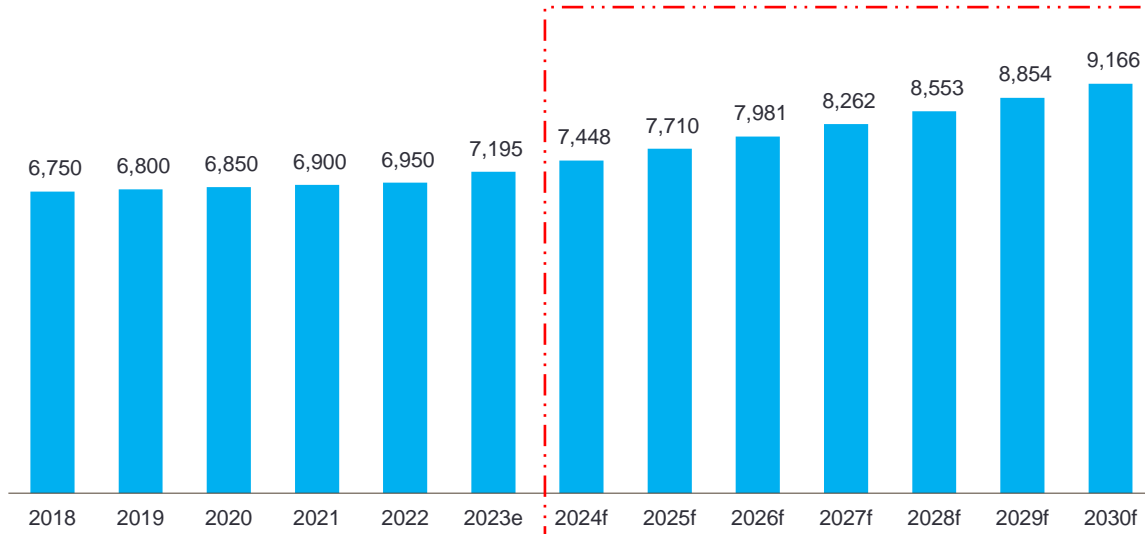
- Marketing and trade is the process of moving agriculture products from farms and processing centers to distributors, open markets, or end consumers.
- The marketing and trade segment includes the activities of agro-dealers, as well as wholesale, and retail downstream distributors.



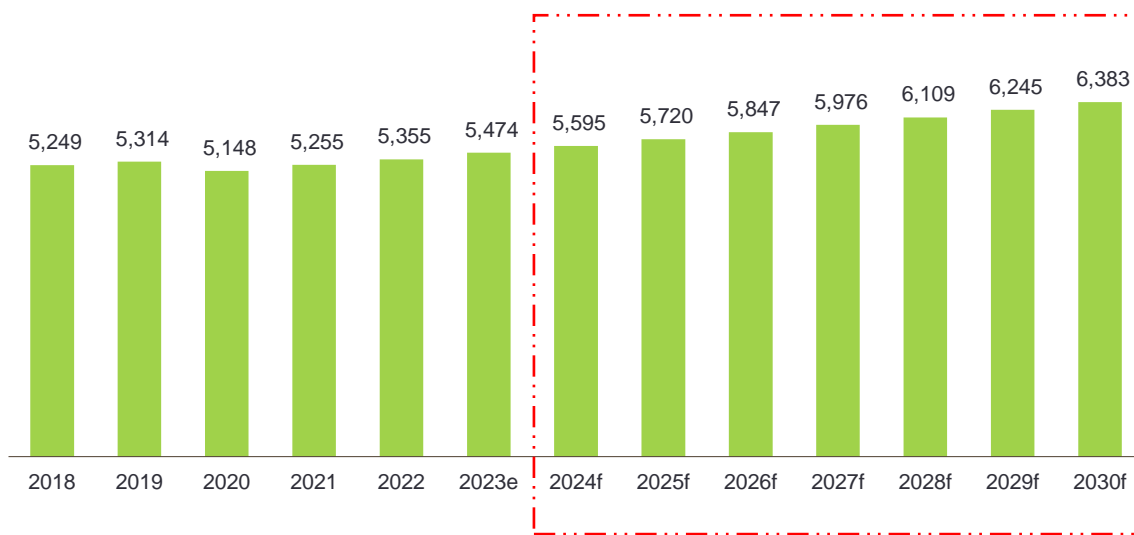
Source: GIZ

The demand gap for rice in Nigeria poses an immediate opportunity for Japtini

Rice demand trends and forecast ('000 metric tonnes)



Rice supply trends and forecast ('000 metric tonnes)



- Given the importance of rice as a staple food in Nigeria, boosting its production has been accorded high priority by the government in the past 7 years. Significant progress has been recorded; rice production in Nigeria reached a peak of c.7 million tonnes in 2022.
- Consumption is estimated to grow moderately at a CAGR of 2.2% between 2023 and 2030, driven primarily by the country's population growth. However, local players remain wary of the threats posed by imported rice and smuggling.
- Between 2010 and 2019, Nigeria's rice production fell short of demand, with an average yearly deficit of almost 2.0 MMT. Nigeria imports rice from Thailand, India, and the United States at a cost of almost \$5 million per day in order to make up for the supply shortage. Over 2.2 MMT of rice was imported into Nigeria during 2018 and 2019 via informal cross-border networks and shipping ports. The local supply of rice has expanded since the importing of it was prohibited, but not enough to fulfill the rising demand.
- Nigeria's expanding population, which has grown at an average annual rate of 2.6% over the past ten years and is anticipated to total 206 million people by the year 2020, is the primary cause of the country's rising demand for rice. The demand for rice is predicted to remain stable and grow over the next few years, with the country's population rising to 230 million by 2025.

Nigeria has relatively low yield relate to some other Sub-Saharan African countries

In addition to low yields, Nigeria is also one of the largest importers of Asian rice from Thailand, China and Indonesia

	Area Harvested (Ha) ¹	Avg. Yield (Tons/Ha ¹)	Imports (million MT) ²	Exports (million MT) ²	
Sub-Saharan Africa	Egypt	555,147	8.83	0.69 ²	0.0012
	Kenya	25,966	4.25	0.20	-
	Tanzania	1,199,875	2.51	0.02	0.00010
	Nigeria	3,345,969	2.04	1.8*	-
	Cameroon	288,637	1.15	0.65 ²	-
	Madagascar	928,184	4.34	0.41	0.000016
Asia	China	30,460,956	7.03	2.49 ²	2.75
	India	44,500,000	3.88	0.006	10.19
	Vietnam	7,570,741	5.81	-	3.49
	Thailand	10,407,272	3.09	0.005	7.58
	Bangladesh	11,910,861	4.74	0.47	0.77
	Myanmar	6,705,577	3.79	0.004	1.67

Source: ¹FAO Stat; ²International Trade statistics (ITC), Kneoma stats*

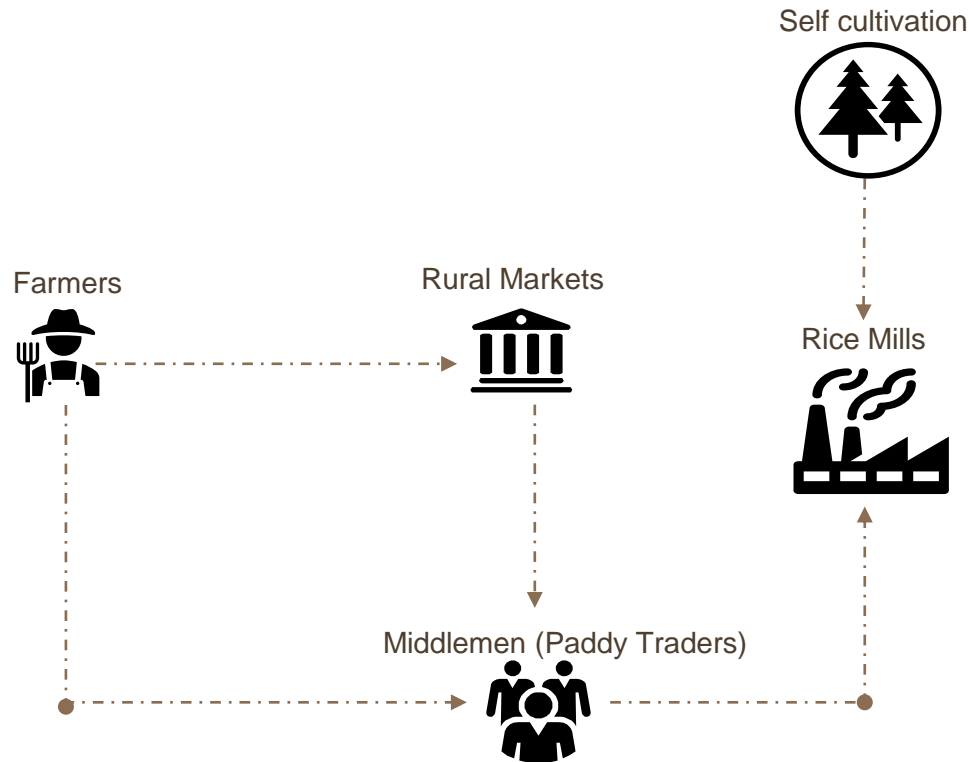
Paddy sourcing models

Out-growers

In-house buying agents

External paddy traders

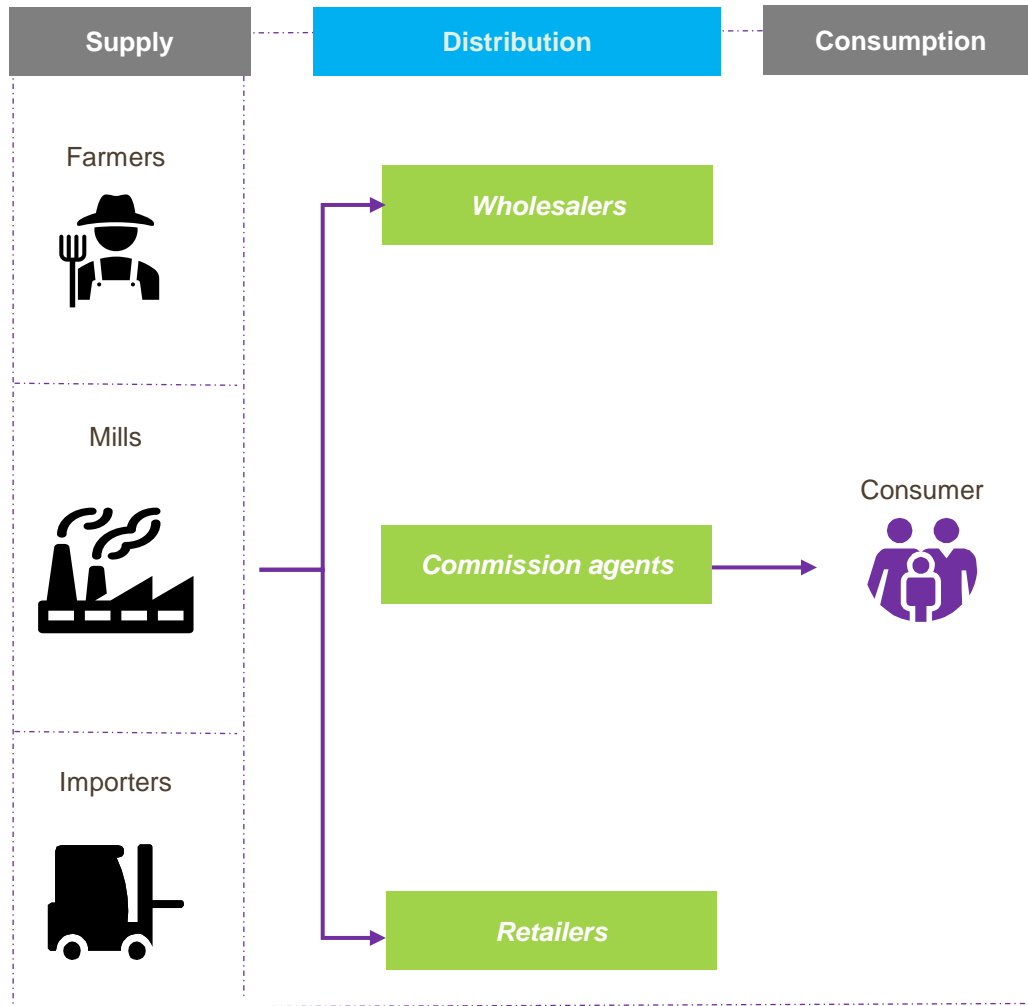
Self cultivation



The middlemen purchase paddy from either the rural markets or directly from the farmers for onward supply to the Rice Mills

- Rural traders, farmers, or intermediaries engage in paddy trading to buy rice from farms or regional rural marketplaces to resell to millers.
- A large network of rice farmers and paddy traders is available to businesses and individuals who work as paddy aggregators. In between rice millers and farmers, they serve as a middleman.
- Due to the restricted paddy transportation alternatives accessible in rural areas and the lack of suitable storage facilities on the part of the majority of farmers, paddy aggregators confront a number of logistical issues.
- Paddy can be kept for 12 months if stored properly. The Federal Ministry of Agriculture and Rural Development (FMARD) has built 33 silos around Nigeria for storing grains in anticipation of poor harvest periods; the silos have storage capacities ranging from 11,000MT to 100,000MT.

There are three key groups in the rice distribution network in Nigeria



- Wholesalers**

These are members of the distribution network who take products (rice) from processors to retailers. The marketing margin for wholesalers is said to be between 15% – 24%.
- Commission Agents**

These are members of the distribution network who buy and sell rice on behalf of producers and wholesalers. They run little or no risk but must perform well enough to attract clients.
- Retailers**

These are members of the distribution network who ensure the supply of rice to final consumers. Typically, retailers buy from more than one wholesaler and earn a marketing margin of about 6% - 10%.

Characteristics of Rice Distribution

- Undefined market**

The market for rice in Nigeria is not specialized, and traders handle different varieties/grades of rice from all sources.
- Fluctuating prices**

The price of rice varies throughout the year; it is cheapest during harvest and rises during periods of production.
- Consumer preferences**

Preference for well milled rice (WMR) leads most distributors to sell imported brands and high premium rice variants.



Increasing population growth

- Rice is consumed both in the rural and urban areas of the Nigeria, and it is considered a significant part of almost all major local dishes. It is also relied on as an important source of vitamins.
- Population which keeps growing at an average annual rate of 2.5%, is expected to drive the demand and consumption for rice in the country

Consumer purchasing power

- The level of consumer income influences purchase decisions, as the higher the income of consumers, the greater the quantity/quality of rice they tend to purchase.

Price of other substitutes

- The price of rice is a major purchase consideration for buyers. Price of other substitutes such as yam, beans and processed foods are more expensive when compared to rice. Products with lower prices and relatively similar perceived quality would attract more demand and vice versa.

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Rice



Ginger



Wheat



Beans



Soya Oil



Cashew nut

Product	Key customer benefits	Key features	Unique Selling proposition (USP)
 <p>Premium Head Rice</p>	<p>Wholesome, freshness and affordable</p>	<p>Whiteness, long, and medium grains and non sticky grains</p>	<p>Premium quality rice at affordable price</p>
 <p>Soya Oil</p>	<p>Rich in heart – healthy fats</p>	<p>Pure and undiluted oil</p>	<p>Lower in cholesterol level and reduced risk of heart disease</p>
 <p>Cocoa beans</p>	<p>Rich in protein and moderate amounts of iron, thamin and riboflavin</p>	<p>Availability in all sizes</p>	<p>Fresh, clean and free of insects</p>

Food processing or value addition and packaging along with storage and local or regional distribution or export to international markets.

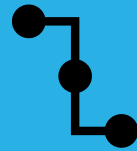
Japtini F&R facilitates a faster Turnaround Time of farmer's produce to cash by adding value and distributing the final products using our distribution network.

Market solutions for small farmers



Provides smallholder farmers with opportunities to process their farm produce and market the product to the market on their behalf by providing all processing and marketing solutions.

Complete value chain



Contract milling



To support processing companies through contract milling thereby ensuring full capacity-utilization of existing processing facilities and encouraging expansion.

Faster turnaround time



Job security



Food security for the people with availability premium and affordable grains all year round.
Job Security for the farmers, Millers and Logistic partners.
Value proposition

Marketing plan

Packaging the final product with the Japtini F&R's brand name is a first major step to establish differentiation and uniqueness. This will be followed with market activation in major primary markets across the country.



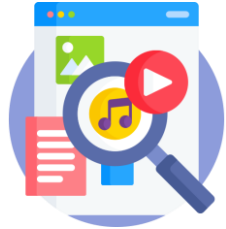
Business website



Social media



Email marketing



Content marketing



Print media



Public relations



Networking

With these, Japtini's Food and Retail can build its market share from the scratch starting for River state and other states in South South region of Nigeria.

Pricing strategy



Japtini will employ a 'Cost Plus' pricing strategy for its products. This strategy factors in the costs of paddy rice, logistic cost for input and outputs, milling cost and other overheads. Profit margin for the final product will have limits of 12% - 15% while the prices for the by-products.

Logistics is at the heart of the Food and Retail business process, from small-scale paddy aggregation to evacuation centers and warehouses to the movement of aggregated paddy to milling companies and finished products from mills to distribution centers.

Japtini Logistic is the sole provider of food and retail logistics. Alluvial Agriculture is the major supplier of most inputs, while other suppliers are kept in the loop when Alluvial cannot meet expectations. We are actively engaged in milling contract with three major millers, two in Kano and one in Nassarawa.

SUPPLIERS/PARTNERS			
PADDY SUPPLIERS	ADDRESS	STATE	COUNTRY
ALLUVILA AGRICULTURE LIMITED	PLOT 836, IDRIS IBRAHIM CRESENT, JABI. ABUJA	FCT	NIGERIA
NGBO CHEKARU GLOBAL VENTURES	DADIN KOWA PLAZA, OPPOSITE MODERN MAR	NASARAWA	NIGERIA
RA-SQUARE C-POINT	OPP. POLY GATE, JOS ROAD, ;LAFIA	NASARAWA	NIGERIA
IYKESON EXCLUSIVE FARM	BESIDE POLARIS BANK, LAFIA	NASARAWA	NIGERIA
A.M. OKUBA VENTURES	BESIDE, PRIMARY SCH., AGWATASHI,	NASARAWA	NIGERIA
RICE INNOVATION PLATFORM LTD	BEHIND ABDULLAHI ESTATE, LAFIA	NASARAWA	NIGERIA
ALAMANTA SULEIMAN	OFF SHENDAM ROAD, PANDAM	PLATEAU	NIGERIA
JAM GLOBAL FARMING VENTURE	OFF ASSAKIO ROAD,	PLATEAU	NIGERIA
SHAMMASU GLOBAL VENTURES	GBOKO ROAD, MAKURDI	BENUE	NIGERIA
SANI ABDULSALAM	HADEIJA	JIGAWA	NIGERIA
MALLAM MASH	HADEIJA	JIGAWA	NIGERIA
NAFIU SALIU	KANO	KANO	NIGERIA
MILLING PARTNERS	ADDRESS	STATE	COUNTRY
FBB RICE MILL	22, CHALLAWA INDUSTRIAL AREA, KUMBOTSO	KANO	NIGERIA
FURSA RICE MILL	315 GUSAU ROAD, SHARADA INDUSTRIAL AREA	KANO	NIGERIA
FARMNET MILLING COMPANY	1-4 RAFIN SANYI, AWE EXPRESS WAY, OBI	NASARAWA	NIGERIA
LOGISTIC PARTNER	ADDRESS	STATE	COUNTRY
JAPTINI LOGISTIC	20 LAYI YUSSUF, LEKKI PHASE 1, LEKKI	LAGOS	NIGERIA