

**FOOD EMPIRE HOLDINGS LIMITED**  
(Co Registration No: 200001282G)

---

**UPDATE ON THE GROUP'S BUSINESS IN RUSSIA AND UKRAINE**

---

The Board of Directors of Food Empire Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to its financial results announcement for the 2<sup>nd</sup> half year and full year ended 31 December 2021 released to SGX-ST on 24 February 2022, as well as the media articles below following its announcement, and would like to provide an update on the Group's situation in Russia and Ukraine.

- “Russia-Ukraine tension overshadows Food Empire's results; net profit dips 27.2%” dated 25 February 2022 (available here: <https://www.businesstimes.com.sg/companies-markets/russia-ukraine-tension-overshadows-food-empires-results-net-profit-dips-272>)
- “S'pore-headquartered firms halt operations in Ukraine after invasion” dated 27 February 2022 (available here: <https://www.straitstimes.com/business/companies-markets/spore-headquartered-firms-halt-ukraine-operations-as-russian-army-advances>)

The armed conflict between Russia and Ukraine, first reported on 24 February 2022, involves two of the Group's key markets, which jointly account for around 45% of its FY2021 revenue. Currently, extensive Russian military operations are underway in Ukraine, while a growing list of nations have imposed severe sanctions targeting Russia and Russian institutions.

In Ukraine, the Group's primary concern is for the safety and well-being of our staff and there is so far no reported damage to our equipment and properties. In view of the uncertain environment, the Group has temporarily halted factory operations and will resume when the environment improves. Sales related activities have also been temporarily suspended due to massive disruptions to supply chains, damage to public infrastructure and human displacement. In response to the security challenges, Ukraine has declared martial law, which grants its government wide ranging powers to maintain law and order and restrict the rights and interests of enterprises and labour resources. This will have an impact on its financial system, such as limitation on daily cash withdrawal and foreign exchange market operations. The economic impact of this armed conflict in Ukraine is expected to be significant and will depend on the scale and duration of the conflict, mitigated by any external aid Ukraine may receive. However, based on the Group's past experience, in the absence of a massive or permanent change in demographics, consumer demand for food and beverages is likely to remain resilient as they are essential products.

In Russia, economic sanctions targeting its financial system may have broad implications to the Group, the extent of which remains unclear at this point in time. Devaluation of the Russian Ruble and Ukrainian Hryvnia are observed and these currencies may continue to remain volatile. However, the Central Bank of Russia is acting to stabilise its banking system and a number of large local banks are excluded from the sanction list and are able to continue with operations to support businesses for now. In addition, the current raft of sanctions are primarily aimed at restricting the ability of the Russian Government and banking industry to transact internationally, as well as against certain sensitive sectors like Technology and Energy, but excludes essential industries like Pharmaceutical and Food & Beverages. The Food & Beverage sector, which the Group operates, is unlikely to face demand destruction as it is an essential industry. Hence the Group remains optimistic about its long-term prospects in Russia.

The Group has an experienced management team in place and a strong balance sheet. Based on our current assessment, we do not foresee any going concern issues arising from the conflict.

The Group is actively assessing the impact of the conflict on its businesses and will progressively roll out suitable measures to mitigate the fallout in affected markets. We are working closely with our Business Heads, partners and banks to understand the issues and will release further announcements to update shareholders at the appropriate time.



Shareholders and potential investors are advised to exercise caution when dealing or trading in the Company's shares in the short term. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By order of the Board

Kevin Cho  
Company Secretary

2 March 2022