

ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 11 January 2018)
(Company Registration Number: 201801590R)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

This announcement has been prepared by ST Group Food Industries Holdings Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning ascribed to them in the offer document of ST Group Food Industries Holdings Limited dated 26 June 2019 (the “Offer Document”).

Background

ST Group Food Industries Holdings Limited (the “Company”, and together with its subsidiaries, “ST Group” or the “Group”) was incorporated in the Republic of Singapore on 11 January 2018 and was listed on the Catalist Board of the SGX-ST (“Catalist”) on 3 July 2019. ST Group was formed pursuant to a restructuring exercise (the “Restructuring Exercise”) undertaken as part of its corporate re-organisation, which involved the rationalisation of its corporate and shareholding structure for the purposes of the Company’s listing on Catalist. Please refer to the Company’s Offer Document for further details on the Restructuring Exercise.

Founded in 2011, ST Group holds the exclusive franchise and licence rights to six internationally popular food and beverage (“F&B”) brands, namely, “PappaRich”, “NeNe Chicken”, “Gong Cha”, “Hokkaido Baked Cheese Tart”, “IPPUDO” and “iDarts”, in various territories. ST Group has developed two of its own brand concepts, “PAFU” and “KURIMU”, which were launched in December 2017 and July 2019, respectively. ST Group had also opened a “Go Noodle House” outlet in Melbourne, Australia in November 2020.

ST Group operates in the key geographical markets of Australia, New Zealand and United Kingdom through four main business segments - F&B retail sales under the various brands through outlets owned and operated by the Group, the sub-franchising and sub-licensing of brands to sub-franchisees and sub-licensees, the sale of F&B ingredients and other supplies to its franchise network through its Central Kitchen, and receipt of machine income from electronic dart machines installed at sub-franchised “iDarts” outlets.

As at 31 December 2021, ST Group had a network of 140 outlets comprising 50 Group-owned outlets and 90 outlets owned and operated by its sub-franchisees and sub-licensees across its key geographical markets.

Number of outlets by brands

	As at 31 December 2021		As at 30 June 2021	
	Owned	Sub-franchised/ sub-licensed	Owned	Sub-franchised/ sub-licensed
PappaRich				
- Australia	8	23	8	25
- New Zealand	-	3	-	4
NeNe Chicken				
- Australia	4	24	4	18
- Malaysia	-	-	-	5
Gong Cha				
- New Zealand	11	15	11	12
- United Kingdom	5	3	4	-
Hokkaido Baked Cheese Tart				
- Australia	7	9	7	8
iDarts				
- Australia	-	4	-	4
PAFU				
- Australia	5	4	5	4
IPPUDO				
- Australia	2	-	2	-
- New Zealand	2	-	2	-
KURIMU				
- Australia	5	5	4	2
Go Noodle House				
- Australia	1	-	1	-
Total	50	90	48	82

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A. Condensed interim consolidated statement of comprehensive income

	Note	1H FY2022 ⁽¹⁾ (AUD) (Unaudited)	1H FY2021 ⁽²⁾ (AUD) (Unaudited)	Increase/ (Decrease) %
Continuing operations				
Revenue	4	20,277,610	20,621,949	(1.7)
Other income		2,820,188	2,232,273	26.3
Expenses				
Changes in inventories		(305,737)	(531,539)	(42.5)
Purchases of inventories		(6,411,495)	(6,029,725)	6.3
Franchise restaurants and stores related establishment costs		(318,533)	(686,846)	(53.6)
Rental credit		488,611	511,300	(4.4)
Staff costs		(8,172,767)	(6,946,743)	17.6
Depreciation expense				
- Property, plant and equipment		(1,576,295)	(1,301,610)	21.1
- Right-of-use assets		(2,674,755)	(2,415,780)	10.7
Amortisation expense		(209,998)	(135,932)	54.5
Finance costs				
- Lease liabilities		(669,019)	(687,406)	(2.7)
- Borrowings and others		(16,386)	(43,800)	(62.6)
Impairment losses on property, plant and equipment		(67,759)	(269,552)	(74.9)
Impairment losses on trade and other receivables		(81,797)	(291,722)	(72.0)
Other expenses		(3,123,516)	(2,467,433)	26.6
Share of results of associated company		28,881	-	NM
(Loss)/profit before tax		(12,767)	1,557,434	NM
Tax credit/(expense)	6	55,918	(634,252)	NM
Profit from continuing operations, net of tax		43,151	923,182	(95.3)
Loss from discontinued operations, net of tax	17	(155,906)	(741,459)	(79.0)
(Loss)/profit for the period	5	(112,755)	181,723	NM
Other comprehensive (loss)/income				
<i>Item that is or may be reclassified subsequently to profit or loss:</i>				
- Currency translation differences on consolidation		(54,766)	104,790	NM
Total comprehensive (loss)/income for the period		(167,521)	286,513	NM

Note	1H FY2022 ⁽¹⁾ (AUD) (Unaudited)	1H FY2021 ⁽²⁾ (AUD) (Unaudited)	Increase/ (Decrease) %
(Loss)/profit attributable to:			
Equity holders of the Company	355,550	445,091	(20.1)
Non-controlling interests	(468,305)	(263,368)	77.8
	(112,755)	181,723	NM
Profit attributable to equity holders of the Company relates to:			
Profit from continuing operations	396,723	759,073	(47.7)
Loss from discontinued operations	(41,173)	(313,982)	(86.9)
	355,550	445,091	(20.1)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	300,784	549,881	(45.3)
Non-controlling interests	(468,305)	(263,368)	77.8
	(167,521)	286,513	NM
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company			
From continuing and discontinued operations			
Basic and diluted (cents)	7	0.15	0.18
From continuing operations			
Basic and diluted (cents)	7	0.16	0.31
From discontinued operations			
Basic and diluted (cents)	7	(0.02)	(0.13)

NM: Not meaningful

Notes:

(1) "1H FY2022" refers to six months period ended 31 December 2021

(2) "1H FY2021" refers to six months period ended 31 December 2020

B. Condensed interim statements of financial position

	Note	Group		Company	
		As at 31 December 2021 (AUD) (Unaudited)	As at 30 June 2021 (AUD) (Audited)	As at 31 December 2021 (AUD) (Unaudited)	As at 30 June 2021 (AUD) (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	10	12,375,277	13,089,857	-	-
Right-of-use assets	11	20,210,462	23,058,452	-	-
Intangible assets	12	2,941,408	3,042,385	-	-
Investment in subsidiaries	13	-	-	28,936,750	29,220,712
Investment in associated company	14	65,770	36,889	-	-
Deferred tax asset		3,423,082	3,111,085	402,262	402,262
Fixed deposits		2,454,241	2,370,019	-	-
Trade and other receivables		1,290,428	1,381,512	-	-
Total non-current assets		42,760,668	46,090,199	29,339,012	29,622,974
Current assets					
Contract assets		155,906	98,000	-	-
Inventories		2,207,894	2,513,631	-	-
Trade and other receivables		4,149,761	3,893,199	12,367,489	11,368,075
Fixed deposits		1,030,071	998,233	1,030,071	998,233
Cash and bank balances		10,353,433	8,766,959	1,120,801	1,271,714
		17,897,065	16,270,022	14,518,361	13,638,022
Disposal group assets classified as held for sale	17	-	672,034	-	-
Total current assets		17,897,065	16,942,056	14,518,361	13,638,022
Total assets		60,657,733	63,032,255	43,857,373	43,260,996
EQUITY AND LIABILITIES					
Equity					
Share capital	15	57,200,620	57,200,620	57,200,620	57,200,620
Treasury shares		(773,653)	(722,827)	(773,653)	(722,827)
Other reserves		(39,871,285)	(40,214,835)	(112,092)	(112,092)
Retained earnings		4,250,099	3,894,549	(12,846,739)	(13,444,191)
Reserve of disposal group classified as held for sale	17	-	4,837	-	-
Equity attributable to equity holders of the Company, total		20,805,781	20,162,344	43,468,136	42,921,510
Non-controlling interests		1,456,399	1,894,218	-	-
Total equity		22,262,180	22,056,562	43,468,136	42,921,510
Non-current liabilities					
Borrowings	16	1,342,669	349,712	-	-
Lease liabilities	11	19,382,471	22,126,135	-	-
Contract liabilities		994,606	674,936	-	-
Total non-current liabilities		21,719,746	23,150,783	-	-
Current liabilities					
Trade and other payables		8,230,938	7,210,242	389,237	339,486
Contract liabilities		639,355	426,210	-	-
Borrowings	16	629,198	466,971	-	-
Lease liabilities	11	5,496,580	7,206,542	-	-
Tax payable		1,679,736	1,755,773	-	-
		16,675,807	17,065,738	389,237	339,486
Liabilities directly associated with disposal group classified as held for sale	17	-	759,172	-	-
Total current liabilities		16,675,807	17,824,910	389,237	339,486
Total liabilities		38,395,553	40,975,693	389,237	339,486
Total equity and liabilities		60,657,733	63,032,255	43,857,373	43,260,996

- B(ii)** In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

	As at 31 December 2021 (AUD)		As at 30 June 2021 (AUD)	
	Secured	Unsecured	Secured	Unsecured
Borrowings	565,592	63,606	404,058	62,913
Equipment finance lease classified as lease liabilities	-	-	317,340	-

Amount repayable after one year

	As at 31 December 2021 (AUD)		As at 30 June 2021 (AUD)	
	Secured	Unsecured	Secured	Unsecured
Borrowings	1,342,669	-	349,712	-
Equipment finance lease classified as lease liabilities	-	-	111,957	-

Details of any collateral

As at 31 December 2021, the Group's borrowings were secured by way of:

- (i) general security over all assets of certain subsidiaries; and
- (ii) corporate guarantees and personal guarantees provided by certain directors

C. Condensed interim statements of changes in equity

Group	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Reserve of disposal group classified as held for sale (AUD)	Equity attributable to equity holders of the Company (AUD)	Non- controlling interests (AUD)	Total equity (AUD)
At 1 July 2021	57,200,620	(722,827)	(40,214,835)	3,894,549	4,837	20,162,344	1,894,218	22,056,562
Profit/(loss) for the period	-	-	-	355,550	-	355,550	(468,305)	(112,755)
Other comprehensive loss								
Currency translation differences on consolidation	-	-	(54,766)	-	-	(54,766)	-	(54,766)
Total comprehensive (loss)/income for the period	-	-	(54,766)	355,550	-	300,784	(468,305)	(167,521)
<i>Transactions with owners recognised directly in equity</i>								
Purchases of treasury shares	-	(50,826)	-	-	-	(50,826)	-	(50,826)
Dividends	-	-	-	-	-	-	(49,000)	(49,000)
Deconsolidation of subsidiaries	-	-	398,316	-	(4,837)	393,479	79,486	472,965
At 31 December 2021	57,200,620	(773,653)	(39,871,285)	4,250,099	-	20,805,781	1,456,399	22,262,180

Group	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Equity attributable to equity holders of the Company (AUD)	Non-controlling interests (AUD)	Total equity (AUD)
At 1 July 2020	57,200,620	(899,238)	(39,509,084)	3,128,294	19,920,592	1,866,669	21,787,261
Profit/(loss) for the period	-	-	-	445,091	445,091	(263,368)	181,723
Other comprehensive income							
Currency translation differences on consolidation	-	-	104,790	-	104,790	-	104,790
Other comprehensive income for the financial period, net of tax	-	-	104,790	-	104,790	-	104,790
Total comprehensive income/(loss) for the period	-	-	104,790	445,091	549,881	(263,368)	286,513
<i>Transactions with owners recognised directly in equity</i>							
Purchases of treasury shares	-	(15,681)	-	-	(15,681)	-	(15,681)
At 31 December 2020	57,200,620	(914,919)	(39,404,294)	3,573,385	20,454,792	1,603,301	22,058,093

Company	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Total equity (AUD)
At 1 July 2021	57,200,620	(722,827)	(112,092)	(13,444,191)	42,921,510
Profit and total comprehensive profit for the period	-	-	-	597,452	597,452
Purchases of treasury shares	-	(50,826)	-	-	(50,826)
At 31 December 2021	57,200,620	(773,653)	(112,092)	(12,846,739)	43,468,136
At 1 July 2020	57,200,620	(899,238)	-	(4,343,998)	51,957,384
Profit and total comprehensive profit for the period	-	-	-	370,243	370,243
Purchases of treasury shares	-	(15,681)	-	-	(15,681)
At 31 December 2020	57,200,620	(914,919)	-	(3,973,755)	52,311,946

D. Condensed interim consolidated statement of cash flows

Note	Group	
	1H FY2022	1H FY2021
	(AUD)	(AUD)
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before tax from continuing operations	(12,767)	1,557,434
Loss before tax from discontinued operations	(155,906)	(727,380)
	<hr/>	<hr/>
(Loss)/profit before tax, total	(168,673)	830,054
<u>Adjustments for:-</u>		
Depreciation		
- Property, plant and equipment	1,576,295	1,368,989
- Right-of-use assets	2,674,755	2,534,664
Amortisation	209,998	138,214
Gain on termination of leases	-	(43,112)
Impairment losses on property, plant and equipment	67,759	269,552
Impairment losses on trade and other receivables	92,076	291,722
Interest income	(21,597)	(36,936)
Interest expenses	685,405	778,079
Loss on deconsolidation of subsidiaries	145,628	-
Property, plant and equipment written off	1,194	381,620
Rent concessions from lessors	(479,851)	-
Share of results of associated company	(28,881)	-
Unrealised exchange (gain)/loss	(133,520)	153,035
Operating cash flow before working capital changes	<hr/>	<hr/>
	4,620,588	6,665,881
Inventories	305,737	567,410
Receivables and contract assets	(415,907)	(1,927,132)
Payables and contract liabilities	1,904,157	842,880
Currency translation adjustments	(16,933)	62,021
Cash generated from operations	<hr/>	<hr/>
	6,397,642	6,211,060
Income tax paid	(410,355)	(449,679)
Net cash generated from operating activities	<hr/>	<hr/>
	5,987,287	5,761,381
Cash flows from investing activities		
Interest received	14,234	36,936
Purchases of intangible assets	(92,348)	(209,717)
Purchases of property, plant and equipment	(452,593)	(2,026,694)
Net cash used in investing activities	<hr/>	<hr/>
	(530,707)	(2,199,475)

Note	Group	
	1H FY2022	1H FY2021
	(AUD)	(AUD)
	(Unaudited)	(Unaudited)
Cash flow from financing activities		
Lease incentives received	5,731	186,433
Proceeds from borrowings	1,654,455	300,000
Repayment of borrowings	(357,244)	(226,301)
Repayment of lease liabilities	(3,933,336)	(2,185,978)
Dividends paid to non-controlling interests	(49,000)	-
Interest paid	(875,395)	(763,180)
Increase in fixed deposits pledged	(85,242)	(245,346)
Purchases of treasury shares	(50,826)	(15,681)
Net cash used in financing activities	(3,690,857)	(2,950,053)
Net increase in cash and cash equivalents	1,765,723	611,853
Cash and cash equivalents at beginning of the financial period	9,618,505	8,227,895
Effect of exchange rate changes on cash and cash equivalents	(724)	(24,713)
Cash and cash equivalents at end of the financial period	11,383,504	8,815,035

For purpose of presenting the Group's consolidated statements of cash flows, the consolidated cash and cash equivalents comprise the following:-

Cash and bank balances		
- Continuing operations	10,353,433	7,390,332
- Discontinued operations	-	42,369
Fixed deposits	3,484,312	3,905,763
Less: Bank overdraft	-	(197,823)
	13,837,745	11,140,641
Less: Fixed deposits (pledged)	(2,454,241)	(2,325,606)
Cash and cash equivalents	11,383,504	8,815,035

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

ST Group Food Industries Holdings Pte. Ltd. (the “**Company**”) (Co. Reg. No. 201801590R) was incorporated in Singapore on 11 January 2018 for the purpose of acquiring the existing companies pursuant to the restructuring exercise on the preparation of the listing of the Company. On 10 June 2019, the Company was converted into a public company limited by shares and changed its name to ST Group Food Industries Holdings Limited. The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited on 3 July 2019. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The registered office and address of the Company is at 120 Robinsons Road, #08-01, Singapore 068913.

The principal activities of the Group consist of the business of investment holding, processing, sales and distribution of foods and supplies, trading and management of sub-franchisees, operator of restaurants, food and beverage outlets and management of marketing funds.

2. Basis of preparation

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

The accounting policies adopted are consistent with those of the last audited financial statements 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 financial statements are presented in Australian dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

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

2.2 Use of estimates and judgements

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 financial year ended 30 June 2021.

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.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

- Food and beverage retails;
- Supply chain;
- Franchise; and
- Others

These operating segments are reported in a manner consistent with internal reporting provided to the Company's Executive Chairman and Chief Executive Officer, Mr Saw Tatt Ghee who is responsible for allocating resources and assessing performance of the Group's operating segments.

4.1 Reportable segments

1H FY2022	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation Total (AUD)
Segment revenue						
Sales to external customers	13,611,357	4,288,036	2,294,807	83,410	-	20,277,610
Intersegment sales	-	1,396,905	339,008	-	(1,735,913)	-
Total revenue from continuing operations	13,611,357	5,684,941	2,633,815	83,410	(1,735,913)	20,277,610
Share of results of associated company	-	-	-	28,881	-	28,881
Tax (expense)/credit	(16,130)	196,693	(92,405)	(32,240)	-	55,918
Net profit/(loss) from continuing operations, net of tax	150,664	(581,522)	261,966	579,366	(367,323)	43,151
Net loss from discontinued operations, net of tax						(155,906)
Loss for the period						(112,755)
Other significant non-cash expense:						
Depreciation of property, plant and equipment and amortisation of intangible assets	1,495,538	107,939	137,056	72,236	(26,476)	1,786,293
Depreciation of right-of-use assets	2,344,525	330,230	-	-	-	2,674,755
Impairment losses on property, plant and equipment	67,759	-	-	-	-	67,759
Impairment losses on trade and other receivables	7,477	2,504	71,816	-	-	81,797
Property, plant and equipment written off	1,194	-	-	-	-	1,194
Interest expense	624,774	69,412	26,055	60,487	(95,683)	685,405
Interest income	20,619	-	40	96,621	(95,683)	21,597
Segment assets	41,764,023	10,863,421	9,328,203	66,928,596	(71,164,212)	57,720,031
Unallocated assets						2,937,702
Total assets						60,657,733
Segment assets include:						
Additions to :-						
- Property, plant and equipment	385,683	61,605	5,305	-	-	452,593
- Right-of-use assets	130,003	-	-	-	-	130,003
- Intangible assets	-	-	92,348	-	-	92,348
Segment liabilities	40,850,310	2,765,329	7,252,475	21,269,460	(35,697,162)	36,440,412
Unallocated liabilities						1,955,141
Total liabilities						38,395,553

1H FY2021	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation Total (AUD)
Segment revenue						
Sales to external customers	13,386,261	4,768,478	2,352,504	114,706	-	20,621,949
Intersegment sales	-	1,311,116	332,723	-	(1,643,839)	-
Total revenue from continuing operations	<u>13,386,261</u>	<u>6,079,594</u>	<u>2,685,227</u>	<u>114,706</u>	<u>(1,643,839)</u>	<u>20,621,949</u>
Tax (expense)/credit	(170,756)	(321,996)	(233,012)	91,512	-	(634,252)
Net profit from continuing operations, net of tax	114,960	581,416	131,823	94,983	-	923,182
Net loss from discontinued operations, net of tax						(741,459)
Profit for the period						<u>181,723</u>
Other significant non-cash expense:						
Depreciation of property, plant and equipment and amortisation of intangible assets	1,173,692	109,280	73,343	81,227	-	1,437,542
Depreciation of right-of-use assets	2,113,016	302,764	-	-	-	2,415,780
Impairment losses on trade and other receivables	-	-	291,722	-	-	291,722
Interest expense	679,264	92,913	19,632	32,226	(92,830)	731,206
Interest income	35,501	-	1,139	93,126	(92,830)	36,936
Segment assets	43,021,841	11,284,210	9,403,419	72,947,420	(77,384,305)	59,272,585
Unallocated assets						1,397,646
Disposal group assets classified as held for sale						1,550,883
Total assets						<u>62,221,114</u>
Segment assets include:						
Additions to :-						
- Property, plant and equipment	2,137,280	3,500	1,265	-	-	2,142,045
- Right-of-use assets	2,859,252	-	-	-	-	2,859,252
- Intangible assets	32,888	-	-	-	-	32,888
Segment liabilities	41,048,622	5,967,036	7,903,993	14,333,575	(31,779,859)	37,473,368
Unallocated liabilities						1,102,784
Liabilities directly associated with disposal group classified as held for sale						1,586,869
Total liabilities						<u>40,163,021</u>

4.2 Geographical segments

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

	1H FY2022	1H FY2021
	(AUD)	(AUD)
	(Unaudited)	(Unaudited)
Sales to external customers		
Australia	14,219,303	14,710,302
New Zealand	4,504,991	5,351,883
United Kingdom	1,553,316	559,764
	<u>20,277,610</u>	<u>20,621,949</u>
Timing of revenue recognition		
At a point in time	17,982,803	18,269,445
Over time	2,294,807	2,352,504
	<u>20,277,610</u>	<u>20,621,949</u>
	As at	As at
	31 December 2021	30 June 2021
	(AUD)	(AUD)
	(Unaudited)	(Audited)
Non-current assets		
Australia	20,488,220	23,237,043
New Zealand	9,721,867	10,326,299
United Kingdom	5,382,830	5,664,241
	<u>35,592,917</u>	<u>39,227,583</u>

Non-current assets information presented above are non-current assets as presented in the interim statements of financial position excluding deferred tax asset and financial instruments.

4.3 Information about major customers

The Group did not have any single customer contributing 10% or more to its revenue for 1H FY2022 and 1H FY2021.

5. (Loss)/profit for the period

The Group's (loss)/profit for the period was arrived at after crediting/(charging) the following:

	Continuing operations		Discontinued operations		Total	
	1H FY2022	1H FY2021	1H FY2022	1H FY2021	1H FY2022	1H FY2021
	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Allowance for impairment of property, plant and equipment	(67,759)	-	-	(269,552)	(67,759)	(269,552)
Allowance for impairment of trade and other receivables	(81,797)	(291,722)	(10,278)	-	(92,076)	(291,722)
Amortisation expense	(209,998)	(135,932)	-	(2,282)	(209,998)	(138,214)
Depreciation expense						
- Property, plant and equipment	(1,576,295)	(1,301,610)	-	(67,379)	(1,576,295)	(1,368,989)
- Right-of-use assets	(2,674,755)	(2,415,780)	-	(118,884)	(2,674,755)	(2,534,664)
Foreign exchange gain/(loss)	133,520	(124,159)	-	(28,876)	133,520	(153,035)
Gain on termination of leases	-	-	-	43,112	-	43,112
Grant income	2,287,187	1,821,409	-	-	2,287,187	1,821,409
Interest income	21,597	36,936	-	-	21,597	36,936
Loss on deconsolidation of subsidiaries	-	-	(145,628)	-	(145,628)	-
Property, plant and equipment written off	(1,194)	(283,707)	-	(97,913)	(1,194)	(381,620)
Rebates from suppliers	401,919	344,044	-	-	401,919	344,044
Royalty fees	(548,649)	(391,358)	-	(6,124)	(548,649)	(397,482)

6. Tax (credit)/expense

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

	Continuing operations		Discontinued operations		Total	
	1H FY2022	1H FY2021	1H FY2022	1H FY2021	1H FY2022	1H FY2021
	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current year						
- Income tax	395,613	834,424	-	-	395,613	834,424
- Deferred tax	(382,693)	(154,873)	-	14,079	(382,693)	(140,794)
Overprovision in respect of previous financial period						
- Income tax	(61,295)	(45,299)	-	-	(61,295)	(45,299)
- Deferred tax	(7,543)	-	-	-	(7,543)	-
	(55,918)	634,252	-	14,079	(55,918)	648,331

7. Earnings/(loss) per share

Group

	1H FY2022	1H FY2021
	(Unaudited)	(Unaudited)
From continuing and discontinued operations		
Net profit attributable to equity holders of the Company (AUD)	355,550	445,091
Weighted average number of ordinary shares in issue	243,014,030 ⁽¹⁾	242,503,973 ⁽²⁾
Basic and diluted earnings per share (AUD cents)	0.15	0.18
From continuing operations		
Net profit attributable to equity holders of the Company (AUD)	396,723	759,073
Weighted average number of ordinary shares in issue	243,014,030 ⁽¹⁾	242,503,973 ⁽²⁾
Basic and diluted earnings per share (AUD cents)	0.16	0.31
From discontinued operations		
Net loss attributable to equity holders of the Company (AUD)	(41,173)	(313,982)
Weighted average number of ordinary shares in issue	243,014,030 ⁽¹⁾	242,503,973 ⁽²⁾
Basic and diluted loss per share (AUD cents)	(0.02)	(0.13)

The fully diluted earnings/(loss) per share and basic earnings/(loss) per share are the same because the Company does not have any outstanding convertibles.

Note:

- (1) During 1H FY2022, the Company conducted multiple share buyback exercises amounting to 403,900 shares in total. These share buybacks have been factored in arriving at the weighted average number of ordinary shares in issue for 1H FY2022.
- (2) During 1H FY2021, the Company conducted multiple share buyback exercises amounting to 226,500 shares in total. These share buybacks have been factored in arriving at the weighted average number of ordinary shares in issue for 1H FY2021.

8. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities as at 31 December 2021 and 30 June 2021:

	Group		Company	
	As at 31 December 2021 (AUD)	As at 30 June 2021 (AUD)	As at 31 December 2021 (AUD)	As at 30 June 2021 (AUD)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<i>Financial assets</i>				
Financial assets at amortised cost	18,287,519	16,239,354	14,463,595	13,616,255
<i>Financial liabilities</i>				
At amortised cost	32,687,731	34,263,682	130,783	107,810

9. Net asset value

	Group		Company	
	As at 31 December 2021 (Unaudited)	As at 30 June 2021 (Audited)	As at 31 December 2021 (Unaudited)	As at 30 June 2021 (Audited)
Net asset value ("NAV") (AUD)	20,805,781	20,162,344	43,468,136	42,921,510
Number of ordinary shares excluding treasury shares	242,742,100	243,146,000	242,742,100	243,146,000
NAV per ordinary share (AUD cents)	8.6	8.3	17.9	17.7

10. Property, plant and equipment

During 1H FY2022, the Group acquired plant and equipment amounting to A\$452,593 (1H FY2021: A\$2,026,694) and had written off plant and equipment amounting to A\$1,194 (1H FY2021: A\$381,620).

During 1H FY2022, impairment losses on property, plant and equipment of A\$67,759 (1H FY2021: A\$269,552) were recognised in the consolidated statement of comprehensive income.

11. Right-of-use assets and lease liabilities

The Group's leasing activities comprise the following:

- (i) The Group leases various food and beverage outlets, central kitchen, office buildings, motor vehicles and plant and equipment from non-related parties. The leases have an average tenure of between 2.5 to 10 years.
- (ii) In addition, the Group leases certain storage spaces with contractual terms of 12 months or less. These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group's obligations are secured by the lessors' title to the leased assets for such leases. No restrictions are imposed on dividends or further leasing.

Group	As at 31 December 2021 (AUD) (Unaudited)	As at 30 June 2021 (AUD) (Audited)
Amounts recognised in statements of financial position		
<i>Carrying amount of right-of-use assets</i>		
Food and beverage outlets	17,870,064	20,045,822
Central kitchen and office buildings	1,926,639	2,143,513
Plant and equipment	397,791	850,868
Motor vehicles	15,968	18,249
	20,210,462	23,058,452
<i>Carrying amount of lease liabilities</i>		
Current	5,496,580	7,206,542
Non-current	19,382,471	22,126,135
	24,879,051	29,332,677
Additions to right-of-use assets	130,003	5,273,639

	1H FY2022 (AUD)	1H FY2021 (AUD)
	(Unaudited)	(Unaudited)
Amounts recognised in profit or loss		
Food and beverage outlets	2,318,233	2,036,060
Central kitchen and office buildings	318,934	274,659
Plant and equipment	35,307	102,020
Motor vehicles	2,281	3,041
	<u>2,674,755</u>	<u>2,415,780</u>

Management has assessed that no allowance for impairment was required for both 1H FY2022 and 1H FY2021.

12. Intangible assets

Group	As at 31 December 2021 (AUD)	As at 30 June 2021 (AUD)
	(Unaudited)	(Audited)
Goodwill arising on business combination	945,937	945,937
Franchise rights	1,995,471	2,096,448
	<u>2,941,408</u>	<u>3,042,385</u>

During 1H FY2022, the Group acquired franchise rights amounting to A\$92,348 (1H FY2021: A\$209,717).

No impairment losses on intangible assets have been recorded for both 1H FY2022 and 1H FY2021.

13. Investment in subsidiaries

Company	As at 31 December 2021 (AUD)	As at 30 June 2021 (AUD)
	(Unaudited)	(Audited)
Unquoted equity share, at cost		
Balance at beginning of period/year	40,196,030	40,195,930
Incorporation of subsidiaries	-	100
Balance at end of the period/year	<u>40,196,030</u>	<u>40,196,030</u>
Accumulated impairment losses		
Balance at beginning of period/year	10,975,318	1,832,425
Impairment loss for the period/year	283,962	9,142,893
Balance at end of the period/year	<u>11,259,280</u>	<u>10,975,318</u>
Net carrying amount		
Balance at end of the period/year	<u>28,936,750</u>	<u>29,220,712</u>

During the financial period, management performed an impairment test on the investment in subsidiaries as the cost of investment of subsidiaries exceeds the Company's share of the respective net assets of the subsidiaries as at 31 December 2021. Impairment losses of A\$283,962 (1H FY2021: A\$Nil) were recognised for 1H FY2022.

14. Investment in associated company

The Group's investment in associated company is summarised below:

	As at 31 December 2021 (AUD)	As at 30 June 2021 (AUD)
	(Unaudited)	(Audited)
<u>Carrying amount:</u>		
Beef Musketeers (Aust) Pty Ltd	65,770	36,889

The associated company was incorporated on 24 February 2021 and is measured using the equity method. The principal activities of the associated company are wholesaling and retailing of beef products.

15. Share capital

Group and Company	Number of issued shares		Issued share capital	
	As at 31 December 2021	As at 30 June 2021	As at 31 December 2021 (AUD)	As at 30 June 2021 (AUD)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<i>Issued and paid up</i>				
At 1 July	243,146,000	242,703,500	57,200,620	57,200,620
Purchases of treasury shares	(403,900) ⁽¹⁾	(226,500) ⁽²⁾	-	-
Treasury shares re-issued for purchase of assets	-	669,000 ⁽³⁾	-	-
At 31 December/ 30 June	<u>242,742,100</u>	<u>243,146,000</u>	<u>57,200,620</u>	<u>57,200,620</u>

	Number of Shares	Percentage of the aggregate number of the treasury shares against the total number of shares outstanding
<i>Treasury Shares</i>		
As at 1 July 2020	3,296,500	
Purchases of treasury shares	226,500 ⁽²⁾	
Treasury shares re-issued for purchase of assets	(669,000) ⁽³⁾	
As at 30 June 2021 and 1 July 2021	<u>2,854,000</u>	1.2%
Purchases of treasury shares	403,900 ⁽¹⁾	
As at 31 December 2021	<u><u>3,257,900</u></u>	1.3%

Notes:

- (1) Between 1 July 2021 and 31 December 2021, the Company conducted multiple share buyback exercises amounting to 403,900 shares in total.
- (2) Between 1 July 2020 and 30 June 2021, the Company conducted multiple share buyback exercises amounting to 226,500 shares in total.
- (3) On 22 March 2021, the Company transferred 669,000 shares to an unrelated third party as partial consideration for asset acquisition of a Nene Chicken outlet in Australia. Please refer to the Company's announcement on 22 March 2021 for details of this asset acquisition.

There were no outstanding convertibles and subsidiary holdings held by the Company as at 31 December 2021 and 31 December 2020. The number of shares held as treasury shares as at 31 December 2021 and 31 December 2020 were 3,257,900 and 3,523,000 treasury shares respectively. The percentage of the aggregate number of treasury shares held against the total number of outstanding shares as at 31 December 2021 and 31 December 2020 was 1.3% and 1.4% respectively.

16. Borrowings

Group	As at 31 December 2021 (AUD) (Unaudited)	As at 30 June 2021 (AUD) (Audited)
<i>Non-current</i>		
Bank loans (secured)	1,342,669	349,712
<i>Current</i>		
Bank overdrafts (secured)	-	147,823
Bank loans (secured)	565,592	256,234
Other loans (unsecured)	63,606	62,914
	<u>629,198</u>	<u>466,971</u>
Total borrowings	<u>1,971,867</u>	<u>816,683</u>

The Group's secured bank loans are secured over all assets of certain subsidiaries, and personal guarantees by certain directors of the Company and subsidiaries. Interest is payable at 2.52% to 6.68% (FY2021: 4.87% to 6.68%) per annum in 1H FY2022.

17. Discontinued operations and disposal group classified as held for sale

On 5 April 2021, the Group's subsidiaries, STG Food Industries Malaysia Sdn Bhd ("**STGFIM**") and TGR Food Industries Sdn Bhd ("**TGRFI**"), entered into a term sheet with two external parties (the "**Purchasers**"), to undertake a restructuring exercise of NNC Food Industries Malaysia Sdn Bhd ("**NNCFI**") and its subsidiaries ("**NNCFI disposal group**") which were indirect subsidiaries of the Group. A refundable deposit of RM700,000 (equivalent to A\$223,986) was received from the Purchasers in May 2021. The Purchasers are not related to any of the directors or controlling shareholders of the Company.

On 12 July 2021, a Sale and Purchase Agreement was entered into between STGFIM, TGRFI and the Purchasers to dispose of STGFIM's and TGRFI's shareholding of 8.0% and 84.0% in NNCFI, respectively for a total consideration of RM700,001. Upon completion of the transaction in September 2021, STGFIM held 3.0% shares in NNCFI and NNCFI ceased to be a subsidiary of the Company.

The assets and liabilities directly related to the NNCFI disposal group have been presented in the consolidated statement of financial position as at 30 June 2021 as "Disposal group assets classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". The entire results from the NNCFI disposal group have been presented separately on the consolidated statement of comprehensive income for 1H FY2022 and 1H FY2021 as "Loss from discontinued operations, net of tax" and comparative figures have been restated.

An analysis of the results of discontinued operations, and the results recognised on the remeasurement of disposal group is as follows:

Group	1H FY2022 (AUD) (Unaudited)	1H FY2021 (AUD) (Unaudited)
Revenue	-	449,645
Other income	-	44,245
Expenses	(155,906)	(1,221,270)
Loss before tax from discontinued operations	(155,906)	(727,380)
Tax expense	-	(14,079)
Loss after tax from discontinued operations	<u>(155,906)</u>	<u>(741,459)</u>

Group	As at 30 June 2021 (AUD) <u>(Audited)</u>
Details of disposal group classified as held for sale are as follows:	
<i>Disposal group assets classified as held for sale:</i>	
Property, plant and equipment	23,327
Intangible assets	107,115
Deferred tax assets	35,583
Trade and other receivables	144,101
Inventories	360,772
Cash and cash equivalents	1,136
	<u>672,034</u>
<i>Liabilities directly associated with disposal group classified as held for sale:</i>	
Trade and other payables	676,799
Contract liabilities	82,373
	<u>759,172</u>
<i>Reserve of disposal group classified as held for sale:</i>	
Foreign currency translation reserve	<u>4,837</u>

18. Subsequent events

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

F. Other information required under Appendix 7C of the Catalyst Rules

1. Review

The condensed interim consolidated statement of financial position of the Group as at 31 December 2021, the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows of the Group for the six-month period ended 31 December 2021, and, certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Financial performance (1H FY2022 vs 1H FY2021)

Revenue

Revenue decreased by A\$0.3 million or 1.7%, from A\$20.6 million in 1H FY2021 to A\$20.3 million in 1H FY2022 as the Group's operations were affected by the Omicron-fueled surge in COVID-19 cases in its key geographical markets in 1H FY2022. Government mandated lockdowns and movement restrictions in these regions had reduced foot traffic significantly, and caused temporary store closures in some extreme cases. The contributions from the respective major revenue segments were as follow: -

- (i) revenue from F&B retail sales increased by A\$0.2 million or 1.7% from A\$13.4 million in 1H FY2021 to A\$13.6 million in 1H FY2022. The Group increased its Group-owned outlets from 46 as at the end of 1H FY2021 to 50 as at the end of 1H FY2022 as the Group expanded its KURIMU network in Australia and Gong Cha network in the United Kingdom, and this had partially mitigated the adverse impact of the surge in COVID-19 cases in 1H FY2022;
- (ii) revenue from supply chain sales (comprising the sale of F&B ingredients and other supplies to our sub-franchisees and sub-licensees) decreased by A\$0.5 million or 10.1% from A\$4.8 million in 1H FY2021 to A\$4.3 million in 1H FY2022 as the surge in COVID-19 cases in 1H FY2022 had affected sub-franchisees' operations in Australia and New Zealand; and
- (iii) franchise revenue was relatively stable at A\$2.4 million in 1H FY2021 and A\$2.3 million in 1H FY2022.

Other income

Other income increased by A\$0.6 million or 26.3% from A\$2.2 million in 1H FY2021 to A\$2.8 million in 1H FY2022 mainly due to an increase in various COVID-19 grant income received from governments amounting to A\$2.3 million in 1H FY2022 as compared to A\$1.8 million in 1H FY2021.

Changes in inventories

Changes in inventories amounted to a decrease of A\$0.3 million in 1H FY2022 and a decrease of A\$0.5 million in 1H FY2021. The fluctuations in the balance of our inventories are mainly due to timing of purchases and consumption of inventories.

Purchases of inventories

Purchases of inventories increased by A\$0.4 million or 6.3%, from A\$6.0 million in 1H FY2021 to A\$6.4 million in 1H FY2022, due to an increase in raw material costs and higher freight charges.

Franchise restaurants and stores related establishment costs

Franchise restaurants and stores related establishment costs decreased by A\$0.4 million or 53.6% from A\$0.7 million in 1H FY2021 to A\$0.3 million in 1H FY2022, in line with the decrease in project income from A\$0.9 million in 1H FY2021 to A\$0.5 million in 1H FY2022.

Rental on operating leases

The Group recorded a net income on rental on operating leases of A\$0.5 million in 1H FY2022, similar to the amount received in 1H FY2021, as the Group continued to receive rent concessions from major landlords in relation to the COVID-19 pandemic.

Staff costs

Staff costs increased by A\$1.2 million or 17.6% from A\$6.9 million in 1H FY2021 to A\$8.2 million in 1H FY2022 as a result of the increase in headcount arising from the increase in its Group-owned outlets from 46 as at the end of 1H FY2021 to 50 as at the end of 1H FY2022.

Depreciation expense

Depreciation expense comprised A\$2.7 million depreciation on right-of-use assets and A\$1.6 million depreciation on property, plant and equipment in 1H FY2022, as compared to A\$2.4 million depreciation on right-of-use assets and A\$1.3 million depreciation on property, plant and equipment in 1H FY2021.

Depreciation on right-of-use assets increased by A\$0.3 million or 10.7% due to new leases entered into by the Group for new outlets opened since the end of 1H FY2021. Depreciation on property, plant and equipment increased by A\$0.3 million or 21.1% due mainly to addition of new equipment, furniture and fittings for new outlets opened by the Group since the end of 1H FY2021.

Amortisation expense

Amortisation expense increased by A\$0.1 million or 54.5% from A\$0.1 million in 1H FY2021 to A\$0.2 million in 1H FY2022, mainly due to an increase in amortisation in relation to the license fees paid for new Nene Chicken and Gong Cha outlets opened since the end of 1H FY2021.

Finance costs

Finance costs comprised finance costs on long term leases recognised as lease liabilities under SFRS(I) 16 and finance costs on borrowings. Finance costs on borrowings decreased by 62.6% from A\$0.04 million in 1H FY2021 to A\$0.02 million in 1H FY2022 mainly due to the repayment of overdraft facilities in 1H FY2022.

Total finance costs remained consistent at A\$0.7 million in 1H FY2022 and 1H FY2021.

Impairment losses on property, plant and equipment Impairment losses on trade and other receivables

The Group recorded an impairment loss of A\$0.1 million on the net book value of property, plant and equipment of one of its Group-owned outlets in 1H FY2022 as the prolonged impact of COVID-19 pandemic had adversely affected the operations of the outlet.

The Group had also recorded total impairment losses amounting to A\$0.1 million on the trade and other receivables balances in 1H FY2022 as the Group identified trade receivables balances with potential default risk in 1H FY2022.

Other expenses

Other expenses increased by A\$0.7 million or 26.6% from A\$2.5 million in 1H FY2021 to A\$3.1 million in 1H FY2022, mainly due to an increase of A\$0.3 million in marketing expenses and an increase in council rates of A\$0.2 million, in line with the increase in number of Group-owned outlets in 1H FY2022.

Share of results of associated company

The Group invested in an associated company, Beef Musketeers (Aust) Pty Ltd, on 24 February 2021. The share of results of associated company recorded for 1H FY2022 amounted to A\$0.03 million. The management does not consider the associated company to be material to the Group.

(Loss)/profit before tax

Due to the reasons above, the Group posted loss before tax from continuing operations of A\$0.01 million in 1H FY2022 as compared to a profit before tax of A\$1.6 million in 1H FY2021.

Tax credit/(expense)

Tax credit of A\$0.1 million was recorded for 1H FY2022. A major portion of the government grant income received by the Group in 1H FY2022 was not taxable.

Profit for the period from continuing operations, net of tax

After accounting for tax credit, the Group recorded a decrease in profit after tax from continuing operations of A\$0.9 million or 95.3%, from A\$0.9 million in 1H FY2021 to A\$0.04 million in 1H FY2022.

Loss from discontinued operations, net of tax

Loss from discontinued operations decreased A\$0.6 million or 79.0% from A\$0.7 million in 1H FY2021 to A\$0.2 million in 1H FY2022 as the Group scaled down the business operations of the NNCFI disposal group in 1H FY2022 and completed the disposal transaction in September 2021.

Profit attributable to equity holders of the Company

Due to the reasons above, profit attributable to equity holders of the Company decreased by A\$0.1 million or 20.1%, from A\$0.5 million in 1H FY2021 to A\$0.4 million in 1H FY2022.

Review of the Group's financial position

Non-current assets

The Group's non-current assets decreased by A\$3.3 million or 7.2% from A\$46.1 million as at 30 June 2021 to A\$42.8 million as at 31 December 2021, mainly attributable to the following:

- (i) a decrease in property, plant and equipment of A\$0.7 million and a decrease in right-of-use assets of A\$2.8 million as a result of depreciation expense recorded in 1H FY2022; and
- (ii) offset by an increase in deferred tax assets of A\$0.3 million and an increase in fixed deposits of A\$0.1 million.

Current assets

Current assets increased by A\$1.0 million or 5.6%, from A\$16.9 million as at 30 June 2021 to A\$17.9 million as at 31 December 2021, mainly due to an increase in cash and bank balances of A\$1.6 million and an increase in trade and other receivables of A\$0.3 million, offset by a decrease in inventories of A\$0.3 million and a decrease in disposal group assets classified as held for sale of A\$0.7 million on completion of Nene Chicken Malaysia operations disposal in September 2021.

Non-current liabilities

The Group's non-current liabilities decreased by A\$1.4 million or 6.2%, from A\$23.2 million as at 30 June 2021 to A\$21.7 million as at 31 December 2021, mainly due to a decrease in lease liabilities of A\$2.7 million, offset by an increase in borrowings of A\$1.0 million and an increase in contract liabilities of A\$0.3 million. The decrease in non-current lease liabilities of A\$2.7 million was mainly due to the repayment of lease obligations of Group-owned outlets in 1H FY2022. In December 2021, the Group made a loan drawdown of A\$1.4 million in preparation for potential future brand and outlet expansion. Contract liabilities mainly consist of deferred income resulting from initial franchise fees paid by franchisees which are recognised on a straight-line basis over the term of the underlying franchise agreement. The increase in contract liabilities of A\$0.3 million was consistent with the increase in number of sub-franchised outlets, especially those under the Nene Chicken brand in Australia.

Current liabilities

The Group's current liabilities decreased by A\$1.1 million or 6.4%, from A\$17.8 million as at 30 June 2021 to A\$16.7 million as at 31 December 2021, mainly due to a decrease in lease liabilities of A\$1.7 million and a decrease in liabilities directly associated with disposal group classified as held for sale of A\$0.8 million on completion of the disposal of the NNCFI disposal group in September 2021, offset by an increase in trade and other payables of A\$1.0 million, an increase in borrowings of A\$0.2 million and increase in contract liabilities of A\$0.2 million.

Working Capital

The Group recorded positive working capital of A\$1.2 million as at 31 December 2021, as compared to a negative working capital of A\$0.8 million as at 30 June 2021.

Review of the Group's cashflows

The Group generated net cash from operating activities of A\$6.0 million in 1H FY2022, due to operating cash flow before changes in working capital of A\$4.6 million, net cash generated from working capital changes of A\$1.8 million, and income tax paid of A\$0.4 million.

Net cash used in investing activities amounted to A\$0.5 million, due mainly to additions to property, plant and equipment of A\$0.4 million and additions to intangible assets of A\$0.1 million, as the Group expanded its operations and increased the number of outlets.

Net cash used in financing activities amounted to A\$3.7 million, mainly due to the (i) repayment of bank borrowings of A\$0.4 million; (ii) repayment of lease liabilities of A\$3.9 million; and (iii) interest paid on lease liabilities and bank borrowings of \$0.9 million; offset by loan drawdown of A\$1.7 million.

As a result of the above, net cash and cash equivalents increased by A\$1.8 million in 1H FY2022.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

The COVID-19 pandemic continued to affect businesses globally with the emergence of the Omicron variant. The Group's key geographical markets witnessed record high number of COVID-19 cases, which caused a temporary shortage in manpower and supply chain disruptions. All these

factors had contributed to loss of revenue and escalating business costs, which had impacted our operations in 1H FY2022. The operating environment of the F&B industry is expected to remain challenging, as the Group expects lower rental concessions from landlords and government business grants tapering off in the next 12 months.

On a positive note, the vaccination rates in these regions continue to climb steadily, which the Group believes will provide an important platform for these regions to achieve post-COVID-19 “New Normal”. The Group continues to review and revise its existing COVID-19 Safe Plan guidelines for its corporate office, Central Kitchen and F&B outlets, to ensure that the Group continues to operate in a safe and responsible manner.

The Group remains in a strong cash surplus position with relatively low gearing. The Group continues to be on the lookout for exciting F&B brands to introduce to the key geographical markets that the Group operates in. As at 31 December 2021, the Group had a network of 140 outlets comprising 50 Group-owned outlets and 90 outlets owned by its sub-franchisees and sub-licensees. In addition, the Group is planning to open at least another 13 Group-owned and sub-franchised/sub-licensed outlets by June 2022.

5. Dividend

(a) Any dividend recommended/declared for the current financial period reported on?

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share (in A\$)	A\$0.0017 per ordinary share
Treasury shares	Not entitled
Tax rate	Net of tax after deduction of applicable Australia corporate tax

(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share (in A\$)	A\$0.0015 per ordinary share
Treasury shares	Not entitled
Tax rate	Net of tax after deduction of applicable Australia corporate tax

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

The dividend is net of tax after deduction of applicable Australia corporate tax. Please refer to Appendix F of the Offer Document for discussion on tax treatment of the dividend distribution.

(d) The date the dividend is payable

Interim dividend is payable on 11 March 2022 in Singapore Dollar. The exchange rate to be used in determining payment of above interim dividend in Singapore Dollar will be disclosed in due course.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07 Singapore 098632, up to 5.00 p.m. on 2 March 2022 will be registered before entitlements to the interim dividend are determined.

6. If no dividend has been declared/recommended, a statement to the effect and the reason(s) for the decision.

Not applicable.

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

The Group does not have a general mandate from shareholders for recurrent interested person transactions ("IPT").

Save as disclosed below, there are no IPTs between the Group and any of its interested persons of S\$100,000 and above during 1H FY2022:

	Aggregate value of IPTs in 1H FY2022 (AUD)
Lease of 120 and 130 Turner Street, Port Melbourne, VIC 3207, Australia from SCL Property Australia Pty Ltd	372,592
Transactions with Idarts QV Pty Ltd	24,448
Total	<u>397,040</u>

Please refer to the Offer Document for further details of the IPTs set out above.

8. Negative confirmation by the board pursuant to Rule 705(5)

To the best knowledge of the board of directors (the "Board"), nothing has come to the attention of the Board which may render the unaudited financial statements of the Group and the Company for 1H FY2022 to be false or misleading in any material aspect.

9. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

10. Use of IPO proceeds

The Company received proceeds from the IPO of approximately S\$6.2 million (the “**Net Proceeds**”). As at the date of this announcement, the Net Proceeds have been utilised as follows:

	Allocation of Net Proceeds (as disclosed in the Offer Document) (S\$'000)	Net proceeds utilised as at the date of this announcement (S\$'000)	Balance of Net Proceeds (S\$'000)
Expansion of franchise network and introduction of new brands and concepts	4,000	4,000	-
Acquisition of new equipment and machinery and expansion of our existing Central Kitchen and corporate office in Australia	1,000	-	1,000
Establishing a new central kitchen and corporate office in Malaysia	600	-	600
General working capital purposes	600	487 ⁽¹⁾	113
Total	6,200	4,487	1,713

Note:

(1) Mainly utilised to support the Group's operations in Malaysia.

BY ORDER OF THE BOARD

Saw Tatt Ghee
Executive Chairman and Chief Executive Officer

10 February 2022