

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 2024

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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 2024

	Note	Group		Increase/ (Decrease) (%)
		Six months ended 30 September		
		2024	2023	
		(\$'000)	(\$'000)	
Revenue		43,437	42,974	1.1
Cost of sales		(6,748)	(6,689)	0.9
Gross profit		36,689	36,285	1.1
Other income		1,827	373	389.8
Interest income from bank		25	75	(66.7)
Other (losses)/gains – net		(24)	8	N.M. ⁽¹⁾
Selling and distribution expenses		(35,914)	(32,710)	9.8
Administrative expenses		(1,928)	(2,033)	(5.2)
Other operating expenses		(1,003)	(569)	76.3
Allowance for Impairment on loan to a joint venture		(680)	(791)	(14.0)
Interest on lease liabilities		(844)	(741)	13.9
Share of results of associated companies		214	266	(19.5)
(Loss)/Profit before income tax	6.1	(1,638)	163	N.M.⁽¹⁾
Income (expenses)/tax credit	7	11	(82)	N.M. ⁽¹⁾
(Loss)/Profit after income tax		(1,627)	81	N.M.⁽¹⁾
Total comprehensive (loss)/income for the period attributable to equity holders of the company		(1,627)	81	N.M.⁽¹⁾
(Loss)/Earnings per share attributable to owners of the Company (cents per share)				
Basic and diluted	9	(0.94)	0.05	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 2024

	Note	Group As at		Company As at	
		30.09.2024 (\$'000)	31.03.2024 (\$'000)	30.09.2024 (\$'000)	31.03.2024 (\$'000)
ASSETS					
Current assets					
Cash and bank balances		10,070	11,473	1,074	1,251
Trade and other receivables	11	1,033	1,903	1,284	1,629
Inventories		719	725	-	-
Other current assets		3,707	3,795	204	205
		15,529	17,896	2,562	3,085
Non-current assets					
Investments in subsidiary corporations		-	-	6,042	6,042
Investments in associated companies		2,673	2,459	365	365
Investment in a joint venture		-	-	100	100
Loan to an associated company		248	248	248	248
Loan to a joint venture		674	1,354	674	1,354
Other investments at amortised cost		529	531	-	-
Plant and equipment	13	17,352	16,203	28	38
Right-of-use assets		41,694	42,753	104	208
Intangible assets	12	257	187	-	-
Long-term security deposits	14	3,539	3,524	52	-
Deferred income tax assets		7,956	7,956	37	37
		74,922	75,215	7,650	8,392
Total assets		90,451	93,111	10,212	11,477
LIABILITIES					
Current liabilities					
Trade and other payables	15	10,093	9,314	224	329
Provisions	16	733	823	-	-
Lease liabilities		25,775	23,540	51	152
Current income tax liabilities		122	304	-	1
		36,723	33,981	275	482
Non-current liabilities					
Lease liabilities		17,966	21,342	60	68
Deferred income tax liabilities		8,011	8,030	36	36
		25,977	29,372	96	104
Total liabilities		62,700	63,353	371	586
NET ASSETS		27,751	29,758	9,841	10,891
EQUITY					
Share capital	17	9,522	9,522	9,522	9,522
Treasury shares		(252)	(219)	(252)	(219)
Capital reserves		35	35	35	35
Retained earnings		18,446	20,420	536	1,553
TOTAL EQUITY		27,751	29,758	9,841	10,891

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C. Condensed Interim Consolidated Statements of Changes in Equity For the Financial Period Ended 30 September 2024

Group	Share capital (\$'000)	Treasury shares (\$'000)	Capital reserves (\$'000)	Retained earnings (\$'000)	Total (\$'000)
Balance as at 1 April 2024	9,522	(219)	35	20,420	29,758
Dividends paid (Note 8)	-	-	-	(347)	(347)
Purchase of treasury shares	-	(33)	-	-	(33)
Total comprehensive loss, net of tax for the financial period	-	-	-	(1,627)	(1,627)
Balance as at 30 September 2024	9,522	(252)	35	18,446	27,751
Balance as at 1 April 2023	9,522	(18)	36	23,180	32,720
Dividends paid (Note 8)	-	-	-	(1,743)	(1,743)
Performance shares granted	-	214	(1)	-	213
Purchase of treasury shares	-	(307)	-	-	(307)
Total comprehensive income, net of tax for the financial period	-	-	-	81	81
Balance as at 30 September 2023	9,522	(111)	35	21,518	30,964
Company	Share capital (\$'000)	Treasury shares (\$'000)	Capital reserves (\$'000)	Retained earnings (\$'000)	Total (\$'000)
Balance as at 1 April 2024	9,522	(219)	35	1,553	10,891
Dividends paid (Note 8)	-	-	-	(347)	(347)
Purchase of treasury shares	-	(33)	-	-	(33)
Total comprehensive loss, net of tax for the financial period	-	-	-	(670)	(670)
Balance as at 30 September 2024	9,522	(252)	35	536	9,841
Balance as at 1 April 2023	9,522	(18)	36	3,412	12,952
Dividends paid (Note 8)	-	-	-	(1,743)	(1,743)
Performance shares granted	-	214	(1)	-	213
Purchase of treasury shares	-	(307)	-	-	(307)
Total comprehensive income, net of tax for the financial period	-	-	-	(225)	(225)
Balance as at 30 September 2023	9,522	(111)	35	1,444	10,890

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D. Condensed Interim Consolidated Statements of Cash Flows For the Financial Period Ended 30 September 2024

	Group	
	Six months ended	
	30 September	
	2024	2023
	\$'000	\$'000
Cash flows from operating activities:		
Net (loss)/profit	(1,627)	81
Adjustments for:		
Income tax (credit)/expense	(11)	82
Depreciation of plant and equipment	2,661	2,158
Depreciation of right-of-use assets	12,947	11,616
Amortisation of intangible assets	38	35
Amortisation of other investment at amortised cost	2	1
Amortisation of government grants	(14)	(14)
Impairment losses of loan to a joint venture	680	791
Impairment of intangible asset	53	-
Plant and equipment written off	501	91
Right-of-use assets written back	-	(8)
Gain on disposal of right-of-use assets	-	(10)
Employee performance shares expenses	-	213
Share of profit of associated companies	(214)	(266)
Interest on lease liabilities	844	741
Interest income from bank deposits	(25)	(75)
	15,835	15,436
Changes in working capital:		
Inventories	6	10
Trade and other receivables	878	74
Other current assets	88	(677)
Long-term security deposits	(15)	170
Trade and other payables	792	645
Provision	(90)	-
Cash generated from operations	17,494	15,658
Income tax paid	(190)	(300)
Interest received	17	67
Net cash provided by operating activities	17,321	15,425

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

	Group	
	Six months ended	
	30 September	
	2024	2023
	\$'000	\$'000
Cash flows from investing activities:		
Additions to plant and equipment	(4,311)	(4,397)
Additions to intangible assets	(161)	(56)
Loan to a joint venture	-	(125)
Net cash used in investing activities	(4,472)	(4,578)
Cash flows from financing activities:		
Increase in short-term bank deposits pledged	(64)	(73)
Principle repayment of lease liabilities	(13,029)	(11,512)
Interest paid	(844)	(741)
Purchase of treasury shares	(33)	(307)
Dividends paid to equity holders of the Company	(347)	(1,743)
Net cash used in financing activities	(14,317)	(14,376)
Net decrease in cash and cash equivalents	(1,468)	(3,529)
Cash and cash equivalents		
Beginning of financial period	7,868	15,047
End of financial period ⁽¹⁾	6,400	11,518

Note:

(1) This excludes bank deposits of \$3.7 million as at 30 September 2024 (\$3.5 million as at 30 September 2023) pledged as security for bank facilities granted by financial institution(s) to the Group.

	Group	
	As at	
	30 September	
	2024	2023
	\$'000	\$'000
Cash and bank balances	10,070	15,033
Less: Bank deposits pledged	(3,670)	(3,515)
Cash and cash equivalents per consolidated statement of cash flows	6,400	11,518

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E. Selected 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 the 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) Operating restaurants; and
- (b) Trading and management of franchisees and sub-franchisees.

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with the SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee. 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 2024.

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 (if any).

The condensed interim financial statements are presented in Singapore dollars which is the Company’s functional currency and have been rounded to the nearest thousand, unless otherwise stated.

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 these 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 2024.

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E. Selected 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, assumptions and judgements are continually evaluated and are based on historical experience and other factors. 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's principal business is in the operation of restaurant outlets and its ancillary business is in the supply of food ingredients to its sub-franchisees and franchisee.

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

The CEO assesses the performance of the operating segments based on a measure of segment results before interest (net), impairment of loan to a joint venture, share of results of 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 CEO 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 CEO 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 deferred income tax assets, short-term bank deposits and other investments at amortised cost.

Segment liabilities

The amounts provided to the CEO 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 segments. All liabilities are allocated to the reportable segments other than current income tax and deferred income tax liabilities.

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

4. Segment and revenue information (Cont'd)

4.1 Reportable Segments

<u>1 April 2024 to 30 September 2024</u>	← Singapore →		Total (\$'000)
	Restaurant sales (\$'000)	Others (\$'000)	
<u>The Group</u>			
Revenue			
Total segment revenue	43,327	110	43,437
Segment results	14,293	209	14,502
Depreciation of plant and equipment and amortisation of intangible assets	2,661	38	2,699
Depreciation of right-of-use assets	12,947	-	12,947
Allowance for impairment of intangible assets	-	53	53
Impairment losses on loan to a joint venture	680	-	680
Plant and equipment written-off	501	-	501
Share of profit of associated companies	(214)	-	(214)
Segment assets	77,541	737	78,278
Segment assets includes:			
Additions to plant and equipment	4,169	-	4,169
Additions to right-of-use assets	11,892	-	11,892
Additions to intangible asset	-	161	161
Loan to an associated company	248	-	248
Loan to a joint venture	674	-	674
Segment liabilities	54,201	366	54,567

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E. Selected 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 2023 to 30 September 2023</u>	← Singapore →		Total
	Restaurant sales	Others	
	(\$'000)	(\$'000)	(\$'000)
The Group			
Revenue			
Total segment revenue	42,866	108	42,974
Segment results	519	94	613
Depreciation of plant and equipment and amortisation of intangible assets	2,158	35	2,193
Depreciation of right-of-use assets	11,616	-	11,616
Impairment losses on loan to a joint venture	791	-	791
Plant and equipment written-off	91	-	91
Gain on early termination of lease	(18)	-	(18)
Share of profit of associated companies	(266)	-	(266)
Segment assets	80,544	624	81,168
Segment assets includes:			
Additions to plant and equipment	4,397	-	4,397
Additions to right-of-use assets	10,749	-	10,749
Additions to intangible asset	-	56	56
Loan to an associated company	248	-	248
Loan to a joint venture	1,154	-	1,154
Segment liabilities	54,615	377	54,992

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E. Selected 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 and Company as at 30 September 2024 and 31 March 2024:

	The Group		The Company	
	30 September 2024 (\$'000)	31 March 2024 (\$'000)	30 September 2024 (\$'000)	31 March 2024 (\$'000)
Financial assets				
Cash and bank balances	10,070	11,473	1,074	1,251
Trade and other receivables	1,033	1,903	1,284	1,629
Other financial assets	7,020	7,691	985	1,658
Other investments at amortised cost	529	531	-	-
	<u>18,652</u>	<u>21,598</u>	<u>3,343</u>	<u>4,538</u>
Financial liabilities				
Trade and other payables	9,558	9,314	244	329
Lease liabilities	43,741	44,882	111	220
	<u>53,299</u>	<u>54,196</u>	<u>355</u>	<u>549</u>

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

6. Profit before income tax

6.1 Significant items

	The Group	
	Six months ended	
	30 September	
	2024	2023
	(\$'000)	(\$'000)
Interest income	(25)	(75)
Royalty and franchise income	(160)	(177)
Insurance claims	(73)	(90)
Government grants	(1,400)	(37)
Amortisation of government grants	(14)	(14)
Other income	(180)	(55)
Depreciation of plant and equipment	2,661	2,158
Depreciation of right-of-use assets	12,947	11,616
Amortisation of intangible assets	38	35
Amortisation of other investment at amortised cost	2	1
Impairment losses of loan to a joint venture	680	791
Allowance for impairment of intangible asset	53	-
Plant and equipment written off	501	91
Gain on early termination of leases	-	(18)
Currency exchange loss/(gain) - net	24	(8)

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

7. Taxation

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 statement of comprehensive income are as follows:

	The Group	
	Six months ended	
	30 September	
	2024	2023
	(\$'000)	(\$'000)
Tax (credit)/expense attributable to (loss)/profit is made up of:		
(Loss)/profit from current financial period:		
- Current income tax	-	141
Under/(over) provision in prior financial period		
- Current income tax	9	-
- Deferred income tax	(20)	(59)
	<u>(11)</u>	<u>82</u>

8. Dividends

	The Group	
	30 September	
	2024	2023
	(\$'000)	(\$'000)
Ordinary dividends paid		
Final exempt dividend paid in respect of the previous financial period of 0.20 cents per share (2023: 1.00 cents per share)	<u>347</u>	<u>1,743</u>

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

9. (Loss)/Earnings per share ("EPS")

	Group	
	Six months ended 30 September	
	2024	2023
(Loss)/Earnings attributable to equity holders of the Company (\$'000)	(1,627)	81
Weighted average number of shares used in computation of basic EPS	173,686,856	174,275,581
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	(0.94)	0.05
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	(0.94)	0.05

Notes:

- (1) Basic EPS is computed by dividing the Group's (loss)/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 shares during these respective financial periods.

10. Net Asset Value ("NAV")

	Group		Company	
	As at		As at	
	30 September 2024	31 March 2024	30 September 2024	31 March 2024
NAV per ordinary share (cents)	15.98	17.12	5.67	6.27
Number of shares used in computation of NAV per share	173,686,200	173,806,200	173,686,200	173,806,200

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

11. Trade and other receivables

	Group		Company	
	As at		As at	
	30 September 2024 (\$'000)	31 March 2024 (\$'000)	30 September 2024 (\$'000)	31 March 2024 (\$'000)
Trade receivables				
- Related parties:				
- Associated companies	90	74	-	-
- Joint venture	2	4	-	-
- Non-related parties	821	1,237	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	1,284	1,067
- Non-related parties	120	588	-	562
	1,033	1,903	1,284	1,629

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

12. Intangible assets

	The Group	
	As at	
	30 September 2024 (\$'000)	31 March 2024 (\$'000)
Trademarks and franchise rights		
Cost		
Beginning of financial year	801	691
Addition	161	110
End of financial period/year	962	801
Accumulated amortisation		
Beginning of financial year	614	545
Amortisation charge	38	69
Impairment losses	53	-
End of financial period/year	705	614
Net book value		
End of financial period/year	257	187

13. Plant and equipment

During the current financial period ended 30 September 2024, the Group acquired plant and equipment amounting to \$4,311,000 (30 September 2023: \$4,397,000).

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

14. Long-term security deposits

	Group		Company	
	As at		As at	
	30 September	31 March	30 September	31 March
	2024	2024	2024	2024
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Refundable security deposits	3,539	3,524	52	-

These are mainly deposits placed with landlords. Management is of the opinion that these deposits have been placed with counterparties who are creditworthy and accordingly, no allowance for impairment is required.

15. Trade and other payables

	Group		Company	
	As at		As at	
	30 September	31 March	30 September	31 March
	2024	2024	2024	2024
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables				
- Non-related parties	2,002	1,896	4	-
Non-trade payables				
- Subsidiary corporation	-	-	-	7
- Non-related parties	1,990	2,056	18	12
Accruals for operating expenses ⁽¹⁾	6,092	5,353	202	310
Franchise deposits	9	9	-	-
	10,093	9,314	224	329

The non-trade amounts due to subsidiary corporations are unsecured, interest-free and are repayable on demand.

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

15. Trade and other payables (Cont'd)

(1) Accruals for operating expenses

Included in the above are government grants comprising a balance of \$42,000 for the acquisition of certain automated equipment for the central kitchen of the Group's subsidiary corporation, Bachmann Japanese Restaurants Pte Ltd. The grants received are subsequently credited to profit or loss over the useful life of related assets to match the related cost.

16. 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 are follows:

	Group	
	As at	
	30 September 2024 (\$'000)	31 March 2024 (\$'000)
Beginning of the financial period/year	823	143
Provision made during the financial period/year	-	853
Utilisation during the financial period/year	(90)	(120)
	(90)	733
Reversal during the financial period/year	-	(53)
End of financial period/year	<u>733</u>	<u>823</u>

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

17. Share Capital

	The Group and the Company			
	30 September 2024		31 March 2024	
	Number of ordinary shares '000	Amount \$'000	Number of ordinary shares '000	Amount \$'000
Beginning and end of financial period/year	174,436	9,522	174,436	9,522

There was no change in the issued and paid-up capital of the Company since 31 March 2024.

There were no outstanding convertible instruments which may be converted to shares as at 30 September 2024, 31 March 2024 and 30 September 2023.

(a) Treasury shares

(i) Between 1 April 2023 and 30 September 2023

As at 1 April 2023, the Company held 41,800 treasury shares and the total number of ordinary shares in the capital of the Company (excluding treasury shares) was 174,394,200 shares.

The Company had on 25 May 2023, 26 May 2023, 29 May 2023, 31 May 2023, 5 June 2023, 6 June 2023, 7 June 2023, 20 June 2023, 22 June 2023 and 23 August 2023 purchased an aggregate of 720,400 shares by way of market acquisitions.

On 15 June 2023, 490,000 treasury shares were transferred to certain employees of the Group pursuant to the Japan Foods Performance Share Plan.

As at 30 September 2023, after the above share transfers and share buy-backs, the Company held 272,200 treasury shares which represented approximately 0.16% of the 174,163,800 total issued shares (excluding treasury shares).

(ii) Between 1 April 2024 and 30 September 2024

As at 1 April 2024, the Company held 629,800 treasury shares and the total number of ordinary shares in the capital of the Company (excluding treasury shares) was 173,806,200 shares.

The Company had on 2 April 2024 purchased an aggregate of 120,000 shares by way of market acquisitions.

As at 30 September 2024, after the above share buy-back, the Company held 749,800 treasury shares which represented approximately 0.43% of the 173,686,200 total issued shares (excluding treasury shares).

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

17. Share Capital (Cont'd)

(b) Subsidiary holdings

There were no subsidiary holdings as at 30 September 2024, 31 March 2024 and 30 September 2023.

18. Related party transactions

	Group As at	
	30 September 2024	31 March 2024
	\$'000	\$'000
Sales of ingredients		
- Associated companies	98	-
- Joint venture	12	47
Royalties fee		
- Associated companies	153	470

19. Subsequent events

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

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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 consolidated statement of financial position of Japan Foods Holding Limited and its subsidiaries as at 30 September 2024 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 September 2024 and certain explanatory notes have not been audited or reviewed.

- 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.

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

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:

	<u>As at 30 September</u>	
	<u>2024</u>	<u>2023</u>
<u>Franchised Brands</u>		
Ajisen Ramen	13	11
Konjiki Hototogisu	10	10
Shitamachi Tendon Akimitsu	-	3
Menya Musashi	1	4
Tori Sanwa	7	2
Osaka Ohsho	1	2
Kageyama	2	-
Afuri	1	1
Yonehachi	1	1
Menzo Butao	1	1
New ManLee Bak Kut Teh	1	1
Tororitenshi no Warabi Mochi	4	-
Kumachan Onsen	1	-
Nakiryu	-	2
<u>Self-Developed Brands</u>		
Tokyo Shokudo*	12	12
Yakiniku Shokudo*	11	9
Fruit Paradise*	2	6 [#]
Milan Shokudo*	6	1
Godaime*	2	2
Edo Shokudo*	2	1
Yakiniku Taro	-	1
Yakiniku Kai	1	-
Romana Pizza & Pasta	1	-
Roman-kan	1	-
Milan Cafeteria*	1	-
Katsuyoshi	1	-
Kyoto Shokudo*	-	1
Milan Tei*	1	-
BBQ Seoul Shokudo*	-	1
	84	72

Note:

* Halal brands

Included franchised "Kagurazaka Saryo" brand restaurant, which ceased in January 2024.

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

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

Revenue

The Group's revenue increased by \$0.4 million or 1.1% from \$43.0 million for the six months ended 30 September 2023 ("HY2024") to \$43.4 million for the six months ended 30 September 2024 ("HY2025").

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

- (i) *net increase in revenue of \$0.1 million from restaurants operating under the "Yakiniku Shokudo" brand*

The Group's "Yakiniku Shokudo" brand expanded from 9 restaurants in HY2024 to 11 restaurants in HY2025. The increase in revenue was due to the increase of new outlets and partially offset by lower revenue generated from certain existing restaurants.

- (ii) *net decrease in revenue of \$1.0 million from the restaurants operating under the "Tokyo Shokudo" brand*

The Group's revenue from restaurants operating under the "Tokyo Shokudo" brand decreased from \$8.6 million in HY2024 to \$7.6 million in HY2025. This was mainly due to (i) closure of a restaurant at Bukit Panjang; (ii) conversion of a restaurant located at Velocity Mall to "Ajisen Tanjiro" brand; and (iii) lower revenue generated from certain existing restaurants. The decrease was partially offset by revenue generated from 2 new "Tokyo Shokudo" restaurants which were converted from "Nakiryu" brand at Plaza Singapura and "Menya Musashi" brand at Bugis Junction in April 2024.

- (iii) *net decrease in revenue of \$1.3 million from the restaurants operating under the "Menya Musashi" brand*

The Group's revenue from restaurants operating under the "Menya Musashi" brand decreased from \$2.6 million in HY2024 to \$1.3 million in HY2025. This was mainly due to conversion of 2 restaurants under the "Menya Musashi" brand to "Tokyo Shokudo" brand at Bugis Junction and to "Tori Sanwa" brand at VivoCity.

- (iv) *net decrease in revenue of \$1.1 million from the restaurants operating under the "Osaka Ohsho" brand*

The Group's revenue from restaurants operating under the "Osaka Ohsho" brand decreased from \$1.6 million in HY2024 to \$0.5 million in HY2025 as the number of restaurants operating under this brand fell from 2 restaurants to 1 restaurant. This was mainly due to (i) the conversion of 1 restaurant under the "Osaka Ohsho" brand to "Tori Sanwa" brand at Bugis Junction; and (ii) lower revenue generated by the remaining restaurant.

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Revenue (Cont'd)

- (v) *net decrease in revenue of \$0.8 million from the restaurants operating under the "Shitamachi Tendon Akimitsu" brand*

The Group's revenue from restaurants operating under the "Shitamachi Tendon Akimitsu" brand decreased from \$1.3 million in HY2024 to \$0.5 million in HY2025 due to conversion of the restaurants at Takashimaya, Star Vista, and Plaza Singapura to "Tori Sanwa", "Ajisen Tanjiro" and "Katsuyoshi" brands, respectively.

- (vi) *net decrease in revenue of \$0.2 million from the restaurants operating under "Konjiki Hototogisu" brand*

The Group's revenue from restaurants operating under the "Konjiki Hototogisu" brand decreased from \$4.4 million in HY2024 to \$4.2 million in HY2025 due to closure of a restaurant at CHIJMES in May 2024 and lower revenue generated from certain existing restaurants. The decrease was partially offset by revenue generated from a new outlet at One Holland Village.

- (vii) *net increase in revenue of \$4.7 million from the restaurants operating under other brands*

The Group recorded an increase in revenue from restaurants operating under other brands in HY2025 as compared to HY2024, which was mainly contributed by the opening of new restaurants under the "Kageyama", "Katsuyoshi", "Kumachan Onsen", "Roman-kan", "Tori Sanwa", "Milan Shokudo", "Yakiniku Kai", "Romana Pizza & Pasta", "Milan Tei", "Milan Cafeteria" and "Tororitenshi no Warabi Mochi" brands. The increase was partially offset by (i) lower revenue generated by "Afuri", "Fruit Paradise", "Yakiniku Taro" and "Yonehachi" brands; and (ii) closure of restaurants under the "Nakiryu", "Kyoto Shokudo" and "BBQ Seoul Shokudo" brands.

- (ix) *impact of JFH Rewards*

The reward points known as \$J earned by members (net of expired points of approximately \$10,000) under JFH Rewards amounted to \$695,000 in HY2025 compared to \$705,000 in HY2024. 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 \$0.4 million or 1.1% from \$36.3 million in HY2024 to \$36.7 million in HY2025, which was generally in line with the increase in the Group's revenue. The Group maintained its gross profit margin at 84.5% in HY2025, compared to 84.4% in HY2024.

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Other income

The Group's other income increased by \$1.4 million or 389.8% from \$0.4 million in HY2024 to \$1.8 million in HY2025 mainly due to government grants received relating to the Progressive Wage Credit Scheme and Job Growth Incentive Scheme amounting to approximately \$1.4 million and compensation for relocation of a restaurant within VivoCity.

Other (losses)/gains

The Group recorded foreign exchange losses of \$24,000 compared to foreign exchange gains of \$8,000 in HY2025.

Selling and distribution expenses

The Group's selling and distribution expenses increased by \$3.2 million or 9.8% from \$32.7 million in HY2024 to \$35.9 million in HY2025.

The higher selling and distribution expenses was mainly due to increases in depreciation charges of plant and equipment and right-of-use assets, manpower cost and utilities expenses.

Administrative expenses

The Group's administrative expenses decreased by \$0.1 million or 5.2% from \$2.0 million in HY2024 to \$1.9 million in HY2025. This is mainly due to lower bonus and professional fees in HY2025.

Other operating expenses

The Group's other operating expenses increased by \$0.4 million or 76.3% from \$0.6 million in HY2024 to \$1.0 million in HY2025 mainly due to write-off of renovation costs upon rebranding of outlets and relocation of a restaurant within VivoCity.

Impairment losses on loan to a joint venture

The Group incurred additional provision for impairment loss on its loan to the joint venture company, Dining Collective Pte Ltd ("JV") amounting to \$680,000 in HY2025. Having assessed, *inter alia*, the performance of the outlets under the JV and the challenging market conditions, the Company and its JV partner decided to take steps to wind down the JV's business.

Interest on lease liabilities

Interest on lease liabilities increased by \$0.1 million or 13.9% from \$0.7 million in HY2024 to \$0.8 million in HY2025 as there were more operating restaurants in HY2025.

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Share of results of associated companies and joint venture company

The Group's share of profit from its associated companies decreased from \$266,000 in HY2024 to \$214,000 in HY2025. The decrease in the share of profit was mainly due to (i) higher losses incurred by associated companies in Hong Kong and Indonesia that operate the "Menya Musashi" brand restaurants; and (ii) higher losses incurred by an associated company in China operating "Konjiki Hototogisu" brand restaurants. The decrease was partially offset by the higher profit achieved by another associated company in China operating "Menya Musashi" brand restaurants.

The JV which operates 3 restaurants in Singapore generated a small profit in HY2025. However, no share of profit was recognised in HY2025 as accumulated losses after offsetting such profit had exceeded capital contribution of \$100,000.

Income tax credit/(expense)

The Group recorded income tax credit of \$11,000 in HY2025 as compared to a tax expense of \$82,000 in HY2024. This was due to over-provision of deferred income tax liabilities, corporate income tax rebate and partially offset by under-provision of prior year income tax expense.

Net (loss)/profit

As a result of the aforementioned reasons, the Group recorded a loss attributable to equity holders of the Company of \$1.6 million in HY2025 as compared to a net profit of \$0.1 million in HY2024.

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

Current assets

The Group's total current assets decreased by \$2.4 million, from \$17.9 million as at 31 March 2024 to \$15.5 million as at 30 September 2024. This was mainly due to the decrease in cash and bank balances of \$1.4 million mainly attributed to capital expenditure in relation to the Group's new restaurants, a decrease in trade and other receivables of \$0.9 million and lower other current assets of \$0.1 million (comprising current portion of rental deposit and prepaid expenses).

Non-current assets

The Group's total non-current assets decreased by \$0.3 million, from \$75.2 million as at 31 March 2024 to \$74.9 million as at 30 September 2024.

This was mainly due to the decrease in net book value of right-of-use assets of \$1.0 million mainly due to depreciation expenses, and a decrease in loan to the JV of \$0.7 million after provision for impairment. The decrease was partially offset by the increase in net book value of plant and equipment of \$1.2 million arising from capital expenditure for the Group's new restaurants and share of profits of associated companies of \$0.2 million.

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Current liabilities

The Group's total current liabilities increased by \$2.7 million, from \$34.0 million as at 31 March 2024 to \$36.7 million as at 30 September 2024, mainly due to the increase in the current portion of lease liabilities of \$2.2 million and trade and other payables of \$0.7 million. The increase was partially offset by lower current income tax liabilities of \$0.2 million.

The Group had net current liabilities of \$21.2 million as at 30 September 2024 mainly due to recognition of lease liabilities of \$25.8 million in compliance with SFRS(I) 16. Based on the Group's internal resources, banking facilities and projected operational cashflows, the Board is of the view that the Group will have sufficient funds to meet its financial obligations as and when they fall due.

Non-current liabilities

The Group's total non-current liabilities decreased by \$3.4 million, from \$29.4 million as at 31 March 2024 to \$26.0 million as at 30 September 2024 due to a decrease in the long-term portion of lease liabilities of \$3.4 million from repayment of leases outpacing the renewal and inception of new leases in HY2025.

Shareholders' equity

The Group's shareholders' equity decreased by \$1.9 million from \$29.7 million as at 31 March 2024 to \$27.8 million as at 30 September 2024. The decrease was mainly due to the distribution of dividends of \$0.3 million and loss incurred of \$1.6 million.

Review of cash flow statement

The Group's net cash generated from operating activities in HY2025 was \$17.3 million. This was mainly due to net loss less non-cash items after working capital changes of \$17.5 million and payment of income tax of \$0.2 million.

The Group's net cash used in investing activities in HY2025 was \$4.5 million mainly arising from (i) renovation cost and purchase of plant and equipment for the Group's restaurants of \$4.3 million; and (ii) acquisition of franchise rights of \$0.2 million.

The Group's net cash used in financing activities in HY2025 was \$14.3 million mainly due to dividend payment of \$0.3 million, repayment of lease liabilities of \$13.0 million, interest on leases of \$0.8 million, increase of short-term deposit pledged of \$0.1 million and purchase of treasury shares of \$0.1 million.

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

The Group's financial results for HY2025 is consistent with the profit guidance announcement released by the Company on 25 October 2024.

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

The Company expects the next 12 months to remain challenging due to economic headwinds and prevailing conditions faced by the food and beverages industry. These include intense industry competition, persistent manpower crunch and high raw materials costs and operational costs arising from inflationary pressures.

As at 30 September 2024, the Group had 84 restaurants as compared to 79 restaurants as at 31 March 2024. Looking ahead, the Group will continue to focus on streamlining its operations, managing costs and improving outlet performance, while reviewing its restaurant portfolio and brand strategies. The Group intends to focus on improving the profitability of individual outlets.

In line with its strategy to maintain a compelling portfolio of brands, the Group launched 2 new franchised brands in HY2025. These included "Tororitenshi no Warabi Mochi" at VivoCity and "Kumachan Onsen" at Orchard Central. Both are highly popular brands in Japan and the response from customers in Singapore has been encouraging.

The Group's JV with Minor Food Group (Singapore) Pte. Ltd. ("**Minor Singapore**") operated 3 restaurants as at 30 September 2024, comprising 1 "Pizzakaya" brand restaurant and 2 "Extra Virgin Pizza" brand restaurants in Singapore. Having assessed, *inter alia*, the performance of the restaurants under the JV and the challenging market conditions, the Company and Minor Singapore decided to take steps to wind down the JV's business. Accordingly, the Group recognised an impairment charge of \$0.7 million in HY2025 in relation to its loan to the JV.

As at 30 September 2024, the Group's associated companies operated 4 restaurants in Hong Kong, 3 restaurants in China and 2 restaurants in Indonesia under the "Menya Musashi" brand. The Group's associated company also operated 5 restaurants in Hong Kong and 1 restaurant in China under the "Konjiki Hototogisu" brand.

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

6. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on? No

(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)	0.3 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

(c) Date payable

Not applicable

(d) Record date

Not applicable

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

The Board is not recommending any interim dividend in respect of HY2025 in view of the loss incurred by the Group during HY2025.

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 HY2025, 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.

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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 2024.

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 is 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-ST Listing Manual.

11. Negative confirmation pursuant to Rule 705(5)

We, Takahashi Kenichi and Eugene Wong Hin Sun, 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 2024 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

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BY ORDER OF THE BOARD

Takahashi Kenichi
Executive Chairman and CEO

Date: 14 November 2024

This announcement has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and 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 Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.