

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

Condensed Interim Financial Statements For the six months ended 30 September 2022

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(Incorporated in the Republic of Singapore on 3 December 2007)
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A. Condensed Interim Consolidated Statement of Comprehensive Income For the Financial Period Ended 30 September 2022

		Group 6 month ended 30 September		Increase/ (Decrease)
	Note	2022 (S\$'000)	2021 (S\$'000)	(%)
Revenue		37,974	21,214	79.0
Cost of sales		(5,809)	(3,438)	69.0
Gross profit		32,165	17,776	80.9
Other income		487	4,106	(88.1)
Interest income from bank		32	51	(37.3)
Other gain – net		30	1	N.M. ⁽¹⁾
Selling and distribution expenses		(27,023)	(21,305)	26.8
Administrative expenses		(1,838)	(1,635)	12.4
Other operating expenses		(638)	(472)	35.2
Lease interest expenses		(465)	(417)	11.5
Share of results of associated companies		155	258	(39.9)
Profit/(Loss) before income tax	6.1	2,905	(1,637)	N.M. ⁽¹⁾
Income tax expenses	7	(564)	-	N.M. ⁽¹⁾
Profit/(Loss) after income tax		2,341	(1,637)	N.M. ⁽¹⁾
Total comprehensive income/(loss) for the period attributable to equity holders of the company		2,341	(1,637)	N.M. ⁽¹⁾
Earnings per share attributable to owners of the Company				
Basic and diluted		1.34	(0.94)	N.M. ⁽¹⁾

Note:

(1) “N.M.” denotes not meaningful.

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B. Condensed Interim Statements of Financial Position As at 30 September 2022

		Group As at		Company As at	
	Note	30.09.2022 (S\$'000)	31.03.2022 (S\$'000)	30.09.2022 (S\$'000)	31.03.2022 (S\$'000)
ASSETS					
Current assets					
Cash and bank balances		23,495	23,207	1,812	4,114
Trade and other receivables	11	1,024	1,065	-	-
Inventories		731	579	-	-
Amounts owing from subsidiary corporations	11	-	-	3,303	981
Current income tax recoverable		-	-	-	3
Other current assets		3,289	2,729	44	39
		28,539	27,580	5,159	5,137
Non-current assets					
Plant and equipment	13	8,395	7,188	10	10
Investment in subsidiary corporations		-	-	6,042	6,042
Investment in associated companies		2,022	1,867	232	232
Investment in joint ventures		-	-	100	100
Loan to an associated company		248	248	248	248
Loan to joint venture		1,080	1,050	1,080	1,050
Other investment at amortised cost		536	1,309	-	-
Intangible assets	12	106	136	-	-
Right-of-use assets		36,959	35,067	355	441
Club membership		322	322	322	322
Long-term security deposits		3,343	3,070	45	45
		53,011	50,257	8,434	8,490
Total assets		81,550	77,837	13,593	13,627
LIABILITIES					
Current liabilities					
Trade and other payables	14	10,073	8,582	798	921
Amount due to subsidiary	14	-	-	-	45
Current income tax liabilities		553	123	-	-
Lease liabilities		17,749	17,391	160	162
		28,375	26,096	958	1,128
Non-current liabilities					
Deferred income tax liabilities		350	216	2	2
Lease liabilities		20,132	18,818	208	288
		20,482	19,034	210	290
Total liabilities		48,857	45,130	1,168	1,418
NET ASSETS		32,693	32,707	12,425	12,209
EQUITY					
Share capital	15	9,522	9,522	9,522	9,522
Treasury shares		(5)	(5)	(5)	(5)
Capital reserves		38	38	38	38
Retained earnings		23,138	23,152	2,870	2,654
TOTAL EQUITY		32,693	32,707	12,425	12,209

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C. Condensed Interim Statements of Changes in Equity For the Financial Period Ended 30 September 2022

Group	Share capital (S\$'000)	Treasury shares (S\$'000)	Capital reserves (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2022	9,522	(5)	38	23,152	32,707
Dividend paid (Note 8)	-	-	-	(2,355)	(2,355)
Total comprehensive income for the period	-	-	-	2,341	2,341
Balance as at 30 September 2022	9,522	(5)	38	23,138	32,693
Balance as at 1 April 2021	9,522	(35)	45	23,845	33,377
Dividend paid	-	-	-	(3,052)	(3,052)
Performance shares granted	-	239	(7)	-	232
Purchase of treasury shares	-	(209)	-	-	(209)
Total comprehensive loss for the period	-	-	-	(1,637)	(1,637)
Balance as at 30 September 2021	9,522	(5)	38	19,156	28,711

Company	Share capital (S\$'000)	Treasury shares (S\$'000)	Capital reserves (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2022	9,522	(5)	38	2,654	12,209
Dividend paid (Note 8)	-	-	-	(2,355)	(2,355)
Total comprehensive income for the period	-	-	-	2,571	2,571
Balance as at 30 September 2022	9,522	(5)	38	2,870	12,425
Balance as at 1 April 2021	9,522	(35)	45	5,857	15,389
Dividend paid (Note 8)	-	-	-	(3,052)	(3,052)
Purchase of treasury shares	-	239	(7)	-	232
Purchase of treasury shares	-	(209)	-	-	(209)
Total comprehensive loss for the period	-	-	-	(99)	(99)
Balance as at 30 September 2021	9,522	(5)	38	2,706	12,261

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D. Condensed Interim Statements of Cash Flows

	Group 6 months ended 30 September	
	2022 (S\$'000)	2021 (S\$'000)
Cash flows from operating activities:		
Net profit/(loss)	2,341	(1,637)
Adjustments for:		
Income tax expense	564	-
Depreciation of plant and equipment	1,567	1,444
Depreciation of right-of-use assets	9,848	8,472
Amortisation of intangible assets	30	32
Amortisation of other investment at amortised cost	2	8
Amortisation of government grants	(14)	(14)
Loss on early redemption of financial assets	20	-
Plant and equipment written off	42	-
Right-of-use assets written off	-	(41)
Employee performance shares expense	-	232
Rental concessions	(96)	(968)
Share of profit of associated companies	(155)	(258)
Lease interest expense	465	417
Interest income from bank deposits	(32)	(51)
	14,582	7,636
Changes in working capital:		
Inventories	(152)	138
Trade and other receivables	54	(165)
Other current assets	(560)	(615)
Long-term security deposits	(273)	1,084
Trade and other payables	1,505	604
Cash generated from operations	15,156	8,682
Interest income received	19	47
Income tax paid	-	(274)
Net cash provided by operating activities	15,175	8,455
Cash flows from investing activities:		
Additions to plant and equipment	(2,813)	(1,702)
Loan to joint venture	(30)	(230)
Proceeds from disposal plant and equipment	(3)	-
Redemption of financial assets, held to maturity	750	-
Net cash used in investing activities	(2,096)	(1,932)

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

	Group	
	6 months ended	
	30 September	
	2022	2021
	(\$'000)	(\$'000)
Cash flows from financing activities:		
Decrease/(Increase) in short-term bank deposits pledged	40	(317)
Principle payment of lease liabilities	(9,971)	(7,745)
Interest paid	(465)	(417)
Purchase of treasury shares	-	(209)
Dividend paid to equity holders of the Company	(2,355)	(3,052)
Net cash used in financing activities	(12,751)	(11,740)
Net increase/(decrease) in cash and cash equivalents	328	(5,217)
Cash and cash equivalents		
Beginning of financial period	19,940	20,616
End of financial period ⁽¹⁾	20,268	15,399

Note:

(1) This excludes bank deposits of S\$3.2 million as at 30 September 2022 (S\$2.8 million as at 30 September 2021) pledged as security for bank facilities granted by financial institution(s) to the Group.

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E. Notes to the Condensed Interim Consolidated Financial Statements

1 General information

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

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

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

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 September 2022 have been prepared in accordance with the SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore and to read in conjunction with the Group’s audited financial statements as at and for the year ended 31 March 2022. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 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 Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

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

2 Basis of preparation (Cont'd)

2.2 Use of judgements and estimates (Cont'd)

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

3 Seasonal operations

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

4 Segment and revenue information

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

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

Segment results

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

Segment assets

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

Segment liabilities

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

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

4. Segment and revenue information (Cont'd)

4.1 Reportable Segments

<u>1 April 2022 to 30 September 2022</u>	Singapore		Total reportable segments
	Restaurant sales (\$'000)	Other segments (\$'000)	
<u>The Group</u>			
Revenue			
Total segment revenue	37,884	90	37,974
Segment results	2,587	151	2,738
Depreciation and amortisation	1,567	30	1,597
Depreciation of right-of-use assets	9,848	-	9,848
Loss on early redemption of financial assets	20	-	20
Plant and equipment written-off	42	-	42
Share of profit of associated companies	(155)	-	(155)
Segment assets	80,652	898	81,550
Segment assets includes:			
Additions to plant and equipment	2,813	-	2,813
Loan to an associated company	248	-	248
Loan to joint venture	1,080	-	1,080
Segment liabilities	48,547	310	48,857

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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)

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

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

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 31 March 2022:

	The Group		The Company	
	30 September 2022 (\$'000)	31 March 2022 (\$'000)	30 September 2022 (\$'000)	31 March 2022 (\$'000)
Financial assets				
Cash and bank balances	23,495	23,207	1,812	4,114
Trade and other receivables	1,024	1,065	3,303	981
Other financial assets	6,861	6,451	1,380	1,346
Other investments at amortised cost	536	1,309	-	-
	<u>31,916</u>	<u>32,032</u>	<u>6,495</u>	<u>6,441</u>
Financial liabilities				
Trade and other payables	9,950	8,479	798	966
Lease liabilities	37,881	36,209	368	450
	<u>47,831</u>	<u>44,688</u>	<u>1,166</u>	<u>1,416</u>

6. Profit/(Loss) before income tax

6.1 Significant items

	The Group	
	30 September 2022 \$'000	30 September 2021 \$'000
Interest income	(32)	(51)
Royalty and franchise income	(207)	(175)
Insurance claims	(29)	(43)
Government grants	(125)	(1,548)
Rental Support Scheme Cash Payout	-	(1,339)
Rent Concessions	(96)	(968)
Miscellaneous income	(30)	(33)
Depreciation of plant and equipment	1,567	1,444
Depreciation of right-of-use assets	9,848	8,472
Amortisation of intangible assets	30	32
Amortisation of other investment at amortised cost	2	-
Loss on redemption of financial assets	20	-
Plant and equipment written off	42	-
Right-of-use assets written-off	-	41
Currency exchange gain - net	(30)	(1)

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

7. Taxation

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

Tax expense attributable to profit/(loss) is made up of:

Profit from current financial period:

- Current income tax

- Over provision in respect of prior years

The Group	
30 September 2022 \$'000	30 September 2021 \$'000
698	-
(134)	-
564	-

8. Dividend

Ordinary dividend paid

Final exempt dividend paid in respect of the previous financial year of
1.35 cents (2021: 1.75 cents) per share

The Group	
30 September 2022 \$'000	30 September 2021 \$'000
2,355	3,052

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

9. Earnings per share ("EPS")

	Group	
	30 September 2022	30 September 2021
Earnings attributable to equity holders of the Company (S\$'000)	2,341	(1,637)
Weighted average number of Shares used in computation of basic EPS	174,424,000	174,304,592
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	1.34	(0.94)
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	1.34	(0.94)

Notes:

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

10. Net Asset Value

	Group		Company	
	As at		As at	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
Net asset value per ordinary share (cents)	18.74	18.75	7.12	7.00
Number of Shares used in computation of NAV per Share	174,424,000	174,424,000	174,424,000	174,424,000

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

11. Trade and other receivables

	Group As at		Company As at	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Related parties:				
Associated companies	202	216	-	-
Joint venture	9	25	-	-
- Non-related parties	776	778	-	-
Non-trade receivables				
- Joint venture	7	3	-	-
- Subsidiary corporations	-	-	3,303	981
- Non-related parties	30	43	-	-
	1,024	1,065	3,303	981

12. Intangible assets

	Group As at	
	30 September 2022	31 March 2022
	\$'000	\$'000
Trademarks and franchise rights		
Cost		
Beginning and end of financial period/year	758	1,013
Written-off	-	(255)
End of financial period/year	758	758
Accumulated amortisation		
Beginning of financial period/year	622	814
Amortisation charge	30	63
Written-off	-	(255)
End of financial period/year	652	622
Net book value		
End of financial period/year	106	136

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

13. Plant and equipment

During the six months ended 30 September 2022, the Group acquired assets amounting to \$2,813,000 (30 September 2021: \$1,702,000) and disposed assets amounting to \$3,000 (30 September 2021: \$Nil).

14. Trade and other payables

	Group As at		Company As at	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	1,574	1,200	-	-
Non-trade payables				
- Associated companies	253	253	253	253
- Subsidiary corporations	-	-	-	45
- Non-related parties	2,203	1,843	4	5
Accruals for operating expenses	5,911	5,174	541	663
Provisions ⁽¹⁾	123	103	-	-
Franchise deposits	9	9	-	-
	<u>10,073</u>	<u>8,582</u>	<u>798</u>	<u>966</u>

(1) Provisions

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

Movements in the provisions were as follows:

	Group As at	
	30 September 2022	31 March 2022
Beginning of the financial period/year	103	108
Provision made during the financial period/year	80	180
Utilisation during the financial period/year	(60)	(185)
End of financial period/year	<u>123</u>	<u>103</u>

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

15. Share Capital

	The Group and the Company			
	30 September 2022		31 March 2022	
	Number of ordinary shares '000	Amount \$'000	Number of ordinary shares '000	Amount \$'000
Beginning and end of interim period	174,436	9,522	174,436	9,522

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

There were no outstanding convertible instruments which may be converted to shares as at 30 September 2022, 31 March 2022 and 30 September 2021.

(a) Treasury shares

(i) Between 1 April 2021 and 30 September 2021

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

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

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

After these share transfers and share buy-backs and as at 30 September 2021, the Company held 12,000 treasury shares which represented approximately 0.01% of the 174,424,000 total issued Shares (excluding treasury shares).

(ii) Between 1 April 2022 and 30 September 2022

There were no sales, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

(b) Subsidiary holdings

There were no subsidiary holdings as at 30 September 2022, 31 March 2022 and 30 September 2021.

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

16. Related party transactions

	Group As at	
	30 September 2022	31 March 2022
	\$'000	\$'000
Sales of ingredients		
- Joint venture	48	96
Royalties fee		
- Associated companies	173	337
Franchise fee		
- Associated companies	-	35

17. Subsequent events

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

F. Other Information Required by Listing Rule Appendix 7C

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

The condensed interim consolidated statement of financial position of Japan Foods Holding Limited and its subsidiaries as at 30 September 2022 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the auditors.

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

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

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

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

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

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

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

No. of outlets by Brands:

	As at 30 September	
	2022	2021
<u>Franchise Brands</u>		
Ajisen Ramen	13	13
Konjiki Hototogisu	7	7
Shitamachi Tendon Akimitsu	5	4
Menya Musashi	4	4
Osaka Ohsho	4	4
Afuri	2	2
Yonehachi	2	2
Kazokutei	1	1
Menzo Butao	1	1
New ManLee Bak Kut Teh	1	1
Kagurazaka Saryo	1	1
<u>Self-Developed Brands</u>		
Tokyo Shokudo*	7	6
Yakiniku Shokudo*	3	-
Fruit Paradise	3	2
Yakiniku Taro	1	-
Edo Shokudo*	1	-
Curry is Drink	1	1
Ramen Ichiro	1	1
Sho Ryu Ramen	1	2
Tokyo Kitchen*	1	-
	60	52

Note:

* Halal brand

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

Revenue

The Group's revenue increased by S\$16.8 million or 79.0% from S\$21.2 million for the financial period ended 30 September 2021 ("HY2022") to S\$38.0 million for the financial period ended 30 September 2022 ("HY2023"). The increase was due to positive response to the Group's halal segment and further boosted by the lifting of Covid-19 related capacity limits and social gatherings, including dining-in, since 26 April 2022 compared with HY 2022 when stringent Covid-19 safe distancing measures were still in place.

Consequently, the Group's revenue increased as follows:

- (i) *net increase in revenue of S\$3.3 million from the restaurants operating under the "Ajisen Ramen" brand*
- (ii) *net increase in revenue of S\$0.9 million from the restaurants operating under the "Menya Musashi" brand*
- (iii) *net increase in revenue of S\$6.4 million from the Halal restaurants, namely, "Tokyo Shokudo", "Edo Shokudo", "Tokyo Kitchen" and "Yakiniku Shokudo" brands*
- (iv) *net increase in revenue of S\$1.6 million from the restaurants operating under "Hototogisu" brand*
- (v) *net increase in revenue of S\$1.1 million from the restaurants operating under "Osaka Ohsho" brand*
- (vi) *net increase in revenue of S\$3.8 million from the restaurants operating under other brands*
- (vii) *impact of JFH Rewards*

The reward points known as \$J earned by members (net of expired points of approximately S\$0.3 million) under JFH Rewards amounted to S\$0.6 million in HY2023 compared to S\$0.3 million in HY2022. In accordance with the relevant accounting standard, such amount was deducted from the corresponding revenue recognised during the respective financial periods.

Gross profit

The Group's gross profit increased by S\$14.4 million or 80.9% from S\$17.8 million in HY2022 to S\$32.2 million in HY2023, which was generally in line with the increase in the Group's revenue. The Group's gross profit margin increased 0.9 percentage point from 83.8% in HY2022 to 84.7% in HY2023. The increase was due to the absence of discounts granted for takeaway orders during the Phase 2 (Heightened Alert) (P2HA") in HY2022.

Other income

The Group's other income decreased by S\$3.6 million or 88.1% from S\$4.1 million in HY2022 to \$0.5 million in HY2023 mainly due to lower rental concessions from landlords and lower of government grants, especially the Jobs Support Scheme which had ended in March 2022.

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Selling and distribution expenses

The Group's selling and distribution expenses increased by S\$5.7 million or 26.8% from S\$21.3 million in HY2022 to S\$27.0 million in HY2023 which is in line with the higher business activities during the period.

The higher selling and distribution costs were mainly due to higher manpower cost, utilities, depreciation of plant and equipment, rental and depreciation of ROU assets in HY2023.

Administrative expenses

The Group's administrative expenses increased by S\$0.2 million or 12.4% from S\$1.6 million in HY2022 to S\$1.8 million in HY2023 mainly due to higher manpower cost incurred for the Group's higher business operations level.

Lease interest expenses

Lease interest expenses increased by S\$48,000 or 11.5% from S\$417,000 in HY2022 to S\$465,000 in HY2023 as the Group had a higher number of outlets operating during HY2023.

Share of results of associated companies and joint venture company

The Group's share of profit of its associated companies decreased by S\$103,000 or 39.9%, from S\$258,000 in HY2022 to S\$155,000 in HY2023. The decrease was due to losses incurred at "Menya Musashi" and "Konjiki Hototogisu" brands restaurants operating in China which were partially offset by the share of profit from "Menya Musashi" and "Konjiki Hototogisu" brands operating in Hong Kong.

The first Tokyo store of "Siam Smith" brand under the joint venture company, Dining Collective Pte Ltd, had commenced operations in August 2022. It has not operated at the optimal level and thus recorded losses in HY2023 as Japan has not fully lifted the Covid-19 restriction measures. There are currently also three "Pizzakaya" restaurants in operation in Singapore as at 30 September 2022. The Group, together with joint venture partners, are in the process of revamping the "Pizzakaya" brands. No share of loss was captured in HY2023 as the accumulated losses have exceeded the capital contribution of S\$100,000.

Income tax expenses

Income tax expense increased by S\$0.6 million in HY2023 due to profit achieved during the period as compared to net losses incurred in HY2022.

Net profit

As a result of the reasons mentioned above, the Group recorded a net profit attributable to equity holders of the Company of S\$2.3 million in HY2023 as compared to net losses of S\$1.6 million in HY2022.

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

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

Current assets

The Group's total current assets increased by S\$1.0 million, from S\$27.6 million as at 31 March 2022 to S\$28.5 million as at 30 September 2022. This was mainly due to increase in cash and bank balances of S\$0.3 million, other current assets of S\$0.6 million (comprising current portion of rental deposit and prepaid expenses of S\$0.1 million and S\$0.5 million respectively) and inventories of S\$0.1 million.

Non-current assets

The Group's total non-current assets increased by S\$2.8 million, from S\$50.2 million as at 31 March 2022 to S\$53.0 million as at 30 September 2022.

This was mainly due to the increase in net book value of right-of-use assets and plant equipment of S\$1.9 million and S\$1.2 million respectively arising from leasing of premises and capex for new outlets, long-term security deposits of S\$0.3 million and share of profit from associated companies of S\$0.2 million. The increase is partially offset by the decrease in other investment of S\$0.8 million from the redemption of bond.

Current liabilities

The Group's total current liabilities increased by S\$2.3 million, from S\$26.1 million as at 31 March 2022 to S\$28.4 million as at 30 September 2022, mainly due to higher trade and other payables and accruals of S\$1.5 million, current portion of lease liabilities of S\$0.4 million and current income tax liabilities of S\$0.4 million.

Non-current liabilities

The Group's total non-current liabilities increased by S\$1.5 million, from S\$19.0 million as at 31 March 2022 to S\$20.5 million as at 30 September 2022 due to the increase in long-term portion of lease liabilities.

Shareholders' equity

The Group's shareholders' equity decreased by S\$14,000 from S\$32,707,000 as at 31 March 2022 to S\$32,693,000 as at 30 September 2022. The decrease was mainly due to the distribution of final dividend in respect of FY2022 and partially offset by the increase in net profit earned in HY2023.

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

Review of cash flow statement

The Group's net cash generated from operating activities in HY2023 was S\$15.2 million due to net profit and non-cash items before working capital changes of S\$14.6 million and working capital inflow of S\$0.6 million.

The Group's net cash used in investing activities in HY2023 was S\$2.1 million arising from renovation cost and purchase of equipment for the Group's restaurants of S\$2.8 million. These were offset by the redemption of financial assets of S\$0.7 million.

The Group's net cash used in financing activities in HY2023 was S\$12.8 million due to the dividend payment of S\$2.4 million, repayment of lease liabilities of S\$10.0 million and interest on leases of S\$0.4 million.

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

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

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

While business momentum is picking up after the lifting of Covid-19 related restrictions on dining-in and social gatherings since 26 April 2022, the operating environment for the food and beverage ('F&B') industry in Singapore continues to be challenging in the near term due to intense competition, manpower shortages, uncertain economic outlook and higher cost of operations due to inflationary pressures and geopolitical climate.

Notwithstanding the aforementioned, we expect the F&B industry and our Group's topline to reflect an increase in dine-in customers in line with the removal of Covid-19 restrictions on social gatherings. In addition, the Group believes that the upcoming year-end festive season which includes Christmas, New Year and also Chinese New Year in January 2023, will bring about higher customer footfalls as this will be the first time in more than two years that people are allowed to dine-out without restrictions.

To cushion our bottomline against rising costs, we will intensify our efforts to manage our expenses and maintain our healthy balance sheet, while maintaining a compelling portfolio of brands and locations that appeal to customers.

With the positive response to our first Halal concept restaurant "Tokyo Shokudo", which commenced operation at Tampines Mall in November 2020, the Group has rapidly expanded this segment and as at 30 September 2022, we have 12 restaurants that are Halal certified. We believe that this will continue to be a growing segment for our Group. In October 2022, we launched our fifth Halal brand with the opening of "Kyoto Shokudo", which serves Japanese-style matcha desserts and udon. This brings the total Halal brand offerings to five across 13 restaurants to-date.

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

The Group and Minor Food Group (Singapore) Pte. Ltd. ("MS") had established a joint venture to conduct the business of franchising and operating existing restaurant brands owned by the Company and MS in Japan, Thailand and China.

In August 2022, we have finally commenced business of our store in Japan after the lifting of Covid-19 restrictions. The business in Japan will be challenging in the short run but we are optimistic that the business will grow with a rising number of dine-in customers as social activities increase in line with the reopening of Japan's borders from 11 October 2022.

As at 30 September 2022, the Group's associated companies operate 8 restaurants in Hong Kong, 4 restaurants in China and 1 restaurant in Indonesia under the "Menya Musashi" brand. The Group's associated company also operates 4 restaurants in Hong Kong and 1 restaurant in Shanghai under the "Konjiki Hototogisu" brand.

6. Dividend

(a) Current Financial Period Reported On

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

In view of our Group's performance for HY2023, the board has declared a higher dividend per share.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	1.00 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

The proposed dividend payable date shall be announced later.

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

(d) Record date

The record date shall be announced later

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

Not applicable.

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

During HY2023, the Company did not have any discloseable interested person transaction. The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

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

There is no acquisition or sales of shares in subsidiaries and/or associated companies for the half year ended 30 September 2022.

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

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

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11. Negative confirmation pursuant to Rule 705(5)

We, Takahashi Kenichi and Eugene Wong Hin Sun, being directors of the Company (“**Directors**”), hereby confirm on behalf of the board of Directors that, to the best of the Directors’ knowledge, nothing has come to the attention of the board of Directors which may render the unaudited consolidated financial statements of the Group for the half year ended 30 September 2022 to be false or misleading in any material aspect.

On behalf of the board of Directors

Takahashi Kenichi
Executive Chairman and CEO

Eugene Wong Hin Sun
Non-Executive Vice Chairman

BY ORDER OF THE BOARD

Takahashi Kenichi
Executive Chairman and CEO

9 November 2022

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

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

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