



JAPFA LTD  
AND ITS SUBSIDIARIES

(Registration Number: 200819599W)

SGXNET ANNOUNCEMENT  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS AND FULL YEAR ENDED  
31 DECEMBER 2022

# JAPFA LTD.

(Registration Number: 200819599W)

## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

|   | Note | 6 months ended<br>31 December<br>2022<br>US\$'000 | 6 months ended<br>31 December<br>2021<br>US\$'000 | Change<br>% | 12 months ended<br>31 December<br>2022<br>US\$'000 | 12 months ended<br>31 December<br>2021<br>US\$'000 | Change<br>% |
|---|------|---|---|-------------|--|--|-------------|
| <b>Continuing Operations*</b>   |      |   |   |             |  |  |             |
| Revenue   | 4    | 2,150,447   | 2,082,320   | 3%          | 4,363,800  | 4,091,782  | 7%          |
| Cost of sales   |      | (1,930,064)                                       | (1,890,509)                                       | 2%          | (3,806,281)  | (3,459,670)  | 10%         |
| <b>Gross profit</b>   |      | <b>220,383</b>                                    | <b>191,811</b>                                    | <b>15%</b>  | <b>557,519</b>                                     | <b>632,112</b>                                     | <b>-12%</b> |
| Marketing and distribution costs  |      | (68,975)  | (63,980)  | 8%          | (141,452)  | (130,382)  | 8%          |
| Administrative expenses   |      | (124,490)   | (126,653)   | -2%         | (260,545)  | (282,947)  | -8%         |
| <b>Operating profit</b>   |      | <b>26,918</b>                                     | <b>1,178</b>                                      | <b>n/m</b>  | <b>155,522</b>                                     | <b>218,783</b>                                     | <b>-29%</b> |
| Interest income   |      | 2,233   | 1,670   | 34%         | 3,765  | 4,310  | -13%        |
| Finance costs   |      | (46,555)  | (36,006)  | 29%         | (87,059)   | (76,526)   | 14%         |
| Other (loss)/gain   |      | (4,509)   | 28,242  | n/m         | (2,677)  | 23,502   | n/m         |
| Foreign exchange adjustments gain/(loss)  |      | 483   | 2,073   | -77%        | (1,385)  | (8,328)  | -83%        |
| Changes in fair value of biological assets  |      | (182)   | 439   | -n/m        | (4,736)  | (2,894)  | 64%         |
| Share of results of associate and joint ventures                                      |      | (1,036)   | 901   | n/m         | (193)  | 975  | n/m         |
| <b>(Loss)/Profit before tax from Continuing Operations</b>                            | 5    | <b>(22,648)</b>                                   | <b>(1,503)</b>                                    | <b>n/m</b>  | <b>63,237</b>                                      | <b>159,822</b>                                     | <b>-60%</b> |
| Tax expense   | 6    | (3,836)   | (9,012)   | -57%        | (24,986)   | (51,675)   | -52%        |
| <b>(Loss)/Profit for the year from Continuing Operations, net of tax</b>              |      | <b>(26,484)</b>                                   | <b>(10,515)</b>                                   | <b>152%</b> | <b>38,251</b>                                      | <b>108,147</b>                                     | <b>-65%</b> |
| <b>Discontinued Operations**</b>  |      |   |   |             |  |  |             |
| (Loss)/Profit after tax from Discontinued Operations                                  | 8    | (6,185)   | 31,691  | n/m         | 23,394   | 104,571  | -78%        |
| <b>(Loss)/Profit for the year, net of tax</b>   |      | <b>(32,669)</b>                                   | <b>21,176</b>                                     | <b>n/m</b>  | <b>61,645</b>                                      | <b>212,718</b>                                     | <b>-71%</b> |
| (Loss)/Profit for the year attributable to owners of the parent, net of tax ("PATMI") |      | (35,856)  | 321   | n/m         | 8,156  | 118,833  | -93%        |
| Profit for the year attributable to non-controlling interests, net of tax             |      | 3,187   | 20,855  | -85%        | 53,489   | 93,885   | -43%        |
| <b>(Loss)/Profit, net of tax</b>  |      | <b>(32,669)</b>                                   | <b>21,176</b>                                     | <b>n/m</b>  | <b>61,645</b>                                      | <b>212,718</b>                                     | <b>-71%</b> |

\* Continuing Operations above do not include AAG.

\*\* On 30 December 2022, being the listing date of AustAsia Group Ltd ("AAG"), the Company distributed ("DIS") its AAG shares to its shareholders and AAG ceased to be a subsidiary of the Group. Accordingly, the "discontinued operations" accounting principle has been applied as at 31 December 2022, where AAG's profit after tax for FY2022 was recorded as a separate line item "(loss)/profit after tax from Discontinued Operations", which is included in the Group's PAT, PATMI and Core PATMI w/o Forex. FY2021 comparatives have been adjusted accordingly.

### Additional information:

Management believes that Core PATMI w/o forex and EBITDA are important measures of performance, although these are not standard measures under SFRS(I).

|                      |                 |               |     |               |                |      |
|----------------------|-----------------|---------------|-----|---------------|----------------|------|
| Core PATMI w/o forex | <u>(19,005)</u> | <u>15,377</u> | n/m | <u>34,580</u> | <u>132,689</u> | -74% |
|----------------------|-----------------|---------------|-----|---------------|----------------|------|

We derived Core PATMI from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding a) changes in fair value of biological assets (net of tax), other than gains/(losses) from the sale of beef in China, b) changes in fair value of derivatives, and c) extraordinary items, attributable to the owners of the parent.

Core PATMI w/o forex is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. We have not made an estimate of the tax impact on foreign exchange gains/losses.

|        |               |               |      |                |                |      |
|--------|---------------|---------------|------|----------------|----------------|------|
| EBITDA | <u>78,089</u> | <u>99,125</u> | -21% | <u>268,950</u> | <u>374,013</u> | -28% |
|--------|---------------|---------------|------|----------------|----------------|------|

We define EBITDA as profit before tax, excluding interest income, finance costs, depreciation and amortisation expenses. We also exclude a) foreign exchange adjustments gains/(losses), b) changes in fair value of derivatives relating to foreign exchange hedging, and c) fair value of biological assets.

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## A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

| Note   | 6 months ended<br>31 December<br>2022<br>US\$'000 | 6 months ended<br>31 December<br>2021<br>US\$'000 | Change<br>% | 12 months ended<br>31 December<br>2022<br>US\$'000 | 12 months ended<br>31 December<br>2021<br>US\$'000 | Change<br>% |
|--|---|---|-------------|--|--|-------------|
|  | (32,669)  | 21,176  | n/m         | 61,645   | 212,718  | -71%        |
| <b>Continuing Operations</b>   |   |   |             |  |  |             |
| <b>Other comprehensive (loss)/income:</b>  |   |   |             |  |  |             |
| <b>Items that will not be reclassified to profit or loss:</b>                                    |   |   |             |  |  |             |
| Net gain on equity instruments<br>designated at fair value through other<br>comprehensive income | -   | 840   | n/m         | -  | 840  | n/m         |
| Remeasurement of the<br>net defined benefits plan, net of tax                                    | 1,570   | 7,314   | -79%        | 5,547  | 7,314  | -24%        |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                            |   |   |             |  |  |             |
| Exchange differences on translating<br>foreign operations, net of tax                            | (56,559)  | 9,058   | n/m         | (97,127)   | (18,324)   | n/m         |
| Share of other comprehensive loss of<br>associate and joint ventures                             | (693)   | (217)   | 219%        | (1,549)  | (301)  | 415%        |
| Cash flow hedges   | (13,307)  | 1,120   | n/m         | (20,810)   | (2,768)  | 652%        |
|  | <u>(68,989)</u>                                   | <u>18,115</u>                                     | n/m         | <u>(113,939)</u>                                   | <u>(13,239)</u>                                    | 761%        |
| <b>Discontinued Operations</b>   |   |   |             |  |  |             |
| <b>Other comprehensive (loss)/income:</b>  |   |   |             |  |  |             |
| <b>Items that will not be reclassified to profit or loss:</b>                                    |   |   |             |  |  |             |
| Net gain on equity instruments<br>designated at fair value through other<br>comprehensive income | 406   | (417)   | n/m         | 406  | (417)  | n/m         |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                            |   |   |             |  |  |             |
| Exchange differences on translating<br>foreign operations, net of tax                            | (28,655)  | 10,553  | n/m         | (70,894)   | 17,239   | n/m         |
|  | <u>(28,249)</u>                                   | <u>10,136</u>                                     | n/m         | <u>(70,488)</u>                                    | <u>16,822</u>                                      | n/m         |
| <b>Other comprehensive (loss)/income<br/>for the year, net of tax</b>                            | <u>(97,238)</u>                                   | <u>28,251</u>                                     | n/m         | <u>(184,427)</u>                                   | <u>3,583</u>                                       | n/m         |
| <b>Total comprehensive (loss)/income</b>   | <u><u>(129,907)</u></u>                           | <u><u>49,427</u></u>                              | n/m         | <u><u>(122,782)</u></u>                            | <u><u>216,301</u></u>                              | n/m         |
| Total comprehensive (loss)/income, net of<br>tax attributable to:                                |   |   |             |  |  |             |
| - Owners of parent   | (97,105)  | 14,986  | n/m         | (108,027)  | 118,779  | n/m         |
| - Non-controlling interests  | (32,802)  | 34,441  | n/m         | (14,755)   | 97,522   | n/m         |
| Total comprehensive (loss)/income  | <u>(129,907)</u>                                  | <u>49,427</u>                                     | n/m         | <u>(122,782)</u>                                   | <u>216,301</u>                                     | n/m         |
| Basic and diluted earnings<br>per share (cents)  | 10 <u>(1.75)</u>                                  | <u>0.02</u>                                       | n/m         | <u>0.40</u>  | <u>5.82</u>  | -93%        |

n/m : not meaningful

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## B. Condensed interim statements of financial position

|  | Note | Group                           |                                 | Company                         |                                 |
|--|------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  |      | As at<br>31/12/2022<br>US\$'000 | As at<br>31/12/2021<br>US\$'000 | As at<br>31/12/2022<br>US\$'000 | As at<br>31/12/2021<br>US\$'000 |
| <b>ASSETS</b>                                      |      |                                 |                                 |                                 |                                 |
| <b><u>Non-current assets</u></b>                   |      |                                 |                                 |                                 |                                 |
| Property, plant and equipment                      | 11   | 968,094                         | 1,341,657                       | 78                              | 99                              |
| Right-of-use assets                                |      | 205,135                         | 336,911                         | 494                             | 988                             |
| Investment properties                              |      | 23,047                          | 25,874                          | -                               | -                               |
| Intangible assets                                  |      | 12,698                          | 14,543                          | -                               | -                               |
| Investment in subsidiaries                         |      | -                               | -                               | 388,090                         | 908,735                         |
| Investments in associate and joint ventures        |      | 35,664                          | 34,368                          | 28,000                          | 28,000                          |
| Biological assets                                  | 12   | 40,845                          | 511,998                         | -                               | -                               |
| Deferred tax assets                                |      | 58,613                          | 36,412                          | -                               | -                               |
| Real estate assets                                 |      | 62,481                          | 69,158                          | -                               | -                               |
| Other receivables                                  |      | 965                             | 12,994                          | -                               | -                               |
| Other financial assets                             |      | 15,408                          | 18,252                          | -                               | -                               |
| Other assets                                       |      | 37,824                          | 43,623                          | -                               | -                               |
| <b>Total non-current assets</b>                    |      | <b>1,460,774</b>                | <b>2,445,790</b>                | <b>416,662</b>                  | <b>937,822</b>                  |
| <b><u>Current assets</u></b>                       |      |                                 |                                 |                                 |                                 |
| Inventories  | 13   | 948,923                         | 1,120,839                       | -                               | -                               |
| Biological assets                                  | 12   | 136,979                         | 108,839                         | -                               | -                               |
| Trade and other receivables                        |      | 190,807                         | 231,905                         | 27,934                          | 40,872                          |
| Other financial assets                             |      | 12,219                          | 2,552                           | 12,034                          | 2,404                           |
| Other assets                                       |      | 37,460                          | 71,722                          | 919                             | 2,627                           |
| Cash at banks                                      |      | 280,695                         | 320,566                         | 76,816                          | 137,860                         |
| <b>Total current assets</b>                        |      | <b>1,607,083</b>                | <b>1,856,423</b>                | <b>117,703</b>                  | <b>183,763</b>                  |
| <b>Total assets</b>                                |      | <b>3,067,857</b>                | <b>4,302,213</b>                | <b>534,365</b>                  | <b>1,121,585</b>                |
| <b>EQUITY AND LIABILITIES</b>                      |      |                                 |                                 |                                 |                                 |
| <b><u>Equity</u></b>                               |      |                                 |                                 |                                 |                                 |
| Share capital                                      | 14   | 478,898                         | 1,059,882                       | 478,898                         | 1,059,882                       |
| Treasury shares                                    | 14   | (13,724)                        | (14,125)                        | (13,724)                        | (14,125)                        |
| Retained earnings                                  |      | 607,736                         | 709,272                         | 81,978                          | 84,116                          |
| Other reserves                                     |      | (9,297)                         | (157,676)                       | (18,293)                        | (16,082)                        |
| Translation reserve                                |      | (248,664)                       | (170,381)                       | -                               | -                               |
| <b>Equity attributable to owners of the parent</b> |      | <b>814,949</b>                  | <b>1,426,972</b>                | <b>528,859</b>                  | <b>1,113,791</b>                |
| Non-controlling interests                          |      | 400,317                         | 719,480                         | -                               | -                               |
| <b>Total equity</b>                                |      | <b>1,215,266</b>                | <b>2,146,452</b>                | <b>528,859</b>                  | <b>1,113,791</b>                |
| <b><u>Non-current liabilities</u></b>              |      |                                 |                                 |                                 |                                 |
| Defined benefit plan liabilities                   | 15   | 75,209                          | 88,643                          | -                               | -                               |
| Deferred tax liabilities                           |      | 4,226                           | 5,987                           | -                               | -                               |
| Other payables                                     |      | 423                             | 15,609                          | -                               | 320                             |
| Loans and borrowings                               | 16   | 616,985                         | 735,109                         | -                               | -                               |
| Lease liabilities                                  | 16   | 148,096                         | 263,260                         | 29                              | 529                             |
| Other financial liabilities                        |      | -                               | 1,249                           | -                               | -                               |
| Other liabilities                                  |      | 807                             | 4,353                           | -                               | -                               |
| <b>Total non-current liabilities</b>               |      | <b>845,746</b>                  | <b>1,114,210</b>                | <b>29</b>                       | <b>849</b>                      |
| <b><u>Current liabilities</u></b>                  |      |                                 |                                 |                                 |                                 |
| Income tax payable                                 |      | 16,930                          | 22,537                          | 534                             | 192                             |
| Trade and other payables                           |      | 299,596                         | 403,143                         | 4,440                           | 6,270                           |
| Loans and borrowings                               | 16   | 657,587                         | 573,787                         | -                               | -                               |
| Lease liabilities                                  | 16   | 20,542                          | 24,390                          | 503                             | 483                             |
| Other financial liabilities                        |      | 274                             | 152                             | -                               | -                               |
| Other liabilities                                  |      | 11,916                          | 17,542                          | -                               | -                               |
| <b>Total current liabilities</b>                   |      | <b>1,006,845</b>                | <b>1,041,551</b>                | <b>5,477</b>                    | <b>6,945</b>                    |
| <b>Total liabilities</b>                           |      | <b>1,852,591</b>                | <b>2,155,761</b>                | <b>5,506</b>                    | <b>7,794</b>                    |
| <b>Total equity and liabilities</b>                |      | <b>3,067,857</b>                | <b>4,302,213</b>                | <b>534,365</b>                  | <b>1,121,585</b>                |

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## C. Condensed interim statements of changes in equity

| Group   | Total equity<br>US\$'000 | Attributable to parent<br>sub-total<br>US\$'000 | Share capital<br>US\$'000 | Treasury shares<br>US\$'000 | Retained earnings<br>US\$'000 | Other reserves<br>US\$'000 | Translation reserve<br>US\$'000 | Non-controlling interests<br>US\$'000 |
|---|--------------------------|---|---------------------------|-----------------------------|-------------------------------|----------------------------|---------------------------------|---------------------------------------|
| Balance at 1 January 2022   | 2,146,452                | 1,426,972                                       | 1,059,882                 | (14,125)                    | 709,272                       | (157,676)                  | (170,381)                       | 719,480                               |
| Movements in equity:  |                          |   |                           |                             |                               |                            |                                 |                                       |
| Total comprehensive income for the year                                     | (122,782)                | (108,027)                                       | -                         | -                           | 11,176                        | (10,906)                   | (108,297)                       | (14,755)                              |
| Capital reduction   | -                        | -   | (580,984)                 | -                           | 580,984                       | -                          | -                               | -                                     |
| Distribution of shares in AAG to equity holders of the Company              | (767,822)                | (485,855)                                       | -                         | -                           | (671,750)                     | 155,881                    | 30,014                          | (281,967)                             |
| Purchase of treasury shares by the company                                  | (2,666)                  | (2,666)   | -                         | (2,666)                     | -                             | -                          | -                               | -                                     |
| Acquisition of non-controlling interests without change of control          | (5,781)                  | (2,384)   | -                         | -                           | -                             | (2,384)                    | -                               | (3,397)                               |
| Transfer of share-based payment reserve to liability                        | (217)                    | (217)   | -                         | -                           | -                             | (217)                      | -                               | -                                     |
| Reissued treasury shares by the company pursuant to performance share plan  | -                        | -   | -                         | 3,067                       | -                             | (3,067)                    | -                               | -                                     |
| Value of employee services received of performance share plan               | 13,872                   | 9,072   | -                         | -                           | -                             | 9,072                      | -                               | 4,800                                 |
| Dividend paid to equity holders of the company                              | (21,946)                 | (21,946)  | -                         | -                           | (21,946)                      | -                          | -                               | -                                     |
| Dividend paid by subsidiary to non-controlling interests                    | (23,844)                 | -   | -                         | -                           | -                             | -                          | -                               | (23,844)                              |
| Balance at 31 December 2022   | 1,215,266                | 814,949   | 478,898                   | (13,724)                    | 607,736                       | (9,297)                    | (248,664)                       | 400,317                               |
| Balance at 1 January 2021   | 1,962,023                | 1,419,708                                       | 1,059,882                 | (22,886)                    | 770,228                       | (219,850)                  | (167,666)                       | 542,315                               |
| Movements in Equity:  |                          |   |                           |                             |                               |                            |                                 |                                       |
| Total comprehensive income for the year                                     | 216,301                  | 118,779   | -                         | -                           | 122,793                       | (1,299)                    | (2,715)                         | 97,522                                |
| Purchase of treasury shares by the company                                  | (2,950)                  | (2,950)   | -                         | (2,950)                     | -                             | -                          | -                               | -                                     |
| Purchase of treasury shares by subsidiary                                   | (5,239)                  | -   | -                         | -                           | -                             | -                          | -                               | (5,239)                               |
| Reserve arising from disposal of subsidiary without loss of control         | 146,000                  | 49,455  | -                         | -                           | -                             | 49,455                     | -                               | 96,545                                |
| Acquisition of non-controlling interests without change of control          | (8,105)                  | (4,232)   | -                         | -                           | -                             | (4,232)                    | -                               | (3,873)                               |
| Transfer of share-based payment reserve to liability                        | (1,199)                  | (1,199)   | -                         | -                           | -                             | (1,199)                    | -                               | -                                     |
| Reissued treasury shares by the company pursuant to performance share plan  | -                        | -   | -                         | 11,711                      | -                             | (11,711)                   | -                               | -                                     |
| Value of employee services received of performance share plan               | 18,590                   | 13,823  | -                         | -                           | -                             | 13,823                     | -                               | 4,767                                 |
| Difference arising from transaction with non-controlling interests          | (145)                    | (145)   | -                         | -                           | -                             | (145)                      | -                               | -                                     |
| Issued of new shares to non-controlling interests without change of control | 3,409                    | -   | -                         | -                           | -                             | -                          | -                               | 3,409                                 |
| Dividend paid to equity holders of the company                              | (166,180)                | (166,180)                                       | -                         | -                           | (166,180)                     | -                          | -                               | -                                     |
| Dividend paid by subsidiary to non-controlling interests                    | (15,966)                 | -   | -                         | -                           | -                             | -                          | -                               | (15,966)                              |
| Transfer of cash flow hedge reserve to income statement                     | (87)                     | (87)  | -                         | -                           | -                             | (87)                       | -                               | -                                     |
| Transfer to statutory reserve   | -                        | -   | -                         | -                           | (17,569)                      | 17,569                     | -                               | -                                     |
| Balance at 31 December 2021   | 2,146,452                | 1,426,972                                       | 1,059,882                 | (14,125)                    | 709,272                       | (157,676)                  | (170,381)                       | 719,480                               |

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## C. Condensed interim statements of changes in equity (cont'd)

| Company  | Total equity<br>US\$'000 | Share capital<br>US\$'000 | Treasury shares<br>US\$'000 | Retained earnings<br>US\$'000 | Other reserves<br>US\$'000 |
|--|--------------------------|---------------------------|-----------------------------|-------------------------------|----------------------------|
| Balance at 1 January 2022                                      | 1,113,791                | 1,059,882                 | (14,125)                    | 84,116                        | (16,082)                   |
| Movements in equity:   |                          |                           |                             |                               |                            |
| Total comprehensive income for the year                        | 10,178                   | -                         | -                           | 10,178                        | -                          |
| Capital reduction  | -                        | (580,984)                 | -                           | 580,984                       | -                          |
| Distribution of shares in AAG to equity holders of the company | (571,354)                | -                         | -                           | (571,354)                     | -                          |
| Purchase of treasury shares                                    | (2,666)                  | -                         | (2,666)                     | -                             | -                          |
| Reissued treasury shares pursuant to performance share plan    | -                        | -                         | 3,067                       | -                             | (3,067)                    |
| Value of employee services received of performance share plan  | 856                      | -                         | -                           | -                             | 856                        |
| Dividend paid to equity holders of the company                 | (21,946)                 | -                         | -                           | (21,946)                      | -                          |
| Balance at 31 December 2022                                    | 528,859                  | 478,898                   | (13,724)                    | 81,978                        | (18,293)                   |
| Balance at 1 January 2021                                      | 1,238,921                | 1,059,882                 | (22,886)                    | 210,977                       | (9,052)                    |
| Movements in equity:   |                          |                           |                             |                               |                            |
| Total comprehensive income for the year                        | 39,319                   | -                         | -                           | 39,319                        | -                          |
| Purchase of treasury shares                                    | (2,950)                  | -                         | (2,950)                     | -                             | -                          |
| Reissued treasury shares pursuant to performance share plan    | -                        | -                         | 11,711                      | -                             | (11,711)                   |
| Value of employee services received of performance share plan  | 4,681                    | -                         | -                           | -                             | 4,681                      |
| Dividend paid to equity holders of the company                 | (166,180)                | -                         | -                           | (166,180)                     | -                          |
| Balance at 31 December 2021                                    | 1,113,791                | 1,059,882                 | (14,125)                    | 84,116                        | (16,082)                   |

# JAPFA LTD.

(Registration Number: 200819599W)

## D. Condensed interim consolidated statement of cash flows

|  | 12 months ended<br>31 December 2022<br>US\$'000 | 12 months ended<br>31 December 2021<br>US\$'000<br>Restated |
|--|---|---|
| <b>Cash flows from operating activities</b>                            |   |   |
| Profit before tax from Continuing Operations                           | 63,237  | 159,822   |
| Profit before tax from Discontinued Operations                         | 25,443  | 107,005   |
| Profit before tax  | 88,680  | 266,827   |
| Adjustment for:  |   |   |
| Amortisation of intangible assets                                      |   |   |
| - Continuing Operations  | 1,096   | 1,150   |
| - Discontinued Operations  | 351   | 337   |
| Amortisation of bonds issuance cost                                    | 1,969   | 3,891   |
| Depreciation of property, plant and equipment                          |   |   |
| - Continuing Operations  | 85,161  | 105,716   |
| - Discontinued Operations  | 21,528  | 18,694  |
| Amortisation of right-of-use assets                                    |   |   |
| - Continuing Operations  | 29,491  | 27,125  |
| - Discontinued Operations  | 3,294   | 2,827   |
| Write-off of property, plant and equipment                             | 1,440   | 785   |
| Depreciation of investment properties                                  | 725   | 403   |
| Effect of lease liabilities remeasurement                              | 1,980   | 939   |
| Fair value gain on derivative financial instruments                    |   |   |
| - Continuing Operations  | (175)   | (3,640)   |
| - Discontinued Operations  | -   | (3,995)   |
| Fair value changes on other financial assets                           | (3)   | 23  |
| Negative goodwill arising from acquisition of subsidiary               | (2)   | (7,163)   |
| Fair value loss/(gain) on biological assets                            |   |   |
| - Continuing Operations  | 4,736   | 2,893   |
| - Discontinued Operations  | 19,614  | (8,275)   |
| (Gain)/Loss on disposal of property, plant and equipment               |   |   |
| - Continuing Operations  | (558)   | (625)   |
| - Discontinued Operations  | 2,759   | 834   |
| Gain on buy back bonds   | (364)   | -   |
| Gain on disposal of investment property                                | -   | (63)  |
| Expenses arising from increase in defined benefit plan liabilities     | 6,868   | 10,738  |
| Interest income  |   |   |
| - Continuing Operations  | (3,765)   | (4,310)   |
| - Discontinued Operations  | (488)   | (611)   |
| Interest expense on loans and borrowings                               |   |   |
| - Continuing Operations  | 72,258  | 66,061  |
| - Discontinued Operations  | 21,841  | 15,534  |
| Interest expense on leases   |   |   |
| - Continuing Operations  | 14,801  | 10,465  |
| - Discontinued Operations  | 10,686  | 6,101   |
| Allowance for impairment on trade and other receivables                |   |   |
| - Continuing Operations  | 3,061   | 1,727   |
| - Discontinued Operations  | 32  | 4,900   |
| Value of employee services received pursuant to performance share plan | 13,871  | 20,298  |
| Share of gain from associate and joint ventures                        | 193   | (975)   |
| Net effect of exchange rate changes                                    | (82,278)  | 4,049   |
| Operating cash flows before changes in working capital                 | 318,802   | 542,660   |

# JAPFA LTD.

(Registration Number: 200819599W)

## D. Condensed interim consolidated statement of cash flows (cont'd)

|   | 12 months ended<br>31 December 2022<br>US\$'000 | 12 months ended<br>31 December 2021<br>US\$'000<br>Restated |
|---|---|---|
| <b>Cash flows from operating activities (cont'd)</b>  |   |   |
| Operating cash flows before changes in working capital  | 318,802   | 542,660   |
| Inventories   | (74,441)  | (322,516)   |
| Biological assets   | (67,743)  | 1,115   |
| Trade and other receivables   | (12,579)  | 199,764   |
| Other assets  | (8,748)   | 10,110  |
| Trade and other payables  | 135,433   | 49,361  |
| Defined benefit plan liabilities  | (5,150)   | (34,237)  |
| Other liabilities   | (3,176)   | 6,262   |
| Net cash flows from operations  | <u>282,398</u>                                  | <u>452,519</u>  |
| Income taxes paid   | (48,907)  | (65,191)  |
| Interest expense paid   | (94,099)  | (81,595)  |
| Interest paid on lease liabilities  | (25,487)  | (16,566)  |
| Cash settlement of share appreciation plan  | -   | (1,832)   |
| Net cash flows from operating activities  | <u>113,905</u>                                  | <u>287,335</u>  |
| <b>Cash flows used in investing activities</b>  |   |   |
| Acquisition of subsidiaries, net of cash inflow/(outflow)   | 82  | (115,500)   |
| Purchase of property, plant and equipment   | (332,509)                                       | (215,608)   |
| Purchase of Investment Properties   | (195)   | (21,404)  |
| Proceeds from disposal of property, plant and equipment   | 1,102   | 3,002   |
| Proceeds from disposal of investment properties   | 9   | 203   |
| Additions in real estate assets   | (638)   | (1,042)   |
| Addition to investment in joint venture   | (3,814)   | -   |
| Proceeds from disposal of subsidiary without loss of control  | -   | 146,000   |
| Net proceeds from issuance of shares to NCI by subsidiary   | -   | 3,409   |
| Purchase of biological assets   | (32,187)  | (50,607)  |
| Purchase consideration paid for acquisition of non-controlling interests<br>without change of control | (5,781)   | (8,105)   |
| Net cash outflow on distribution of shares in AAG to equity holders of the<br>Company                 | (35,145)  | -   |
| Purchase of intangible assets   | (1,353)   | (1,940)   |
| Purchase of financial assets  | (32)  | (73)  |
| Dividend income from joint ventures   | 148   | -   |
| Interest income received  | 4,253   | 4,921   |
| Net cash flows used in investing activities   | <u>(406,060)</u>                                | <u>(256,744)</u>  |
| <b>Cash flows from financing activities</b>   |   |   |
| Dividends paid by subsidiary to non-controlling interests   | (23,844)  | (15,966)  |
| Dividends paid to equity holders of the company   | (21,946)  | (166,180)   |
| Payment of principal portion of lease liabilities   | (37,839)  | (50,709)  |
| Proceeds from bank loans  | 125,638   | 146,416   |
| Increase in cash restricted in use  | 2,115   | 400   |
| Purchase of treasury shares by the company  | (2,666)   | (2,950)   |
| Purchase of treasury shares by subsidiary   | -   | (5,239)   |
| Buy back of bonds payable   | (1,579)   | -   |
| Repayment of bonds payable  | (63,569)  | (263,999)   |
| Proceeds from issue of bonds  | -   | 342,803   |
| Proceeds from working capital loans   | 284,863   | 82,117  |
| Net cash flows from financing activities  | <u>261,173</u>                                  | <u>66,693</u>   |



# JAPFA LTD.

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## D. Condensed interim consolidated statement of cash flows (cont'd)

|   | <b>12 months ended<br/>31 December 2022<br/>US\$'000</b> | <b>12 months ended<br/>31 December 2021<br/>US\$'000<br/>Restated</b> |
|---|--|---|
| <b>Net (decrease)/increase in cash and cash equivalents</b>               | (30,982)   | 97,284  |
| Effect of exchange rate changes on cash and cash equivalents              | (6,774)  | (1,004)   |
| Cash and cash equivalents, statement of cash flows, beginning balance     | <u>318,137</u>   | <u>221,857</u>  |
| <b>Cash and cash equivalents, statement of cash flows, ending balance</b> | <u>280,381</u>   | <u>318,137</u>  |

Notes:

(i) For the purpose of the Consolidated Statement of Cash Flows, the Consolidated Cash and Cash Equivalents comprise the following:

|  | <b>12 months ended<br/>31 December 2022<br/>US\$'000</b> | <b>12 months ended<br/>31 December 2021<br/>US\$'000</b> |
|--|--|--|
| Cash and bank balances   | 280,695  | 320,566  |
| Less: bank deposit pledged   | (314)  | (2,429)  |
| Cash and cash equivalents per consolidated statement of cash flows | <u>280,381</u>   | <u>318,137</u>   |

# JAPFA LTD.

(Registration Number: 200819599W)

## *E. Notes to the condensed interim consolidated financial statements*

### **1. Corporate information**

Japfa Ltd (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are that of group head office, and business development and branding.

The principal activities of the Group are production of multiple high-quality animal proteins, including poultry, swine, beef and aquaculture as well as high-quality animal feed.

### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. 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 interim financial statements for the period ended 30 June 2022. 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 United States Dollars (“US\$” or “USD”) and all values in the tables are rounded to the nearest thousand (“US\$’000”), except when otherwise indicated.

#### **2.1 Changes in accounting policies**

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 December 2022.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 12 – determination of fair value of biological assets using significant unobservable inputs
- Note 15 – the defined benefit plan liabilities involved a number of significant assumptions in determining the valuation of ultimate liability

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## *E. Notes to the condensed interim consolidated financial statements (cont'd)*

### **3. Agri-business cyclicality**

The Group's revenue and profitability are directly impacted by cyclicality in the agri-business, which in turn is dependent on a variety of external factors beyond the Group's control. These include seasonal factors such as seasonality of harvest and festivals, and other factors such as macroeconomic conditions that affect consumer purchasing power, government policies as well as changes to market demand and supply for raw materials which resulting in fluctuations in their costs and selling prices.

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

The animal protein segment includes production of multiple high-quality animal proteins, including poultry, swine, beef and aquaculture as well as high-quality animal feed.

Animal Protein – PT Japfa Tbk ("PT Japfa Tbk") refers to the animal protein operations of its public listed subsidiary in Indonesia, PT Japfa Tbk.

Animal Protein – Other ("APO") mainly comprises of animal protein operations in Vietnam, India and Myanmar.

Others include corporate office, central purchasing office and consolidation adjustments which are not directly attributable to a particular business segment above.

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on operating statement of comprehensive income and is measured in the same way as operating statement of comprehensive income in the consolidated financial statements.

These operating segments are reported in a manner consistent with internal reporting provided to CEO who are responsible for allocating resources and assessing performance of the operating segments.

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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

1 July 2022 to 31 December 2022

|   | <b>Animal<br/>Protein<br/>- PT Japfa Tbk<br/>US\$'000</b> | <b>Animal<br/>Protein<br/>- Other<br/>US\$'000</b> | <b>Sub-total<br/>US\$'000</b> | <b>Others<br/>US\$'000</b> | <b>Group<br/>US\$'000</b> |
|---|---|--|-------------------------------|----------------------------|---------------------------|
| <b>Continuing Operations</b>  |   |  |                               |                            |                           |
| <u>Revenue by segment</u>   |   |  |                               |                            |                           |
| External revenue  | 1,592,141   | 532,068  | 2,124,209                     | 26,238                     | 2,150,447                 |
| Inter-segment revenue   | 661   | 670  | 1,331                         | (1,331)                    | -                         |
| Total revenue   | <u>1,592,802</u>  | <u>532,738</u>                                     | <u>2,125,540</u>              | <u>24,907</u>              | <u>2,150,447</u>          |
| Operating profit/(loss)   | 51,788  | (27,738)   | 24,050                        | 2,868                      | 26,918                    |
| Interest income   | 453   | 791  | 1,244                         | 989                        | 2,233                     |
| Finance costs   | (26,731)  | (14,758)   | (41,489)                      | (5,066)                    | (46,555)                  |
| Foreign exchange adjustments gain/(loss)  | 863   | (381)  | 482                           | 1                          | 483                       |
| Changes in fair value of biological assets  | (399)   | 217  | (182)                         | -                          | (182)                     |
| Share of results of associate and joint ventures  | 373   | -  | 373                           | (1,409)                    | (1,036)                   |
| Others  | (4,933)   | 211  | (4,719)                       | 210                        | (4,509)                   |
| <b>Profit/(loss) before tax from Continuing<br/>Operations</b>                                    | <u>21,414</u>   | <u>(41,655)</u>                                    | <u>(20,241)</u>               | <u>(2,407)</u>             | <u>(22,648)</u>           |
| Income tax expense  | (8,003)   | 7,312  | (691)                         | (3,145)                    | (3,836)                   |
| <b>Profit/(loss) for the period from Continuing<br/>Operations, net of tax</b>                    | <u>13,411</u>   | <u>(34,343)</u>                                    | <u>(20,932)</u>               | <u>(5,552)</u>             | <u>(26,484)</u>           |
| <b>Discontinued Operations</b>  |   |  |                               |                            |                           |
| Loss after tax from Discontinued Operations   |   |  |                               |                            | (6,185)                   |
| <b>Loss for the period, net of tax</b>  |   |  |                               |                            | <u>(32,669)</u>           |
| <b>Other material items and reconciliations</b>   |   |  |                               |                            |                           |
| Property, plant and equipment, rights-of-use assets, Intangible assets and investment properties. |   |  |                               |                            |                           |
| <b>Capital expenditure</b>  |   |  |                               |                            |                           |
| - Continuing Operations   | <u>80,112</u>   | <u>48,602</u>                                      | <u>128,714</u>                | <u>4</u>                   | <u>128,718</u>            |
| - Discontinued Operations   |   |  |                               |                            | <u>153,913</u>            |
|   |   |  |                               |                            | <u>282,631</u>            |
| <b>Depreciation and amortisation</b>  |   |  |                               |                            |                           |
| - Continuing Operations   | <u>38,260</u>   | <u>18,360</u>                                      | <u>56,620</u>                 | <u>270</u>                 | <u>56,890</u>             |
| - Discontinued Operations   |   |  |                               |                            | <u>41,685</u>             |
|   |   |  |                               |                            | <u>193,652</u>            |

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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)

1 July 2021 to 31 December 2021

|   | <b>Animal<br/>Protein<br/>- PT Japfa Tbk<br/>US\$'000</b> | <b>Animal<br/>Protein<br/>- Other<br/>US\$'000</b> | <b>Sub-total<br/>US\$'000</b> | <b>Others<br/>US\$'000</b> | <b>Group<br/>US\$'000</b> |
|---|---|--|-------------------------------|----------------------------|---------------------------|
| <b>Continuing Operations</b>  |   |  |                               |                            |                           |
| <u>Revenue by segment</u>   |   |  |                               |                            |                           |
| External revenue  | 1,586,688   | 479,973  | 2,066,661                     | 15,659                     | 2,082,320                 |
| Inter-segment revenue   | 2,243   | (9)  | 2,234                         | (2,234)                    | -                         |
| Total revenue   | <u>1,588,931</u>  | <u>479,964</u>                                     | <u>2,068,895</u>              | <u>13,425</u>              | <u>2,082,320</u>          |
| Operating profit/(loss)   | 34,115  | (35,990)   | (1,875)                       | 3,053                      | 1,178                     |
| Interest income   | 149   | 743  | 892                           | 778                        | 1,670                     |
| Finance costs   | (25,456)  | (8,722)  | (34,178)                      | (1,828)                    | (36,006)                  |
| Foreign exchange adjustments gain/(loss)  | 3,618   | (1,301)  | 2,317                         | (244)                      | 2,073                     |
| Changes in fair value of biological assets  | 252   | 187  | 439                           | -                          | 439                       |
| Share of results of associate and joint ventures  | 291   | -  | 291                           | 610                        | 901                       |
| Others  | 27,344  | 755  | 28,099                        | 143                        | 28,242                    |
| <b>Profit/(Loss) before tax from Continuing Operations</b>  | <u>40,313</u>   | <u>(44,328)</u>                                    | <u>(4,015)</u>                | <u>2,512</u>               | <u>(1,503)</u>            |
| Income tax expense  | (11,006)  | 6,168  | (4,838)                       | (4,174)                    | (9,012)                   |
| <b>Profit/(Loss) for the period from Continuing Operations, net of tax</b>                        | <u>29,307</u>   | <u>(38,160)</u>                                    | <u>(8,853)</u>                | <u>(1,662)</u>             | <u>(10,515)</u>           |
| <b>Discontinued Operations</b>  |   |  |                               |                            |                           |
| Profit after tax from Discontinued Operations   |   |  |                               |                            | <u>31,691</u>             |
| <b>Profit for the period, net of tax</b>  |   |  |                               |                            | <u>21,176</u>             |
| <b>Other material items and reconciliations</b>   |   |  |                               |                            |                           |
| Property, plant and equipment, rights-of-use assets, Intangible assets and investment properties. |   |  |                               |                            |                           |
| <b>Capital expenditure</b>  |   |  |                               |                            |                           |
| - Continuing Operations   | <u>102,774</u>  | <u>49,140</u>                                      | <u>151,914</u>                | <u>53</u>                  | <u>151,967</u>            |
| - Discontinued Operations   |   |  |                               |                            | <u>41,685</u>             |
|   |   |  |                               |                            | <u>193,652</u>            |
| <b>Depreciation and amortisation</b>  |   |  |                               |                            |                           |
| - Continuing Operations   | <u>49,960</u>   | <u>18,649</u>                                      | <u>68,609</u>                 | <u>195</u>                 | <u>68,804</u>             |
| - Discontinued Operations   |   |  |                               |                            | <u>11,919</u>             |
|   |   |  |                               |                            | <u>80,723</u>             |

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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)

1 January 2022 to 31 December 2022

|  | <b>Animal<br/>Protein<br/>- PT Japfa Tbk<br/>US\$'000</b> | <b>Animal<br/>Protein<br/>- Other<br/>US\$'000</b> | <b>Sub-total<br/>US\$'000</b> | <b>Others<br/>US\$'000</b> | <b>Group<br/>US\$'000</b> |
|--|---|--|-------------------------------|----------------------------|---------------------------|
| <b>Continuing Operations</b>   |   |  |                               |                            |                           |
| <u>Revenue by segment</u>  |   |  |                               |                            |                           |
| External revenue   | 3,281,465   | 1,038,267  | 4,319,732                     | 44,068                     | 4,363,800                 |
| Inter-segment revenue  | 1,560   | 670  | 2,230                         | (2,230)                    | -                         |
| Total revenue  | <u>3,283,025</u>  | <u>1,038,937</u>                                   | <u>4,321,962</u>              | <u>41,838</u>              | <u>4,363,800</u>          |
| Operating profit/(loss)  | 180,813   | (33,796)   | 147,017                       | 8,505                      | 155,522                   |
| Interest income  | 637   | 1,461  | 2,098                         | 1,667                      | 3,765                     |
| Finance costs  | (54,860)  | (24,498)   | (79,358)                      | (7,701)                    | (87,059)                  |
| Foreign exchange adjustments gain/(loss)                                     | 1,584   | (2,209)  | (625)                         | (760)                      | (1,385)                   |
| Changes in fair value of biological assets                                   | (795)   | (3,941)  | (4,736)                       | -                          | (4,736)                   |
| Share of results of associate and joint ventures                             | 872   | -  | 872                           | (1,065)                    | (193)                     |
| Others   | (4,310)   | 1,018  | (3,292)                       | 615                        | (2,677)                   |
| <b>Profit/(Loss) before tax from Continuing<br/>Operations</b>               | <u>123,941</u>  | <u>(61,965)</u>                                    | <u>61,976</u>                 | <u>1,261</u>               | <u>63,237</u>             |
| Income tax expense   | (31,079)  | 9,953  | (21,126)                      | (3,860)                    | (24,986)                  |
| <b>Profit/(Loss) for the year from Continuing<br/>Operations, net of tax</b> | <u>92,862</u>   | <u>(52,012)</u>                                    | <u>40,850</u>                 | <u>(2,599)</u>             | <u>38,251</u>             |
| <b>Discontinued Operations</b>   |   |  |                               |                            |                           |
| Profit after tax from Discontinued Operations                                |   |  |                               |                            | <u>23,394</u>             |
| <b>Profit for the year, net of tax</b>                                       |   |  |                               |                            | <u>61,645</u>             |

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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)

##### 1 January 2021 to 31 December 2022 (cont'd)

|   | Animal<br>Protein<br>- PT Japfa Tbk<br>US\$'000 | Animal<br>Protein<br>- Other<br>US\$'000 | Sub-total<br>US\$'000 | Others<br>US\$'000 | Group<br>US\$'000 |
|---|---|--|-----------------------|--------------------|-------------------|
| <b><u>Assets and reconciliations</u></b>      |   |  |                       |                    |                   |
| Segment assets                                | 1,966,314                                       | 858,392                                  | 2,824,706             | 166,556            | 2,991,262         |
| Unallocated assets                            | 54,320  | 21,293                                   | 75,613                | 982                | 76,595            |
| Total Group assets                            | <u>2,020,634</u>                                | <u>879,685</u>                           | <u>2,900,319</u>      | <u>167,538</u>     | <u>3,067,857</u>  |
| <b><u>Liabilities and reconciliations</u></b> |   |  |                       |                    |                   |
| Segment liabilities                           | 1,197,180                                       | 659,856                                  | 1,857,036             | (25,601)           | 1,831,435         |
| Unallocated liabilities                       | 12,716  | 4,781                                    | 17,497                | 3,659              | 21,156            |
| Total Group liabilities                       | <u>1,209,896</u>                                | <u>664,637</u>                           | <u>1,874,533</u>      | <u>(21,942)</u>    | <u>1,852,591</u>  |

Unallocated assets comprise mainly goodwill, deferred tax assets and prepaid tax.

Unallocated liabilities comprise mainly tax payable and deferred tax liabilities.

#### **Other material items and reconciliations**

Property, plant and equipment, rights-of-use assets, Intangible assets and investment properties.

#### **Capital expenditure**

|                           |                |                |                |           |                |
|---------------------------|----------------|----------------|----------------|-----------|----------------|
| - Continuing Operations   | <u>127,575</u> | <u>142,309</u> | <u>269,884</u> | <u>14</u> | <u>269,898</u> |
| - Discontinued Operations |                |                |                |           | <u>193,717</u> |
|                           |                |                |                |           | <u>463,615</u> |

#### **Depreciation and amortisation**

|                           |               |               |                |            |                |
|---------------------------|---------------|---------------|----------------|------------|----------------|
| - Continuing Operations   | <u>78,000</u> | <u>37,932</u> | <u>115,932</u> | <u>540</u> | <u>116,472</u> |
| - Discontinued Operations |               |               |                |            | <u>25,173</u>  |
|                           |               |               |                |            | <u>141,645</u> |

# JAPFA LTD.

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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)

##### 1 January 2021 to 31 December 2021

|  | <b>Animal<br/>Protein<br/>- PT Japfa Tbk<br/>US\$'000</b> | <b>Animal<br/>Protein<br/>- Other<br/>US\$'000</b> | <b>Sub-total<br/>US\$'000</b> | <b>Others<br/>US\$'000</b> | <b>Group<br/>US\$'000</b> |
|--|---|--|-------------------------------|----------------------------|---------------------------|
| <b>Continuing Operations</b>   |   |  |                               |                            |                           |
| <u>Revenue by segment</u>  |   |  |                               |                            |                           |
| External revenue   | 3,123,856   | 938,211  | 4,062,067                     | 29,715                     | 4,091,782                 |
| Inter-segment revenue  | 4,659   | 1,358  | 6,017                         | (6,017)                    | -                         |
| Total revenue  | <u>3,128,515</u>  | <u>939,569</u>                                     | <u>4,068,084</u>              | <u>23,698</u>              | <u>4,091,782</u>          |
| Operating profit/(loss)  | 217,922   | (601)  | 217,321                       | 1,462                      | 218,783                   |
| Interest income  | 986   | 1,805  | 2,791                         | 1,519                      | 4,310                     |
| Finance costs  | (56,229)  | (16,310)   | (72,539)                      | (3,987)                    | (76,526)                  |
| Foreign exchange adjustments gain/(loss)                                     | 3,327   | (6,668)  | (3,341)                       | (4,987)                    | (8,328)                   |
| Changes in fair value of biological assets                                   | 2,316   | (5,210)  | (2,894)                       | -                          | (2,894)                   |
| Share of results of associate and joint ventures                             | 579   | -  | 579                           | 396                        | 975                       |
| Others   | 17,999  | 1,075  | 19,074                        | 4,428                      | 23,502                    |
| <b>Profit/(Loss) before tax from Continuing<br/>Operations</b>               | <u>186,900</u>  | <u>(25,909)</u>                                    | <u>160,991</u>                | <u>(1,169)</u>             | <u>159,822</u>            |
| Income tax expense   | (46,215)  | 731  | (45,484)                      | (6,191)                    | (51,675)                  |
| <b>Profit/(Loss) for the year from Continuing<br/>Operations, net of tax</b> | <u>140,685</u>  | <u>(25,178)</u>                                    | <u>115,507</u>                | <u>(7,360)</u>             | <u>108,147</u>            |
| <b>Discontinued Operations</b>   |   |  |                               |                            |                           |
| Profit after tax from Discontinued Operations                                |   |  |                               |                            | <u>104,571</u>            |
| <b>Profit for the year, net of tax</b>                                       |   |  |                               |                            | <u>212,718</u>            |



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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)

##### 1 January 2021 to 31 December 2021 (cont'd)

|   | Animal<br>Protein<br>- PT Japfa Tbk<br>US\$'000 | Animal<br>Protein<br>- Other<br>US\$'000 | Sub-total<br>US\$'000 | Others<br>US\$'000 | Group<br>US\$'000       |
|---|---|--|-----------------------|--------------------|-------------------------|
| <b><u>Assets and reconciliations</u></b>  |   |  |                       |                    |                         |
| <b>Continuing Operations</b>  |   |  |                       |                    |                         |
| Segment assets  | 1,902,094                                       | 769,777                                  | 2,671,871             | 196,103            | 2,867,974               |
| Unallocated assets  | 45,422  | 11,587                                   | 57,009                | 662                | 57,671                  |
|   | <u>1,947,516</u>                                | <u>781,364</u>                           | <u>2,728,880</u>      | <u>196,765</u>     | <u>2,925,645</u>        |
| <b>Discontinued Operations</b>  |   |  |                       |                    |                         |
| Segment assets from Discontinued Operations   |   |  |                       |                    | <u>1,376,568</u>        |
| Total Group assets  |   |  |                       |                    | <u><u>4,302,213</u></u> |
| <b><u>Liabilities and reconciliations</u></b>   |   |  |                       |                    |                         |
| <b>Continuing Operations</b>  |   |  |                       |                    |                         |
| Segment liabilities   | 1,067,846                                       | 529,366                                  | 1,597,212             | (58,454)           | 1,538,758               |
| Unallocated liabilities   | 17,144  | 5,284                                    | 22,428                | 4,199              | 26,627                  |
|   | <u>1,084,990</u>                                | <u>534,650</u>                           | <u>1,619,640</u>      | <u>(54,255)</u>    | <u>1,565,385</u>        |
| <b>Discontinued Operations</b>  |   |  |                       |                    |                         |
| Segment liabilities from Discontinued Operations  |   |  |                       |                    | <u>590,376</u>          |
| Total Group liabilities   |   |  |                       |                    | <u><u>2,155,761</u></u> |
| Unallocated assets comprise mainly goodwill, deferred tax assets and prepaid tax.                 |   |  |                       |                    |                         |
| Unallocated liabilities comprise mainly tax payable and deferred tax liabilities.                 |   |  |                       |                    |                         |
| <b><u>Other material items and reconciliations</u></b>  |   |  |                       |                    |                         |
| Property, plant and equipment, rights-of-use assets, Intangible assets and investment properties. |   |  |                       |                    |                         |
| <b>Capital expenditure</b>  |   |  |                       |                    |                         |
| - Continuing Operations   | <u>140,952</u>                                  | <u>94,684</u>                            | <u>235,636</u>        | <u>1,570</u>       | <u>237,206</u>          |
| - Discontinued Operations   |   |  |                       |                    | <u>78,321</u>           |
|   |   |  |                       |                    | <u><u>315,527</u></u>   |
| <b>Depreciation and amortisation</b>  |   |  |                       |                    |                         |
| - Continuing Operations   | <u>99,189</u>                                   | <u>34,560</u>                            | <u>133,749</u>        | <u>645</u>         | <u>134,394</u>          |
| - Discontinued Operations   |   |  |                       |                    | <u>21,858</u>           |
|   |   |  |                       |                    | <u><u>156,252</u></u>   |

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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)

##### Geographical information

Revenue information based on the geographical location of customers and assets respectively are as follows:

|           | Revenue   |   | Revenue  |  |
|-----------|---|---|--|--|
|           | 6 months ended<br>31 December<br>2022<br>US\$'000 | 6 months ended<br>31 December<br>2021<br>US\$'000 | 12 months ended<br>31 December<br>2022<br>US\$'000 | 12 months ended<br>31 December<br>2021<br>US\$'000 |
| Indonesia | 1,568,041   | 1,564,389   | 3,238,962  | 3,090,779  |
| Vietnam   | 421,525   | 353,863   | 791,799  | 699,347  |
| India     | 67,411  | 86,880  | 146,941  | 150,318  |
| Myanmar   | 39,294  | 33,896  | 88,576   | 79,487   |
| Others    | 54,176  | 43,292  | 97,522   | 71,851   |
|           | <u>2,150,447</u>                                  | <u>2,082,320</u>                                  | <u>4,363,800</u>                                   | <u>4,091,782</u>                                   |

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services.

##### A breakdown of sales

|  | GROUP            |                  |             |
|--|------------------|------------------|-------------|
|  | 2022<br>US\$'000 | 2021<br>US\$'000 | Change<br>% |
| (a) Sales reported for the first half year   | 2,213,353        | 2,009,462        | 10%         |
| (b) Profit, net of tax before deducting<br>non-controlling interests reported for first half year  | 94,314           | 191,542          | -51%        |
| (c) Sales reported for second half year  | 2,150,447        | 2,082,320        | 3%          |
| (d) Profit, net of tax before deducting<br>non-controlling interests reported for second half year | (32,669)         | 21,176           | n/m         |

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

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

#### 4.2 Disaggregation of revenue

##### Major product

Revenue by the major products groups by segments include the following:

|  | <b>Animal<br/>Protein<br/>- PT Japfa Tbk<br/>US\$'000</b> | <b>Animal<br/>Protein<br/>- Other<br/>US\$'000</b> | <b>Total<br/>US\$'000</b> |
|--|---|--|---------------------------|
| <b><u>1 July 2022 to 31 December 2022</u></b>    |   |  |                           |
| Sales of animal feed                             | 566,479   | 211,153  | 777,632                   |
| Sales of livestock                               | 699,125   | 299,590  | 998,715                   |
| Sales of animal protein products                 | <u>233,092</u>  | <u>21,325</u>                                      | <u>254,417</u>            |
| <b><u>1 July 2021 to 31 December 2021</u></b>    |   |  |                           |
| Sales of animal feed                             | 566,404   | 219,327  | 785,731                   |
| Sales of livestock                               | 715,324   | 227,358  | 942,682                   |
| Sales of animal protein products                 | <u>215,209</u>  | <u>21,187</u>                                      | <u>236,396</u>            |
| <b><u>1 January 2022 to 31 December 2022</u></b> |   |  |                           |
| Sales of animal feed                             | 1,152,490   | 429,646  | 1,582,136                 |
| Sales of livestock                               | 1,463,273   | 569,124  | 2,032,397                 |
| Sales of animal protein products                 | <u>478,515</u>  | <u>39,497</u>                                      | <u>518,012</u>            |
| <b><u>1 January 2021 to 31 December 2021</u></b> |   |  |                           |
| Sales of animal feed                             | 1,100,222   | 414,654  | 1,514,876                 |
| Sales of livestock                               | 1,433,162   | 445,987  | 1,879,149                 |
| Sales of animal protein products                 | <u>419,651</u>  | <u>51,372</u>                                      | <u>471,023</u>            |

For the sale of goods, the Group satisfies its performance obligation at a point in time.

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 5. Profit before tax

#### 5.1 Significant items

|   | 6 months ended<br>31 December<br>2022<br>US\$'000 | 6 months ended<br>31 December<br>2021<br>US\$'000 | Change<br>% | 12 months ended<br>31 December<br>2022<br>US\$'000 | 12 months ended<br>31 December<br>2021<br>US\$'000 | Change<br>% |
|---|---|---|-------------|--|--|-------------|
| <b><u>Income /(expenses)</u></b>  |   |   |             |  |  |             |
| Finance costs   |   |   |             |  |  |             |
| - Interest expense on loans and borrowings                                  | (38,101)  | (30,409)  | 25%         | (72,258)   | (66,061)   | 9%          |
| - Interest expense on lease liabilities                                     | (8,454)   | (5,597)   | 51%         | (14,801)   | (10,465)   | 41%         |
| Depreciation of property, plant and equipment                               | (42,104)  | (53,148)  | -21%        | (85,161)   | (105,716)  | -19%        |
| Depreciation of investment properties                                       | (352)   | (230)   | 53%         | (725)  | (403)  | 80%         |
| Depreciation of right-of-use assets   | (13,935)  | (14,877)  | -6%         | (29,491)   | (27,125)   | 9%          |
| Amortisation of intangible assets   | (493)   | (549)   | -10%        | (1,096)  | (1,150)  | -5%         |
| Changes in fair value of biological assets                                  | (182)   | 439   | n/m         | (4,736)  | (2,893)  | 64%         |
| Foreign exchange adjustments  |   |   |             |  |  |             |
| Gain/(loss)   | 483   | 2,073   | -77%        | (1,385)  | (8,328)  | -83%        |
| Gain on derivative financial instruments                                    |   |   |             |  |  |             |
| - Forex   | 175   | -   | n/m         | 175  | 3,640  | n/m         |
| Allowance for impairment on trade and other receivables                     | (3,061)   | (1,727)   | 77%         | (3,061)  | (1,727)  | 77%         |
| Gain on disposal of property, plant and equipment and investment properties | 346   | 373   | -7%         | 558  | 688  | -19%        |

#### 5.2. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

|                               | Group   |   |
|-------------------------------|---|---|
|                               | 12 months ended<br>31 December 2022<br>US\$'000 | 12 months ended<br>31 December 2021<br>US\$'000 |
| Revenue                       | 12,263  | 12,439  |
| Purchases of goods            | 7,608   | 5,900   |
| Insurance expense             | 2,907   | 1,881   |
| Rendering of services expense | 2,528   | 2,534   |
| Rental income                 | 911   | 885   |
| Interest income               | -   | 32  |
| Rental of premises            | 2,184   | 312   |
| Technical service fee income  | -   | 62  |

On 30 December 2022, being the listing date of AustAsia Group Ltd ("AAG"), the Company distributed ("DIS") its AAG shares to its shareholders and AAG ceased to be a subsidiary of the Group. AAG remains a related party of the Group as the controlling shareholders of the Company have significant influence over AAG. Post DIS, there were no related party transactions between AAG and the Group on 30 December 2022 and 31 December 2022.

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 6. Tax expense

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 are:

|  | Group   |   | Group  |  |
|--|---|---|--|--|
|  | 6 months ended<br>31 December<br>2022<br>US\$'000 | 6 months ended<br>31 December<br>2021<br>US\$'000 | 12 months ended<br>31 December<br>2022<br>US\$'000 | 12 months ended<br>31 December<br>2021<br>US\$'000 |
| Current income tax expense   | 23,169  | 15,132  | 49,262   | 55,366   |
| Deferred income tax expense relating<br>to original and reversal of temporary<br>differences | (19,333)  | (6,120)   | (24,276)   | (3,691)  |
| Income tax expense recognised in<br>statement of comprehensive income                        | <u>3,836</u>                                      | <u>9,012</u>                                      | <u>24,986</u>                                      | <u>51,675</u>                                      |

### 7. Dividends

|   | Company                         |                                 |
|---|---------------------------------|---------------------------------|
|   | Financial Year 2022<br>US\$'000 | Financial Year 2021<br>US\$'000 |
| <b><u>Dividends paid during the financial period</u></b>  |                                 |                                 |
| Dividends on ordinary shares:   |                                 |                                 |
| Final tax exempt (1-tier) dividend of 1.0 Singapore cents per share<br>paid for reporting year ended 31 December 2020 | -                               | 15,329                          |
| Interim special (1-tier) dividend of 10.0 Singapore cents per share<br>paid for reporting year ended 31 December 2020 | -                               | 150,851                         |
| Final tax exempt (1-tier) dividend of 1.0 Singapore cents per share<br>paid for reporting year ended 31 December 2021 | 14,631                          | -                               |
| Interim special (1-tier) dividend of 0.5 Singapore cents per share<br>paid for reporting year ended 31 December 2021  | 7,315                           | -                               |

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 8. Discontinued Operations

On 30 December 2022, being the listing date of AustAsia Group Ltd (“AAG”), the Company distributed (“DIS”) its AAG shares to its shareholders based on the distribution ratio of one (1) AAG share for every five (5) Company shares. The remaining unallocated AAG shares due to fractional interests were retained by the Company. Post DIS, AAG ceased to be a subsidiary of the Group.

The results of AAG and its subsidiaries (“AAG Group”) are reported in the current period as a Discontinued Operations.

AAG Group was previously reported under the Dairy segment for production of raw milk and beef operation in China.

#### **Financial performance and cash flow information of Discontinued Operations**

The financial performance and cash flow information presented are for the period from 1 January to 30 December 2022 and with comparative for full year ended 31 December 2021.

#### Financial information

|  | <b>2022</b> | <b>2021</b> |
|--|-------------|-------------|
|  | US\$'000    | US\$'000    |
| Revenue  | 563,443     | 521,921     |
| Expenses                                       | (486,489)   | (409,183)   |
| Profit from operation                          | 76,954      | 112,738     |
| Finance income                                 | 488         | 611         |
| Finance cost                                   | (32,527)    | (21,635)    |
| Other income                                   | 3,415       | 10,251      |
| Foreign exchange adjustments gain              | (3,273)     | (3,235)     |
| Changes in fair value of biological assets     | (19,614)    | 8,275       |
| Profit before tax from Discontinued Operations | 25,443      | 107,005     |
| Tax expense                                    | (2,049)     | (2,434)     |
| Profit after tax from Discontinued Operations  | 23,394      | 104,571     |

#### Cash flow information

|                              | <b>2022</b> | <b>2021</b> |
|------------------------------|-------------|-------------|
|                              | US\$'000    | US\$'000    |
| Operating cash flow          | 160,750     | 114,794     |
| Investing cash flow          | (167,293)   | (223,643)   |
| Financing cash flow          | 44,539      | 87,556      |
| Net cash inflows/ (outflows) | 37,996      | (21,293)    |

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 8. Discontinued Operations (cont'd)

#### Carrying value of the distribution in specie

The financial effects arising from the distribution in specie of Discontinued Operations as of 30 December 2022 are as follows:

|  | 30 December<br>2022<br><u>US\$'000</u> |
|--|--|
| <b>Net effect on asset and liabilities</b>   |  |
| <u>Assets of AAG derecognised</u>  |  |
| Property, plant and equipment  | 455,906                                |
| Right-of-use assets  | 194,744                                |
| Intangible assets  | 474                                    |
| Biological assets  | 550,004                                |
| Other financial assets   | 1,222                                  |
| Other assets   | 31,944                                 |
| Inventory  | 187,254                                |
| Trade and other receivables  | 62,595                                 |
| Cash and cash equivalents  | 35,145                                 |
|  | <u>1,519,288</u>                       |
| <u>Liabilities of AAG derecognised</u>   |  |
| Trade and other payables   | 234,237                                |
| Lease liabilities  | 191,041                                |
| Deferred tax liabilities   | 600                                    |
| Loan and borrowing   | 311,926                                |
| Other liabilities  | 3,449                                  |
| Income tax payables  | 583                                    |
|  | <u>741,836</u>                         |
| Net asset of AAG   | 777,452                                |
| Less: Non-controlling interest   | (281,967)                              |
| Fair value of shares in AAG retained   | (9,630)                                |
| Net assets distributed   | <u>485,855</u>                         |
| <b>Net effect on cash flow</b>   |  |
| Cash of AAG distributed  | <u>(35,145)</u>                        |
| Net cash outflow on distribution of shares in AAG to equity holders of the Company | <u>(35,145)</u>                        |

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 9. Net asset value

|                                    | Group               |                     | Company             |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 31 December<br>2022 | 31 December<br>2021 | 31 December<br>2022 | 31 December<br>2021 |
| Net asset value per ordinary share |                     |                     |                     |                     |
| - in US\$                          | 0.40                | 0.70                | 0.26                | 0.55                |
| - in S\$                           | 0.54                | 0.95                | 0.35                | 0.74                |

### 10. Earnings per share (EPS)

|   | Group                                 |                                       | Group                                  |  |
|---|---------------------------------------|---------------------------------------|--|--|
|   | 6 months ended<br>31 December<br>2022 | 6 months ended<br>31 December<br>2021 | 12 months ended<br>31 December<br>2022 | 12 months ended<br>31 December<br>2021 |
|   | US Cents                              | US Cents                              | US Cents                               | US Cents                               |
| Earnings per share (EPS) for the period                             |                                       |                                       |  |  |
| (a) Based on weighted average number<br>of ordinary shares in issue | (1.75)                                | 0.02                                  | 0.40                                   | 5.82                                   |
| (b) Based on a fully diluted basis                                  | (1.75)                                | 0.02                                  | 0.40                                   | 5.82                                   |
| Weighted average number of<br>ordinary shares                       | 2,043,105,531                         | 2,045,915,782                         | 2,042,295,126                          | 2,040,876,380                          |

### 11. Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to US\$202.9 million (31 December 2021: US\$137.4 million) and disposed of assets amounting to US\$2.7 million (31 December 2021: US\$2.8 million).



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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 12. Biological assets

|  | Group               |                     |
|--|---------------------|---------------------|
|  | 31 December<br>2022 | 31 December<br>2021 |
|  | US\$'000            | US\$'000            |
| Breeding chickens                                    | 111,196             | 108,558             |
| Breeding ducks                                       | 601                 | 281                 |
| Breeding cattle                                      | 2,155               | 3,799               |
| Breeding swine                                       | 63,703              | 53,013              |
| Dairy cows   | -                   | 455,006             |
| Forage and plantation                                | 169                 | 180                 |
|  | <hr/>               | <hr/>               |
|  | 177,824             | 620,837             |
| Fattening livestock                                  | 205,208             | 253,341             |
|  | <hr/>               | <hr/>               |
|  | 383,032             | 874,178             |
|  | <hr/>               | <hr/>               |
| <u>Presented as:</u>                                 |                     |                     |
| Biological assets, current                           | 136,979             | 108,839             |
| Biological assets, non-current                       | 40,845              | 511,998             |
| Biological assets presented as Inventories (Note 12) | 205,208             | 253,341             |
|  | <hr/>               | <hr/>               |
|  | 383,032             | 874,178             |
|  | <hr/>               | <hr/>               |

|   | Group<br>US\$'000 |
|---|-------------------|
| <b><u>6 months ended 31 December 2022</u></b> |                   |
| Opening balance at 1 July 2022                | 916,085           |
| Net additions                                 | 70,310            |
| Changes in fair value                         | (26,376)          |
| Fair value gain arising from sales of beef    | 4,313             |
| Distribution In Specie of a subsidiary        | (550,004)         |
| Foreign exchange adjustments                  | (31,296)          |
|   | <hr/>             |
| Closing balance at 31 December 2022           | 383,032           |
|   | <hr/>             |

### 13. Inventories

|   | Group               |                     |
|---|---------------------|---------------------|
|   | 31 December<br>2022 | 31 December<br>2021 |
|   | US\$'000            | US\$'000            |
| Finished goods  | 96,799              | 99,580              |
| Work in process   | 8,744               | 8,007               |
| Raw materials   | 583,575             | 705,380             |
| Consumables   | 54,597              | 54,531              |
|   | <hr/>               | <hr/>               |
|   | 743,715             | 867,498             |
| Biological assets presented under inventories (Note 11) | 205,208             | 253,341             |
|   | <hr/>               | <hr/>               |
|   | 948,923             | 1,120,839           |
|   | <hr/>               | <hr/>               |

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 14. Share capital and other equity information

#### 14.1 Share capital

|   | Group and Company                  |                    |
|---|------------------------------------|--------------------|
|   | Number<br>of shares issued<br>'000 | Amount<br>US\$'000 |
| <u>Issued and fully paid ordinary shares:</u> |                                    |                    |
| <b><u>6 months ended 31 December 2022</u></b> |                                    |                    |
| Beginning of interim period on 1 July 2022    | 2,067,423                          | 1,059,882          |
| Capital reduction                             | -                                  | (580,984)          |
| End of interim period on 31 December 2022     | <u>2,067,423</u>                   | <u>478,898</u>     |

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

During the year, the Company undertake a capital reduction exercise to distribute the shares in AAG to shareholders of the Company.

There is no change in the number of shares issued by the Company immediately after the capital reduction exercise.

#### 14.2 Treasury shares

|   | Group and Company        |                    |
|---|--------------------------|--------------------|
|   | Number of shares<br>'000 | Amount<br>US\$'000 |
| <b><u>6 months ended 31 December 2022</u></b> |                          |                    |
| Beginning of interim period on 1 July 2022    | 20,842                   | 11,058             |
| Acquired of shares                            | 6,746                    | 2,666              |
| End of interim period on 31 December 2022     | <u>27,588</u>            | <u>13,724</u>      |

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 6,746,000 (2021: 6,270,000) shares in the Company through purchases on the Singapore Exchange during the interim financial period. The total amount paid to acquire the shares was US\$2.7 million (2021: US\$2.8 million) and this was presented as a component within shareholders' equity.

The total number of issued shares excluding treasury shares as at 31 December 2022 is 2,039,835,520 (31 December 2021: 2,040,800,520).

# JAPFA LTD.

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 15. Defined benefit plan liabilities

|   | Group               |                     |
|---|---------------------|---------------------|
|   | 31 December<br>2022 | 31 December<br>2021 |
|   | US\$'000            | US\$'000            |
| Present value of unfunded defined benefit | 89,535              | 105,563             |
| Fair value of plan assets                 | (14,326)            | (16,920)            |
| Defined benefit plan liabilities          | 75,209              | 88,643              |

The Group operates a defined benefit plan for qualifying employees of its subsidiaries in Indonesia, in accordance with Indonesian Labour Laws. Amounts are determined based on years of service and salaries of the employees at the time of the pension.

Movements of the defined benefit plan liabilities recognised in statement of financial position are as follows:

|   | Group<br>US\$'000 |
|---|-------------------|
| <b><u>6 months ended 31 December 2022</u></b>                       |                   |
| Opening balance at 1 July 2022                                      | 89,326            |
| Net benefit expense recognised in statement of comprehensive income | (3,804)           |
| Re-measurement loss included in other comprehensive income          | (1,907)           |
| Contributions to plan made  | (3,443)           |
| Payments for the interim period                                     | (357)             |
| Foreign exchange adjustments  | (4,606)           |
| Closing balance at 31 December 2022                                 | 75,209            |

Movements in the fair value of the plan assets are as follows:

|  | Group<br>US\$'000 |
|--|-------------------|
| <b><u>6 months ended 31 December 2022</u></b>                              |                   |
| Opening balance at 1 July 2022   | 13,794            |
| Interest income  | 511               |
| Return on plan assets (excluding amounts included in net interest expense) | (285)             |
| Contributions from the employer  | 3,443             |
| Benefits paid  | (2,190)           |
| Foreign exchange adjustments   | (947)             |
| Closing balance at 31 December 2022  | 14,326            |

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 16. Borrowings

|                               | Group                           |                                 |
|-------------------------------|---------------------------------|---------------------------------|
|                               | 31 December<br>2022<br>US\$'000 | 31 December<br>2021<br>US\$'000 |
| Amount due within one year    |                                 |                                 |
| Secured                       | 396,888                         | 456,235                         |
| Unsecured                     | 281,241                         | 141,942                         |
| Total                         | <u>678,129</u>                  | <u>598,177</u>                  |
| Amount due more than one year |                                 |                                 |
| Secured                       | 229,420                         | 453,986                         |
| Unsecured                     | 535,661                         | 544,383                         |
| Total                         | <u>765,081</u>                  | <u>998,369</u>                  |

The secured borrowings are secured by property, plant and equipment, share certificates of certain subsidiaries, cash and cash equivalents, receivables, inventories, biological assets, assessment of insurance policies and corporate guarantees of the Company and its subsidiaries.

Borrowings comprise of loan and borrowings, and lease liabilities presented in balance sheet.

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 17. Financial assets and financial liabilities at amortised cost

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

|                                   | Group                           |                                 | Company                         |                                 |
|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                   | 31 December<br>2022<br>US\$'000 | 31 December<br>2021<br>US\$'000 | 31 December<br>2022<br>US\$'000 | 31 December<br>2021<br>US\$'000 |
| <b>Financial Assets</b>           |                                 |                                 |                                 |                                 |
| Total trade and other receivables | 191,772                         | 244,899                         | 27,934                          | 40,872                          |
| Cash at bank                      | 280,695                         | 320,566                         | 76,816                          | 137,860                         |
| Deposit                           | 1,430                           | 9,967                           | 381                             | 1,083                           |
| Total financial assets            | 473,897                         | 575,432                         | 105,131                         | 180,765                         |
| <b>Financial Liabilities</b>      |                                 |                                 |                                 |                                 |
| Trade and other payables          | 300,019                         | 418,752                         | 4,440                           | 6,590                           |
| Loan and borrowings               | 1,274,572                       | 1,308,896                       | -                               | -                               |
| Lease liabilities                 | 168,638                         | 287,650                         | 532                             | 1,012                           |
| Total financial liabilities       | 1,743,229                       | 2,015,298                       | 4,972                           | 7,602                           |

Deposit is included in other asset presented in balance sheet.

### 18. Non-cash transactions

The net cash incurred for the purchase of property, plant and equipment is as follows:

|   | Group  |  |
|---|--|--|
|   | 12 months ended<br>31 December<br>2022<br>US\$'000 | 12 months ended<br>31 December<br>2021<br>US\$'000 |
| Additions of property, plant and equipment  | 332,644  | 216,151  |
| Less: Net movements in liability for purchase/ construction of<br>plant and equipment | (135)  | (543)  |
| Purchase of property, plant and equipment in consolidated<br>statement of cash flows  | 332,509  | 215,608  |

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 19. Fair value measurement

#### (a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### (b) Assets and liabilities measured at fair value

The following table shows an analysis of assets/liabilities measured at fair value as at 31 December 2022 and 31 December 2021:

|  | <b>Fair value measurements at the end of the reporting period using</b>                                 |  |   |                           |
|--|---|--|---|---------------------------|
|  | <b>Quoted prices in<br/>active markets for<br/>identical<br/>instruments<br/>(Level 1)<br/>US\$'000</b> | <b>Significant<br/>observable inputs<br/>other than quoted<br/>prices<br/>(Level 2)<br/>US\$'000</b> | <b>Significant<br/>unobservable<br/>inputs<br/>(Level 3)<br/>US\$'000</b> | <b>Total<br/>US\$'000</b> |
| <b>31 December 2022</b>                            |   |  |   |                           |
| <b>Assets/(liabilities) measured at fair value</b> |   |  |   |                           |
| <b>Financial assets/(liabilities):</b>             |   |  |   |                           |
| <u>Equity securities at FVOCI</u>                  |   |  |   |                           |
| Quoted equity security                             | 9,630   | -  | -   | 9,630                     |
| Unquoted equity securities                         | -   | -  | 6,588   | 6,588                     |
| <u>Derivatives</u>                                 |   |  |   |                           |
| Foreign currency forward and option contracts      | -   | 11,409   | -   | 11,409                    |
| <b>Financial assets</b>                            | <b>9,630</b>  | <b>11,409</b>  | <b>6,588</b>  | <b>27,627</b>             |
| <b>Non-financial assets:</b>                       |   |  |   |                           |
| Biological assets                                  | -   | -  | 383,032   | 383,032                   |
| <b>Non-financial assets</b>                        | <b>-</b>  | <b>-</b>   | <b>383,032</b>  | <b>383,032</b>            |

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## E. Notes to the condensed interim consolidated financial statements (cont'd)

### 19. Fair value measurement (cont'd)

#### (b) Assets and liabilities measured at fair value (cont'd)

|  | Fair value measurements at the end of the reporting period using                            |  |  |                   |
|--|---|--|--|-------------------|
|  | Quoted prices in<br>active markets for<br>identical<br>instruments<br>(Level 1)<br>US\$'000 | Significant<br>observable inputs<br>other than quoted<br>prices<br>(Level 2)<br>US\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>US\$'000 | Total<br>US\$'000 |
| <b>2021</b>  |   |  |  |                   |
| <b>Assets/(liabilities) measured at fair value</b> |   |  |  |                   |
| <b>Financial assets/(liabilities):</b>             |   |  |  |                   |
| <u>Equity securities at FVOCI</u>                  |   |  |  |                   |
| Unquoted equity securities                         | -   | 816  | 6,979  | 7,795             |
| <u>Derivatives</u>                                 |   |  |  |                   |
| Foreign currency forward and option contracts      | -   | 11,607   | -  | 11,607            |
| <b>Financial assets</b>                            | -   | 12,423   | 6,979  | 19,402            |
| <b>Non-financial assets:</b>                       |   |  |  |                   |
| Biological assets                                  | -   | -  | 874,178  | 874,178           |
| <b>Non-financial assets</b>                        | -   | -  | 874,178  | 874,178           |

### 20. Subsequent events

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

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## OTHER INFORMATION

### 1. Review

The condensed consolidated statement of financial position of Japfa Ltd and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

### 3. Review of performance of the Group

#### Review of Group Performance

Please refer to the Company's Investor Presentation for the twelve months period ended 31 December 2022.

#### Review of Group Financial Position

On 30 December 2022, being the listing date of AustAsia Group Ltd ("AAG"), the Company distributed ("DIS") its AAG shares to its shareholders and AAG ceased to be a subsidiary of the Group. As a result, the Company demerged AAG on 30 December 2022.

Total assets as at 31 December 2022 decreased by US\$1,234.3 million from US\$4,302.2 million to US\$3,067.9 million primarily due to a derecognition of assets amounting to US\$1,519.3 million as a result of demerger of AAG and partially offset by increase in property, plant and equipment, right-of-use assets, biological assets and inventories.

Total liabilities as at 31 December 2022 decreased by US\$303.2 million from US\$2,155.8 million to US\$1,852.6 million primarily due to a derecognition of liabilities amounting to US\$741.8 million as a result of demerger of AAG and partially offset by increase in loans and borrowings and lease liabilities.

Equity attributable to the Owners of the Parent as at 31 December 2022 decreased by US\$612.0 million from US\$1,426.9 million to US\$814.9 million primarily due to a capital reduction of US\$580.9 million. The distribution of shares in AAG is by way of capital reduction.

#### Review of Group Cash Flow

Net cash flows from operating activities were US\$113.9 million in FY2022, which mainly arose from operating cash flows before changes in working capital of US\$318.8 million, changes in working capital of US\$36.4 million, income tax paid of US\$48.9 million and interest paid of US\$119.6 million.

Net cash flows used in investing activities were US\$406.1 million in FY2022 mainly arose from purchase of property, plant and equipment of US\$332.5 million, purchase of biological assets of US\$32.2 million and de-consolidation of US\$57.9 million cash and cash equivalents due to demerger of AAG.

Net cash flows from financing activities were US\$261.2 million in FY2022 mainly arose from proceeds from bank loans of US\$125.6 million, increase in working capital loans of US\$284.9 million and partially offset by repayment of bonds payable of US\$63.6 million, payment of principal portion of lease liabilities of US\$37.8 million and dividend paid of US\$45.8 million (including dividend paid by subsidiary to non-controlling interests).



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

Not applicable.

#### 5. Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

|  | Number of shares          |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31 December 2022 | As at<br>31 December 2021 |
| Issued ordinary shares                           | 2,067,423,320             | 2,067,423,320             |
| Treasury shares                                  | 27,587,800                | 26,622,800                |
| Issued ordinary shares excluding treasury shares | 2,039,835,520             | 2,040,800,520             |

#### 6. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the half year ended 31 December 2022.

#### 7. Dividend information

(a) Current financial period reported on

Yes

| Name of Dividend   | Final              |
|--------------------|--------------------|
| Dividend type      | Cash               |
| Dividend per share | 1.0 Singapore cent |
| Tax rate           | Tax exempt         |

The Directors are pleased to declare a tax exempt one-tier final cash dividend of 1.0 Singapore cent per share in respect of the year ended 31 December 2022.

(b) Corresponding period of the immediately preceding financial year

Yes

| Name of Dividend                  | Final               |
|-----------------------------------|---------------------|
| Dividend type                     | Cash                |
| Final ordinary dividend per share | 1.0 Singapore cent  |
| Final special dividend per share  | 0.5 Singapore cents |
| Tax rate                          | Tax exempt          |

(c) Date payable

Subject to approval by shareholders at the next Annual General Meeting and to be announced at a later date.

(d) Books closure date

Subject to approval by shareholders at the next Annual General Meeting and to be announced at a later date.

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### ***8. Interested person transactions***

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

### ***9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)***

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

### ***10. 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 operating period and the next 12 months***

Group revenue and profitability are directly impacted by cyclical in the agri-business, which in turn is dependent on a variety of external factors beyond the Group's control. These include macroeconomic conditions that affect consumer purchasing power, government policies, the availability and cost of raw materials, which depend on the seasonality of harvest and festivals as well changes to demand and supply. In addition, geopolitical tensions may also disrupt global economies, supply chains and commodities prices, and impact the cost of raw materials as well as consumer's purchasing power.

In 2022, our operating environment was even more challenging, with the ongoing conflict between Russia and Ukraine, global inflationary pressures and tightening global monetary policy.

Costs of agricultural commodities increased to record levels<sup>1</sup> in 2022 and affected our production costs, resulting in an overall margins shrinkage. The world is facing rising inflation. Inflation has a stronger impact on the consumer purchasing power of the low-income band. This reduces our ability to increase selling prices especially in emerging Asia. High raw material costs impacted our production costs. At the same time, ASP increases were constrained by lower consumer purchasing power. The combined impact resulted in overall margin shrinkage.

Going forward, raw material prices are expected to remain high, as (i) weather conditions may affect crop production in some countries, (ii) the situation in Ukraine persists, and (iii) hikes in interest rates increase the cost of funding.

In the near-term, we expect these global external factors to remain uncertain, but we are cautiously optimistic over the solid prospects for staple protein consumption in our markets. In addition, the recent reopening of China is expected to improve prospects in the region, which could drive demand in our markets.

As our business involves livestock, the outbreak of animal diseases, such as African Swine Fever ("ASF") in Vietnam, represent a major risk. These uncertainties may impact the Group's operations and financial results.

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<sup>1</sup> Rabobank, Agri Commodity Markets Research Outlook 2023: Tightening the Belt, November 2022: "Agricultural commodities reached record nominal prices in May 2022, on the back of adverse weather (much of it related to two years of La Niña), falling stockpiles, the war in Ukraine, the container shortage, and various protectionist measures restricting food commodity exports".

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### ***10. 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 operating period and the next 12 months (cont'd)***

The Covid-19 impact appears to weaken as many countries, including China, progressively relax movement restrictions. However, the situation remains unpredictable, with potential effects on demand, logistics and distribution that cannot be reliably estimated with any certainty. Covid-19, including movement restrictions, affects the purchasing power of consumers in the lower income band, especially in emerging economies, dampening demand and impacting selling prices of our products. The impact on demand on our business may vary depending on how and when the pandemic affects each market. Should a resurgence of Covid-19 affect global economies and result in a global recession, the impact may be significant on our business, notwithstanding our position in staple protein foods. Against this backdrop, we continue to keep a close watch on the situation.

Volatility in foreign exchange rates might affect the Group's financial results which are reported in USD terms.

#### **PT Japfa Tbk**

In Indonesia, the prices of broiler and day-old-chick ("DOC") are volatile, depending on market demand-supply dynamics. For example, in April 2020, the price dropped to one of the lowest levels since Japfa's IPO in 2014. This was due to the reduced demand for consumer staples, including poultry, following the Covid-19. In 2022, selling prices of both DOC and broiler did not keep pace with the higher global feed raw materials. Over the past few years, a balance in the poultry demand and supply dynamics has been maintained through the active management of the country's DOC supply, which is outside of our control.

Since the Covid-19 outbreak, PT Japfa Tbk has taken action to freeze and defer non-essential capital expenditures ("Capex"). Tbk continues to keep a close eye on the macro-economic conditions and manage Capex accordingly.

New lifestyles are changing consumer patterns towards processed foods, including those produced by the Group. Challenges remain particularly in the Group's ambient food products business due to intense market competition.

#### **Animal Protein Other ("APO")**

In Vietnam, ASF continues to disrupt the supply of pork and swine fattening prices. The recent ASF resurgence has caused a drop in swine fattening prices because of pre-emptive sales in the market. The low swine fattening selling prices were not able to cover the increased feed raw material and operational costs, which have caused a margin shrinkage for the swine operations in Vietnam.

As there is still no proven vaccine or treatment for ASF, biosecurity measures are the only available means to protect Vietnamese swine livestock. The application of strict biosecurity protocols by our wholly owned Vietnamese subsidiary has increased our operational costs. However, in 2022 our swine fattening livestock operations in Vietnam was hit by ASF causing losses of approximately US\$20 million for the year, with the biggest impact in 4Q2022. ASF is an industry-wide problem and the situation is unlikely to improve in the immediate future.

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### **10. 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 operating period and the next 12 months (cont'd)**

While the long-term prospects in Vietnam are expected to remain sound, the current challenges are expected to weigh down our operations in the near term. In the light of the current market volatility, APO-Vietnam has temporarily frozen non-essential new capex and scaled down the sow breeding population and swine fattening livestock.

In relation to our operations in Myanmar, consumer demand has been affected by Covid-19 and the political situation in the country. Business in Myanmar has reverted to a cash economy. Actions have been taken by the local management to adapt to the current situation, including scaling down operations to match the lower demand, and sourcing raw materials from local suppliers in local currency (Myanmar Kyat). Although the general situation in Myanmar appears to progressively stabilise, our operations in Myanmar remain challenging as consumer purchasing power is still weak. The Group's business in Myanmar is not material, representing approximately 2% of Group revenue and assets in FY2022. However, as the Company supplies mainly chicken, which is a staple and affordable protein food, we do not expect the impact on our business to be long lasting. The Company will continue to monitor the situation as it develops.

#### **Conclusion**

Over the medium and long-term the emerging markets in which the Group operates are expected to continue to witness growing animal protein consumption. Against this backdrop, the Group is confident that its core competencies in large-scale farming and food production as well as its strategy of diversification across proteins and geographies, together with its track record in replicating its industrialised and scalable business across the region, will continue to sustain its growth in the medium to long-term.

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### 11. Disclosures pursuant to Chapter 7 Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“Listing Manual”).

The persons occupying a managerial position in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company are as follows:

| Name              | Age | Family relationship with any director and/or substantial shareholder  | Current position and duties, and the year the position was held  | Details of changes in duties and position held, if any, during the year |
|-------------------|-----|---|--|---|
| Gabriella Santosa | 30  | <p>Daughter of late Director and Executive Chairman Handojo Santosa and Substantial Shareholder, Farida Gustimego Santosa</p> <p>Sister of Director Renaldo Santosa and Substantial Shareholders, Mikael Santosa and Raffaella Santosa</p> <p>Gabriella is also a deemed Substantial Shareholder of the Company by virtue of her being a joint investment power holder of Scuderia Trust (with Renaldo Santosa)</p> | <p>Vice President, Business Development</p> <p>Position held since 29 October 2020</p> <p>Duties:</p> <ul style="list-style-type: none"><li>- Expand our network and partnerships mainly in animal health and technology and aquaculture.</li><li>- Explore new venture potential in both new growth areas and existing operations.</li><li>- Focus resources to support technological efficiencies and innovation in current operational process.</li><li>- Manage deal pipeline of new business opportunities.</li><li>- Map and explore technology roadmap for the Group.</li><li>- Understand new markets for the Group to consider expansion.</li></ul> | No change   |

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## 11. Disclosures pursuant to Chapter 7 Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual"). (Cont'd)

| Name                  | Age | Family relationship with any director and/or substantial shareholder   | Current position and duties, and the year the position was held  | Details of changes in duties and position held, if any, during the year |
|-----------------------|-----|--|--|---|
| Aldrian Irvan Kolonas | 35  | <p>Son of Director, Mr Hendrick Kolonas.</p> <p>Brother of Substantial Shareholder, Ms Rachel Anastasia Kolonas.</p> | <p><u>Deputy Corporate Affairs Director in PT Japfa Comfeed Indonesia Tbk</u></p> <p>Position held since 1 October 2020.</p> <p>Duties:</p> <ul style="list-style-type: none"> <li>- Systematically organizes governance process, coordinates coherent policy and is responsible for external communications.</li> <li>- Provides strategic leadership pertaining Company's reputation.</li> <li>- Advises Management Team on matters relating corporate issues and image.</li> <li>- Builds and maintain good relations with all stakeholders.</li> <li>- Engages and influence policy makers, as well as deal with the Government regarding permit, legal and law.</li> <li>- Leads and oversees government relations, corporate communications and social Investment functions.</li> <li>- Ensure the entire strategic plan within Corporate Affairs function is well executive and implemented.</li> </ul> <p><u>Deputy Head, SBU Grains Trading in PT Japfa Comfeed Indonesia Tbk</u></p> <p>Position held since 1 January 2019.</p> <p>Duties:</p> <ul style="list-style-type: none"> <li>- Overall responsibility is to assist Head of SBU Grains Trading in creating, planning, implementing, and integrating the strategic direction.</li> <li>- Ensure that the organization's leadership maintains a constant awareness of both the external and internal competitive landscape, opportunities for expansion, customer base, markets, new industry developments and standards.</li> </ul> | No change   |

## **JAPFA LTD.**

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### ***12. Disclosures pursuant to Chapter 7 Rule 704(29) of the Listing Manual***

Pursuant to Rule 704(29) of the Listing Manual the Company wishes to announce that the number of conditional share awards granted under Japfa Ltd Performance Share Plan (previously announced on 1 March 2022) has been reduced from 7,900,000 ordinary shares to 6,223,900 ordinary shares.

### ***13. Disclosures pursuant to Chapter 7 Rule 706A of the Listing Manual***

Immediately prior to the listing of Austasia Group Ltd ("AAG") on the Main Board of The Stock Exchange of Hong Kong on 30 December 2022 the Company distributed ("DIS") its AAG shares to Entitled Shareholders of the Company. Upon the DIS, AAG, then a principal subsidiary of the Company, ceased to be a subsidiary of the Company and simultaneously became an affiliate of Rangi Management Ltd, the holding company of the Company and of Renaldo Santosa an Executive Director of the Company. Under Chapter 9 of the Listing Manual, transactions between Annona Pte Ltd ("Annona"), a subsidiary of the Company, and AAG, from then on would be interested party transactions. However, no transaction as such Interested Party took place in FY2022. The aggregate sale and purchase transactions between Annona and AAG (while AAG was a principal subsidiary of the Company) for feed raw materials in FY2022 was US\$33.4 million being US\$1.4 million more than the contractual expected limit of US\$32.0 million set out in the Supply Agreement referred to in the Company's Circular to Shareholders dated 15 October 2022.

**By Order of the Board**  
**Japfa Ltd**

Tan Yong Nang  
Executive Director and  
Chief Executive Officer  
1 March 2023