

# **JAPAN FOODS HOLDING LTD**

## **JAPAN FOODS HOLDING LTD.**

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

# **Condensed Interim Financial Statements For the six months ended 30 September 2021**

## Table of content

A. Condensed interim consolidated statement of profit or loss and other comprehensive income .....	1
B. Condensed interim statements of financial position .....	2
C. Condensed interim statements of changes in equity .....	3
D. Condensed interim consolidated statement of cash flows .....	4
E. Notes to the condensed interim consolidated financial statements .....	6
F. Other information required by Listing Rule Appendix 7C .....	17

# JAPAN FOODS HOLDING LTD

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(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### A. Condensed Interim Consolidated Statement of Comprehensive Income For the Financial Period Ended 30 September 2021

	Note	Group 6 month ended 30 September		Increase/ (Decrease) (%)
		2021 (S\$'000)	2020 (S\$'000)	
<b>Revenue</b>		<b>21,214</b>	<b>18,530</b>	<b>14.5</b>
Cost of sales		(3,438)	(2,875)	19.6
<b>Gross profit</b>		<b>17,776</b>	<b>15,655</b>	<b>13.5</b>
Other income		4,106	8,241	(50.2)
Interest income from bank		51	59	(13.6)
Other gain/(losses) – net		1	(16)	N.M. <sup>(1)</sup>
Selling and distribution expenses		(21,305)	(21,144)	0.8
Administrative expenses		(1,635)	(1,420)	15.1
Other operating expenses		(472)	(473)	(0.2)
Lease interest expenses		(417)	(532)	(21.6)
Share of results of associated companies		258	35	637.1
Share of results of joint venture		-	(30)	(100.0)
<b>(Loss)/Profit before income tax</b>	<b>6.1</b>	<b>(1,637)</b>	<b>375</b>	N.M. <sup>(1)</sup>
Income tax expenses	<b>7</b>	-	(75)	(100.0)
<b>(Loss)/Profit after income tax</b>		<b>(1,637)</b>	<b>300</b>	N.M. <sup>(1)</sup>
<b>Total comprehensive (loss)/income for the period attributable to equity holders of the company</b>		<b>(1,637)</b>	<b>300</b>	N.M. <sup>(1)</sup>
<b>Earnings per share attributable to owners of the Company</b>				
Basic and diluted		<b>(0.94)</b>	<b>0.17</b>	N.M. <sup>(1)</sup>

**Note:**

(1) "N.M." denotes not meaningful.

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(UEN.: 200722314M)

### B. Condensed Interim Statements of Financial Position As at 30 September 2021

	Note	Group As at		Company As at	
		30.09.2021 (S\$'000)	31.03.2021 (S\$'000)	30.09.2021 (S\$'000)	31.03.2021 (S\$'000)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		18,233	23,134	2,124	2,545
Trade and other receivables	11	1,015	845	-	-
Inventories		523	661	-	-
Amounts owing from subsidiary corporations		-	-	2,693	5,694
Other current assets		2,898	2,283	40	82
		<b>22,669</b>	<b>26,923</b>	<b>4,857</b>	<b>8,321</b>
<b>Non-current assets</b>					
Plant and equipment	13	6,394	6,137	11	12
Investment in subsidiary corporations		-	-	6,042	6,042
Investment in associated companies		2,403	2,144	212	212
Investment in joint ventures		-	-	100	100
Loan to an associated company		248	248	248	248
Loan to joint venture		950	720	950	720
Other investment at amortised cost		1,813	1,821	-	-
Intangible assets	12	167	199	-	-
Right-of-use assets		29,240	25,824	424	183
Club membership		322	322	322	322
Long-term security deposits		2,716	3,800	36	11
		<b>44,253</b>	<b>41,215</b>	<b>8,345</b>	<b>7,850</b>
<b>Total assets</b>		<b>66,922</b>	<b>68,138</b>	<b>13,202</b>	<b>16,171</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	14	7,106	6,516	504	582
Amount due to subsidiary		-	-	1	2
Current income tax liabilities		289	563	3	7
Lease liabilities		14,760	15,633	153	142
		<b>22,155</b>	<b>22,712</b>	<b>661</b>	<b>733</b>
<b>Non-current liability</b>					
Deferred income tax liabilities		216	216	2	2
Lease liabilities		15,840	11,833	278	47
		<b>16,056</b>	<b>12,049</b>	<b>280</b>	<b>49</b>
<b>Total liabilities</b>		<b>38,211</b>	<b>34,761</b>	<b>941</b>	<b>782</b>
<b>NET ASSETS</b>		<b>28,711</b>	<b>33,377</b>	<b>12,261</b>	<b>15,389</b>
<b>EQUITY</b>					
Share capital	15	9,522	9,522	9,522	9,522
Treasury shares		(5)	(35)	(5)	(35)
Capital reserves		38	45	38	45
Retained earnings		19,156	23,845	2,706	5,857
<b>TOTAL EQUITY</b>		<b>28,711</b>	<b>33,377</b>	<b>12,261</b>	<b>15,389</b>

# JAPAN FOODS HOLDING LTD

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### C. Condensed Interim Statements of Changes in Equity For the Financial Period Ended 30 September 2021

Group	Share capital (S\$'000)	Treasury shares (S\$'000)	Capital reserves (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
<b>Balance as at 1 April 2021</b>	<b>9,522</b>	<b>(35)</b>	<b>45</b>	<b>23,845</b>	<b>33,377</b>
Dividend paid (Note 8)	-	-	-	(3,052)	(3,052)
Performance shares granted	-	239	(7)	-	232
Purchase of treasury shares	-	(209)	-	-	(209)
Total comprehensive loss for the period	-	-	-	(1,637)	(1,637)
<b>Balance as at 30 September 2021</b>	<b>9,522</b>	<b>(5)</b>	<b>38</b>	<b>19,156</b>	<b>28,711</b>
<b>Balance as at 1 April 2020</b>	<b>9,522</b>	<b>(181)</b>	<b>73</b>	<b>21,959</b>	<b>31,373</b>
Dividend paid	-	-	-	(426)	(426)
Purchase of treasury shares	-	(44)	-	-	(44)
Total comprehensive income for the period	-	-	-	300	300
<b>Balance as at 30 September 2020</b>	<b>9,522</b>	<b>(225)</b>	<b>73</b>	<b>21,833</b>	<b>31,203</b>

Company	Share capital (S\$'000)	Treasury shares (S\$'000)	Capital reserves (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
<b>Balance as at 1 April 2021</b>	<b>9,522</b>	<b>(35)</b>	<b>45</b>	<b>5,857</b>	<b>15,389</b>
Dividend paid (Note 8)	-	-	-	(3,052)	(3,052)
Performance shares granted	-	239	(7)	-	232
Purchase of treasury shares	-	(209)	-	-	(209)
Total comprehensive loss for the period	-	-	-	(99)	(99)
<b>Balance as at 30 September 2021</b>	<b>9,522</b>	<b>(5)</b>	<b>38</b>	<b>2,706</b>	<b>12,261</b>
<b>Balance as at 1 April 2020</b>	<b>9,522</b>	<b>(181)</b>	<b>73</b>	<b>1,537</b>	<b>10,951</b>
Dividend paid (Note 8)	-	-	-	(426)	(426)
Purchase of treasury shares	-	(44)	-	-	(44)
Total comprehensive income for the period	-	-	-	981	981
<b>Balance as at 30 September 2020</b>	<b>9,522</b>	<b>(225)</b>	<b>73</b>	<b>2,092</b>	<b>11,462</b>

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(UEN.: 200722314M)

### D. Condensed Interim Statements of Cash Flows

	Group	
	6 months ended	
	30 September	
	2021	2020
	(\$'000)	(\$'000)
<b>Cash flows from operating activities:</b>		
<b>Net (loss)/profit</b>	<b>(1,637)</b>	<b>300</b>
<b>Adjustments for:</b>		
Income tax expense	-	75
Depreciation of plant and equipment	1,444	1,805
Depreciation of right-of-use assets	8,472	9,747
Amortisation of intangible assets	32	32
Amortisation of other investment at amortised cost	8	-
Amortisation of government grants	(14)	-
Plant and equipment written off	-	3
Right-of-use assets written off	(41)	-
Employee performance shares expense	232	-
Rental concessions	(968)	(5,276)
Share of profit of associated companies	(258)	(35)
Share of loss of joint venture	-	30
Lease interest expense	417	532
Interest income from bank deposits	(51)	(59)
	<b>7,636</b>	<b>7,154</b>
<b>Changes in working capital:</b>		
Inventories	138	226
Trade and other receivables	(165)	1,489
Other current assets	(615)	62
Long-term security deposits	1,084	(269)
Trade and other payables	604	(465)
<b>Cash generated from operations</b>	<b>8,682</b>	<b>8,197</b>
Interest income received	47	49
Income tax paid	(274)	(248)
<b>Net cash provided by operating activities</b>	<b>8,455</b>	<b>7,998</b>
<b>Cash flows from investing activities:</b>		
Additions to plant and equipment	(1,702)	(443)
Loan to joint venture	(230)	(150)
Proceeds from disposal plant and equipment	-	8
<b>Net cash used in investing activities</b>	<b>(1,932)</b>	<b>(585)</b>

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(UEN.: 200722314M)

### D. Condensed Interim Statements of Cash Flows (Cont'd)

	Group	
	6 months ended	
	30 September	
	2021	2020
	(S\$'000)	(S\$'000)
<b>Cash flows from financing activities:</b>		
(Increase)/Decrease in short-term bank deposits pledged	(317)	294
Principle payment of lease liabilities	(7,745)	(4,280)
Interest paid	(417)	(532)
Purchase of treasury shares	(209)	(44)
Dividend paid to equity holders of the Company	(3,052)	(426)
<b>Net cash used in financing activities</b>	<b>(11,740)</b>	<b>(4,988)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,217)</b>	<b>2,425</b>
<b>Cash and cash equivalents</b>		
Beginning of financial period	20,616	17,643
<b>End of financial period <sup>(1)</sup></b>	<b>15,399</b>	<b>20,068</b>

**Note:**

(1) This excludes bank deposits of S\$2.8 million as at 30 September 2021 (S\$2.5 million as at 30 September 2020) pledged as security for bank facilities granted by financial institution(s) to the Group.

# JAPAN FOODS HOLDING LTD

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### E. Notes to the Condensed Interim Consolidated Financial Statements

#### 1 General information

Japan Foods Holding Ltd. (the “Company”) is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. The address of its registered office is 420 North Bridge Road, #02-01, North Bridge Centre, Singapore 188727.

The principal activity of the Company is investment holding. The principal activities of its subsidiary corporations are:

- (a) Trading and management of franchisees and sub-franchisees; and
- (b) Operating restaurants

#### 2 Basis of preparation

The condensed interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with the SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore and to read in conjunction with the Group’s audited financial statements as at and for the year ended 31 March 2021. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

##### 2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

##### 2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.



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### **E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)**

#### **2 Basis of preparation (Cont'd)**

##### **2.2 Use of judgements and estimates (Cont'd)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management is of the opinion that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

#### **3 Seasonal operations**

Covid-19 aside, the Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

#### **4 Segment and revenue information**

The Group identified two reportable business segments being operation of restaurants and its ancillary business is in the supply of food ingredients to its sub-franchisees and franchisee services segments.

Sales between segments are carried out at the normal business terms and conditions. The revenue from external parties reported to the Board of Directors ("BOD") is measured in a manner consistent with that in the consolidated statement of comprehensive income.

##### *Segment results*

The BOD assesses the performance of the operating segments based on a measure of segment results before interest (net), share of results associated companies and income tax expenses. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group finance team, which manages the cash position of the Group.

##### *Segment assets*

The amounts provided to the BOD with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the BOD monitors the plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than short-term bank deposits and other investments at amortised cost.

##### *Segment liabilities*

The amounts provided to the BOD with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax and deferred income tax liabilities.

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(Incorporated in the Republic of Singapore on 3 December 2007)  
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### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 4. Segment and revenue information (Cont'd)

##### 4.1 Reportable Segments

	← Singapore →		Total reportable segments
	Restaurant sales	Franchised operation	
<u>1 April 2021 to 30 September 2021</u>	(\$'000)	(\$'000)	(\$'000)
<b><u>The Group</u></b>			
<b>Revenue</b>			
Total segment revenue	21,151	63	21,214
<b>Segment results</b>	(2,005)	59	(1,946)
Depreciation and amortisation	1,452	32	1,484
Depreciation of right-of-use assets	8,472	-	8,472
Right-of-use assets written-off	41	-	41
Share of profit of associated companies	(258)	-	(258)
<b>Segment assets</b>	66,252	670	66,922
Segment assets includes:			
Additions to plant and equipment	1,702	-	1,702
Loan to an associated company	248	-	248
Loan to joint venture	950	-	950
<b>Segment liabilities</b>	37,880	331	38,211

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### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 4. Segment and revenue information (Cont'd)

##### 4.1 Reportable Segments (Cont'd)

	← Singapore →		Total reportable segments
	Restaurant sales (\$'000)	Franchised operation (\$'000)	
<b><u>1 April 2020 to 30 September 2020</u></b>			
<b><u>The Group</u></b>			
<b>Revenue</b>			
Total segment revenue	18,530	-	18,530
<b>Segment results</b>			
	286	25	311
Depreciation and amortisation	1,805	32	1,837
Depreciation of right-of-use assets	9,747	-	9,747
Plant and equipment written-off	3	-	3
Share of profit of associated companies	(35)	-	(35)
Share of loss of joint venture	30	-	30
<b>Segment assets</b>	<b>71,368</b>	<b>1,203</b>	<b>72,571</b>
Segment assets includes:			
Additions to plant and equipment	443	-	443
Loan to an associated company	248	-	248
Loan to joint venture	470	-	470
<b>Segment liabilities</b>	<b>40,929</b>	<b>440</b>	<b>41,369</b>

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(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 March 2021:

	The Group		The Company	
	30 September 2021 (\$'000)	31 March 2021 (\$'000)	30 September 2021 (\$'000)	31 March 2021 (\$'000)
<b>Financial assets</b>				
Cash and bank balances	18,233	23,134	2,124	2,545
Trade and other receivables	1,015	845	2,693	5,694
Other financial assets	6,117	6,603	1,247	1,016
Other investments at amortised cost	1,813	1,821	-	-
	<u>27,178</u>	<u>32,403</u>	<u>6,064</u>	<u>9,255</u>
<b>Financial liabilities</b>				
Trade and other payables	6,973	6,408	505	584
Lease liabilities	30,600	27,466	431	189
	<u>37,573</u>	<u>33,874</u>	<u>936</u>	<u>773</u>

#### 6. (Loss)/Profit before income tax

##### 6.1 Significant items

	The Group	
	30 September 2021 \$'000	30 September 2020 \$'000
Interest income	(51)	(59)
Royalty and franchise income	(175)	(91)
Insurance claims	(43)	(2)
Government grants	(1,548)	(2,856)
Rental Support Scheme Cash Payout	(1,339)	-
Rent Concessions	(968)	(5,276)
Miscellaneous income	(33)	(16)
Depreciation of plant and equipment	1,444	1,805
Depreciation of right-of-use assets	8,472	9,747
Amortisation of intangible assets	32	32
Plant and equipment written off	-	3
Right-of-use assets written-off	41	-
Currency exchange (gain)/loss - net	(1)	16

# JAPAN FOODS HOLDING LTD

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(UEN.: 200722314M)

### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss:

	The Group	
	30 September 2021 \$'000	30 September 2020 \$'000
Tax expense attributable to (loss)/profit is made up of:		
Profit from current financial period:		
- Current income tax	-	76
- Over provision in respect of prior years	-	(1)
	-	75

#### 8. Dividend

	The Group	
	30 September 2021 \$'000	30 September 2020 \$'000
<b>Ordinary dividend paid</b>		
Final exempt dividend paid in respect of the previous financial year of 1.75 cents (2020: 0.25 cents) per share	3,052	426

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### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 9. Earnings per share ("EPS")

	Group	
	30 September 2021	30 September 2020
Earnings attributable to equity holders of the Company (S\$'000)	(1,637)	300
Weighted average number of Shares used in computation of basic EPS	174,304,592	173,864,729
Basic EPS attributable to equity holders of the Company (cents) <sup>(1)</sup>	(0.94)	0.17
Fully diluted EPS attributable to equity holders of the Company (cents) <sup>(2)</sup>	(0.94)	0.17

#### Notes:

- (1) Basic EPS is computed by dividing the Group's earnings attributable to the equity holders of the Company in each financial period by the weighted average number of Shares outstanding during the respective financial periods.
- (2) Fully diluted EPS is the same as the basic EPS for the financial periods presented in the table above as the Company did not have any outstanding instruments convertible into rights to subscribe for, and options in respect of its Shares during these respective financial periods.

#### 10. Net Asset Value

	Group		Company	
	As at		As at	
	30 September 2021	31 March 2021	30 September 2021	31 March 2021
Net asset value per ordinary share (cents)	16.46	19.14	7.03	8.82
Number of Shares used in computation of NAV per Share	174,424,000	174,347,200	174,424,000	174,347,200

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### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 11. Trade and other receivables

	Group As at	
	30 September 2021	31 March 2021
	\$'000	\$'000
<b>Trade receivables</b>		
- Related parties:		
Associated companies	129	134
Joint venture	60	63
- Non-related parties	630	607
<b>Non-trade receivables</b>		
- Joint venture	3	-
- Non-related parties	193	41
	196	41
	1,015	845

#### 12. Intangible assets

	Group As at	
	30 September 2021	31 March 2021
	\$'000	\$'000
<b>Trademarks and franchise rights</b>		
<b>Cost</b>		
Beginning and end of financial period/year	1,013	1,013
<b>Accumulated amortisation</b>		
Beginning of financial period/year	814	689
Amortisation charge	32	64
Impairment losses	-	61
End of financial period/year	846	814
<b>Net book value</b>		
End of financial period/year	167	199

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### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 13. Plant and equipment

During the six months ended 30 September 2021, the Group acquired assets amounting to \$1,702,000 (30 September 2020: \$443,000) and disposed assets amounting to \$Nil (30 September 2020: \$7,500).

#### 14. Trade and other payables

	Group As at		Company As at	
	30 September 2021	31 March 2021	30 September 2021	31 March 2021
	\$'000	\$'000	\$'000	\$'000
<b>Trade payables</b>				
- Non-related parties	1,142	1,832	-	-
<b>Non-trade payables</b>				
- Non-related parties	1,310	1,187	17	61
Accruals for operating expenses	4,513	3,380	487	521
Provisions <sup>(1)</sup>	133	108	-	-
Franchise deposits	8	9	-	-
	<u>7,106</u>	<u>6,516</u>	<u>504</u>	<u>582</u>

<sup>(1)</sup> Provisions

The provision for costs of dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of leased premises and retail outlets to its original conditions as stipulated in the terms and conditions of lease contracts.



# JAPAN FOODS HOLDING LTD

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(UEN.: 200722314M)

### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 15. Share Capital

	The Group and the Company			
	30 September 2021		31 March 2021	
	Number of ordinary shares '000	Amount \$'000	Number of ordinary shares '000	Amount \$'000
Beginning and end of interim period	174,436	9,522	174,436	9,522

There was no change in the issued and paid-up capital of the Company since the end of the previous period reported on.

There were no outstanding convertible instruments which may be converted to shares as at 30 September 2021, 31 March 2021 and 30 September 2020.

#### (a) Treasury shares

##### (i) Between 1 April 2020 and 30 September 2020

As at 1 April 2020, the Company held 428,800 treasury shares and the total number of ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) was 174,007,200 shares.

The Company had on 3 April 2020, 6 August 2020 and 7 August 2020 purchased an aggregate of 150,000 Shares by way of market acquisitions. After these share buy-backs and as at 30 September 2020, the Company held 578,000 treasury shares and the total number of issued Shares (excluding treasury shares) was 173,857,200 Shares.

##### (ii) Between 1 April 2021 and 30 September 2021

As at 1 April 2021, the Company held 88,800 treasury shares and the total number of ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) was 174,347,200 shares.

The Company had on 31 May 2021, 1 June 2021, 3 June 2021, 4 June 2021, 11 June 2021 and 14 June 2021 purchased an aggregate of 518,200 Shares by way of market acquisitions.

On 25 June 2021, 595,000 treasury shares ("**PSP Shares**") were transferred to certain employees of the Group pursuant to the Japan Foods Performance Share Scheme.

After these share transfers and share buy-backs and as at 30 September 2021, the Company held 12,000 treasury shares and the total number of issued Shares (excluding treasury shares) was 174,424,000 Shares.

#### (b) Subsidiary holdings

There were no subsidiary holdings as at 30 September 2021, 31 March 2021 and 30 September 2020.

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

#### 16. Related party transactions

	Group As at	
	30 September 2021	31 March 2021
	\$'000	\$'000
Sales of ingredients		
- Joint venture	43	46
Royalties fee		
- Associated companies	175	222

#### 17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### F. Other Information Required by Listing Rule Appendix 7C

**1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The condensed interim consolidated statement of financial position of Japan Foods Holding Limited and its subsidiaries as at 30 September 2021 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the auditors.

**2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

**(a) Updates on effort taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable as the Company's latest financial statements were not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

**3. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors**

As at 30 September 2021, the Group had a total of 52 restaurants in operation comprising 13 "Ajisen Ramen" restaurants, 2 "Afuri Ramen", 4 "Shitamachi Tendon Akimitsu" restaurants, 4 "Menya Musashi" restaurants, 4 "Osaka Ohsho" restaurants, , 7 "Konjiki Hototogisu" restaurants, 2 "Shoryu Ramen", 6 "Tokyo Shokudo" restaurants, 2 "Yonehachi" restaurants and 8 restaurants operating under various other brands, namely, "Curry Is Drink", "Fruit Paradise", "Café Kuriko", "Ichiro Ramen", "Kazokutei", "Kagurazaka Saryo", "Menzo Butao" and "New ManLee Bak Kut Teh" brands. As at 30 September 2021, the Group had 298,000 members under the royalty program known as JFH Rewards.

As at 30 September 2020, the Group had a total of 59 restaurants in operation comprising 16 "Ajisen Ramen" restaurants, 2 "Afuri Ramen", 2 "Shoryu Ramen" restaurants, 6 "Akimitsu" restaurants, 2 "Fruit Paradise" restaurants, 8 "Konjiki Hototogisu" restaurants, 8 "Menya Musashi" restaurants, 2 "Yonehachi" restaurants, 5 "Osaka Ohsho" restaurants, 2 "Kagurazaka Saryo" restaurants and 6 restaurants operating under various other brands, namely, "Curry is Drink, "Ichiro Ramen", "Japanese Gourmet Town", "Kazokutei", "New ManLee Bak Kut Teh" and "Menzo Butao ". As at 30 September 2020, the Group had 250,000 members under JFH Rewards.

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### F. Other Information Required by Listing Rule Appendix 7C (Cont'd)

#### Revenue

The Group's revenue increased by S\$2.7 million or 14.5% from S\$18.5 million for the financial year ended 30 September 2020 ("HY2021") to S\$21.2 million for the financial year ended 30 September 2021 ("HY2022").

The increase in the Group's revenue was a result of the following:

- (i) *net increase in revenue of S\$3.2 million from the restaurants operating under the "Tokyo Shokudo" brand*

The Group launched a Halal brand "Tokyo Shokudo" in November 2020. It generated S\$3.2 million of revenue in HY2022. There were 6 restaurants under "Tokyo Shokudo" as at 30 September 2021.

- (ii) *net decrease in revenue of S\$0.2 million from the restaurants operating under the "Ajisen Ramen" brands*

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand decreased from S\$6.5 million in HY2021 to S\$6.3 million in HY2022 due to (i) closure of outlets at Changi City Point and Plaza Singapura in January 2021 and March 2021 respectively; and (ii) conversion of a restaurant at Nex to "Shitamachi Tendon Akimitsu" brand in June 2021. The decrease was partially offset by higher revenue generated by the existing restaurants.

- (iii) *net decrease in revenue of S\$0.8 million from the restaurants operating under "Menya Musashi" brand*

The Group's revenue from restaurants operating under the "Menya Musashi" brand decreased from S\$2.6 million in HY2021 to S\$1.8 million in HY2022 due to (i) the closure of restaurants at North Point Mall in March 2021 and Chinatown Point in September 2021; (ii) conversion of a restaurant at Clementi Mall to "Ichiro Ramen" brand in September 2020; (iii) conversion of a restaurant at Tampines Mall to "Tokyo Shokudo" brand in November 2020; and (iv) conversion of a restaurant at Star Vista to "Akimitsu" brand in September 2021. The decrease was partially offset by higher net sales generated from existing restaurants.

- (iv) *net increase in revenue of S\$0.2 million from the restaurants operating under "Osaka Ohsho" brand*

The Group's revenue from restaurants operating under the "Osaka Ohsho" brand increased from S\$1.6 million in HY2021 to S\$1.8 million in HY2022 mainly attributable to higher net sales generated from existing restaurant and was partially offset by: (i) conversion of a "Osaka Ohsho" restaurant at Westgate to "Tokyo Shokudo" brand in March 2021.

- (v) *net increase in revenue of S\$0.5 million from the restaurants operating under other brands*

The Group recorded an increase in revenue from S\$8.0 million in HY2021 to S\$8.5 million in HY2022 from restaurants operating under other brands. The increase was mainly contributed by higher revenue from restaurants operating under the "Afuri Ramen", "Ichiro Ramen", "Fruit Paradise" and "Yonehachi" brands. The increase in revenue from these restaurants was partially offset by decrease in revenue due to the closure of restaurant operating under the "Japanese Gourmet Town" brand and conversion of a "Konjiki Hototogisu" brand at Causeway Point to "Tokyo Shokudo" brand in September 2021.

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### F. Other Information Required by Listing Rule Appendix 7C (Cont'd)

#### Revenue (Cont'd)

##### (vi) *impact of JFH Rewards*

The reward points known as \$J earned by members (net of expired points of approximately S\$0.2 million) under JFH Rewards amounted to S\$0.3 million in HY2022 compared to S\$0.1 million in HY2021. In accordance with the relevant accounting standard, such amount was deducted from the corresponding revenue recognised during the respective financial periods.

#### Gross profit

The Group's gross profit increased by S\$2.1 million or 13.5% from S\$15.7 million in HY2021 to S\$17.8 million in HY2022, which was generally in line with the increase in the Group's revenue. The Group gross profit margin decreased 0.7 percentage point from 84.5% in HY2021 to 83.8% in HY2022. The decrease was partly due to lower margin of some new brands and discount granted for takeaway order during the Phase 2 (Heightened Alert) ("P2HA").

#### Other income

The Group's other income decreased by S\$4.1 million or 50.2% from S\$8.2 million in HY2021 to \$4.1 million in HY2022 mainly due to lower rental concession from landlords and lower government grants, especially the Jobs Support Scheme.

#### Selling and distribution expenses

The Group's selling and distribution expenses increased by S\$0.2 million or 0.8% from S\$21.1 million in HY2021 to S\$21.3 million in HY2022 which is in line with the higher business activities during the period.

The higher selling and distribution costs were mainly due to higher manpower cost, utilities and on-line delivery expenses. The increase was partially offset by lower depreciation plant and equipment and ROU assets as there were lesser outlets operating in HY2022.

#### Administrative expenses

The Group's administrative expenses increased by S\$0.2 million or 15.1% from S\$1.4 million in HY2021 to S\$1.6 million in HY2022 mainly due to higher manpower cost incurred for the Group's higher business operations level and professional fees.

#### Lease interest expenses

Lease interest expenses decreased by S\$115,000 or 21.6% from S\$532,000 in HY2021 to S\$417,000 in HY2022 as the Group had a lower number of outlets operating during HY2022.

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### F. Other Information Required by Listing Rule Appendix 7C (Cont'd)

#### Share of results of associated companies and joint venture company

The Group recorded its share of profit of its associated companies of S\$258,000 in HY2022 as compared to share of profit of S\$35,000 in HY2021. The associated companies operating the “Menya Musashi” brand restaurants in China and “Konjiki Hototogisu” brand restaurants in Hong Kong had generated higher profits during HY2022. This profit was partially offset by the Group’s share of loss incurred at “Menya Musashi” brand restaurants in Hong Kong and Indonesia.

The “Pizzakaya” brand under the joint venture company, Dining Collective Pte Ltd, had commenced operations in December 2020. There are currently two restaurants in operation but incurring losses in HY2022 due to the impact of P2HA measures. No share of loss was captured in HY2022 as the accumulated losses have exceeded the capital contribution of S\$100,000.

#### Income tax expenses

There were no income tax expenses as the group incurred net losses in HY2022.

#### Net profit

As a result of the reasons mentioned above, the Group recorded a net loss attributable to equity holders of the Company of S\$1.6 million as compared to profit of S\$0.3 million in HY2021.

#### (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

#### Current assets

The Group’s total current assets decreased by S\$4.2 million, from S\$26.9 million as at 31 March 2021 to S\$22.7 million as at 30 September 2021. This was mainly due to decrease in cash and bank balances of S\$4.9 million and inventories of S\$0.1 million. The decrease was partially offset by the increase in other current assets of S\$0.6 million (comprising current portion of rental deposit and prepaid expenses of S\$0.4 million and S\$0.2 million respectively) and trade and other receivables of S\$0.2 million.

#### Non-current assets

The Group’s total non-current assets increased by S\$3.0 million, from S\$41.2 million as at 31 March 2021 to S\$44.2 million as at 30 September 2021.

This was mainly due to (i) the increase in net book value of right-of-use assets and plant equipment of S\$3.4 million and S\$0.3 million respectively arising from leasing of premises and capex for new outlets, loan to a joint venture company of S\$0.2 million and share of profit from associated companies of S\$0.2 million. The increase is partially offset by the decrease of long-term security deposits of S\$1.1 million.

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### F. Other Information Required by Listing Rule Appendix 7C (Cont'd)

#### Current liabilities

The Group's total current liabilities decreased by S\$0.6 million, from S\$22.7 million as at 31 March 2021 to S\$22.1 million as at 30 September 2021, mainly due to lower current portion of lease liabilities of S\$0.9 million and current income tax liabilities of S\$0.3 million. The decrease is partially offset by the increase in trade and other payables and accruals of S\$0.6 million.

#### Non-current liabilities

The Group's total non-current liabilities increased by S\$4.0 million, from S\$12.1 million as at 31 March 2021 to S\$16.1 million as at 30 September 2021 due to the increase in long-term portion of lease liabilities.

#### Shareholders' equity

The Group's shareholders' equity decreased by S\$4.7 million, from S\$33.4 million as at 31 March 2021 to S\$28.7 million as at 30 September 2021. The decrease was mainly due to the distribution of final dividend in respect of FY2021, the purchase of treasury shares amounting to S\$0.2 million in aggregate and net loss recorded by the Group in HY2022 of S\$1.6 million. The decrease is partially offset by the transfer of treasury shares to the Group's employees pursuant to the Japan Foods Performance Share Plan (as announced on 25 June 2021) amounting to S\$0.2 million in HY2022.

#### Review of cash flow statement

The Group's net cash generated from operating activities in HY2022 was S\$8.5 million. This was mainly due to operating profit after working capital changes of S\$8.7 million, offset by the payment of income tax of S\$0.2 million.

The Group's net cash used in investing activities in HY2022 was S\$1.9 million arising from addition of plant and equipment of S\$1.7 million and additional loan of S\$0.2 million to a joint venture company.

The Group's net cash used in financing activities in HY2022 was S\$11.7 million due to the dividend payment of S\$3.1 million, repayment of lease liabilities of S\$7.7 million, interest on leases of S\$0.4 million, increase of short-term deposit pledged of S\$0.3 million and purchase of treasury shares of S\$0.2 million.

#### **4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There was no forecast or prospect statement in relation to the Group's results previously disclosed to shareholders.

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### F. Other Information Required by Listing Rule Appendix 7C (Cont'd)

**5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The operating environment for the food and beverage industry in Singapore has been difficult due to the challenges arising from the ongoing Covid-19 pandemic. On top of intense competition, the industry faces a manpower crunch and escalating raw material prices due to tighter border controls and supply chain disruptions. All these had contributed to rising business costs and an uncertain business outlook in the short run.

Since early May 2021, Singapore had reported increasing daily cases of community infection. This prompted the government to tighten the safe distancing measures and to increase restrictions on social activities until 21 November 2021. We expect that our restaurant operations to be affected as long as measures to restrict social gatherings are in place.

With revenue remaining below the pre-Covid level, the tapering of government grants, lower rental concessions and difficult manpower situation, the operating environment of the food and beverage industry in Singapore is expected to remain challenging in the next 12 months.

Despite the difficulties, the Group is committed to intensify its efforts to control costs and reinvigorate its restaurant portfolio, albeit with prudence. The Group believes that its operational track record and healthy balance sheet will enable it to ride through this challenging period.

Encouraged by the positive response since our first Halal concept restaurant "Tokyo Shokudo" commenced operation at Tampines Mall in November 2020, the Group has expanded to 6 "Tokyo Shokudo" restaurants as at 30 September 2021.

The Company and Minor Food Group (Singapore) Pte. Ltd. had established a joint venture to conduct the business of franchising and operating existing restaurant brands owned by the Company and MS in Japan, Thailand and China. However, the Covid-19 pandemic disrupted the progress of store openings in Japan and commencement of business is expected to be delayed until further notice. However, the parties have jointly established a new concept "Pizzakaya" and are currently operating two "Pizzakaya" restaurants. Although the initial response was encouraging, the restaurants were also affected by prevailing restrictions during the period under review.

As at 30 September 2021, the Group's associated companies operate 7 restaurants in Hong Kong, 12 restaurants in China and 1 restaurant in Indonesia under the "Menya Musashi" brand. The Group's associated company also operates 4 restaurants under the "Konjiki Hototogisu" brand in Hong Kong.



# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### F. Other Information Required by Listing Rule Appendix 7C (Cont'd)

#### 6. Dividend

##### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

In view of our Group's performance for HY2022, the board has declared a lower dividend per share.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	0.50 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

##### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	0.75 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

##### (c) Date payable

The proposed dividend payable date shall be announced later.

##### (d) Record date

The record date shall be announced later

# **JAPAN FOODS HOLDING LTD**

## **JAPAN FOODS HOLDING LTD.**

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### **F. Other Information Required by Listing Rule Appendix 7C (Cont'd)**

**7. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**8. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no general mandate has been obtained, a statement to that effect**

During HY2022, the Company did not have any interested person transaction of an amount of S\$100,000 and above. The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

**9. If the group has not acquired or sales of shares in subsidiaries and/or associated companies under pursuant to Rule 706(A), a statement to that effect.**

There is no acquisition or sales of shares in subsidiaries and/or associated companies for the half year ended 30 September 2021.

**10. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the SGX Listing Manual.

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(UEN.: 200722314M)

### F. Other Information Required by Listing Rule Appendix 7C (Cont'd)

#### 11. Negative confirmation pursuant to Rule 705(5)

We, Takahashi Kenichi and Eugene Wong Hin Sun, being directors of the Company (“**Directors**”), hereby confirm on behalf of the board of Directors that, to the best of the Directors’ knowledge, nothing has come to the attention of the board of Directors which may render the unaudited consolidated financial statements of the Group for the half year ended 30 September 2021 to be false or misleading in any material aspect.

On behalf of the board of Directors

Takahashi Kenichi  
Executive Chairman and CEO

Eugene Wong Hin Sun  
Non-Executive Vice Chairman

#### BY ORDER OF THE BOARD

Takahashi Kenichi  
Executive Chairman and CEO

3 November 2021

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*This announcement has been prepared by Japan Foods Holding Ltd. (the “Company”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.*

*The contact person for the Sponsor is Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.*