

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 and full year ended 31 March 2023

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A. Condensed Interim Consolidated Statement of Comprehensive Income For the Financial Period Ended 31 March 2023

	Note	Group			Group		
		Six months ended		Increase/ (Decrease)	Financial year ended		Increase/ (Decrease)
		31 March 2023	2022		31 March 2023	2022	
		(\$'000)	(\$'000)	(%)	(\$'000)	(\$'000)	(%)
Revenue		40,558	33,400	21.4	78,532	54,614	43.8
Cost of sales		(6,305)	(4,963)	27.0	(12,114)	(8,401)	44.2
Gross profit		34,253	28,437	20.5	66,418	46,213	43.7
Other income		1,425	3,091	(53.9)	1,912	7,199	(73.4)
Interest income from bank		96	35	174.3	128	86	48.8
Other (losses)/gains – net		(65)	(15)	333.3	(35)	26	N.M. ⁽¹⁾
Selling and distribution expenses		(30,094)	(23,364)	28.8	(57,117)	(44,670)	27.9
Administrative expenses		(1,885)	(2,011)	(6.3)	(3,723)	(3,646)	2.1
Other operating expenses		(521)	(627)	(16.9)	(1,159)	(1,140)	1.7
Impairment losses		(748)	(107)	599.1	(748)	(107)	599.1
Lease interest expenses		(559)	(396)	41.2	(1,024)	(813)	26.0
Share of results of associated companies		50	(176)	N.M. ⁽¹⁾	205	83	147.0
Profit before income tax	6.1	1,952	4,867	(59.9)	4,857	3,231	50.3
Income tax (expenses)/ credit	7	(166)	1	N.M. ⁽¹⁾	(730)	1	N.M. ⁽¹⁾
Profit after income tax		1,786	4,868	(63.3)	4,127	3,232	27.7
Total comprehensive income for the year attributable to equity holders of the company		1,786	4,868	(63.3)	4,127	3,232	27.7
Earnings per share attributable to owners of the Company (cents per share)							
Basic and diluted		1.03	2.79	(62.9)	2.37	1.85	27.7

Note:

(1) "N.M." denotes not meaningful.

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B. Condensed Interim Statements of Financial Position As at 31 March 2023

	Note	Group As at		Company As at	
		31.03.2023 (\$'000)	31.03.2022 (\$'000)	31.03.2023 (\$'000)	31.03.2022 (\$'000)
ASSETS					
Current assets					
Cash and bank balances		18,489	23,207	2,705	4,114
Trade and other receivables	11	1,065	1,065	-	-
Inventories		807	579	-	-
Amounts owing by subsidiary corporations	11	-	-	2,258	981
Current income tax recoverable		-	-	-	3
Other current assets		3,709	2,729	97	39
		24,070	27,580	5,060	5,137
Non-current assets					
Plant and equipment	13	11,795	7,188	9	10
Investment in subsidiary corporations		-	-	6,042	6,042
Investment in associated companies		2,072	1,867	232	232
Investment in a joint venture		-	-	100	100
Loan to an associated company		248	248	248	248
Loan to a joint venture		1,820	1,050	1,820	1,050
Other investments at amortised cost		534	1,309	-	-
Intangible assets	12	146	136	-	-
Right-of-use assets		45,732	35,067	319	441
Club membership		322	322	322	322
Long-term security deposits		3,880	3,070	51	45
		66,549	50,257	9,143	8,490
Total assets		90,619	77,837	14,203	13,627
LIABILITIES					
Current liabilities					
Trade and other payables	14	9,805	8,582	912	921
Amount due to a subsidiary	14	-	-	-	45
Current income tax liabilities		538	123	-	-
Lease liabilities		22,056	17,391	179	162
		32,399	26,096	1,091	1,128
Non-current liabilities					
Deferred income tax liabilities		527	216	2	2
Lease liabilities		24,973	18,818	158	288
		25,500	19,034	160	290
Total liabilities		57,899	45,130	1,251	1,418
NET ASSETS		32,720	32,707	12,952	12,209
EQUITY					
Share capital	15	9,522	9,522	9,522	9,522
Treasury shares		(18)	(5)	(18)	(5)
Capital reserves		36	38	36	38
Retained earnings		23,180	23,152	3,412	2,654
TOTAL EQUITY		32,720	32,707	12,952	12,209

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C. Condensed Interim Statements of Changes in Equity For the Financial Period Ended 31 March 2023

Group	Share capital (\$'000)	Treasury shares (\$'000)	Capital reserves (\$'000)	Retained earnings (\$'000)	Total (\$'000)
Balance as at 1 April 2022	9,522	(5)	38	23,152	32,707
Dividends paid (Note 8)	-	-	-	(4,099)	(4,099)
Performance shares granted	-	208	(2)	-	206
Purchase of treasury shares	-	(221)	-	-	(221)
Total comprehensive income for the year	-	-	-	4,127	4,127
Balance as at 31 March 2023	9,522	(18)	36	23,180	32,720
Balance as at 1 April 2021	9,522	(35)	45	23,845	33,377
Dividends paid (Note 8)	-	-	-	(3,925)	(3,925)
Performance shares granted	-	239	(7)	-	232
Purchase of treasury shares	-	(209)	-	-	(209)
Total comprehensive income for the year	-	-	-	3,232	3,232
Balance as at 31 March 2022	9,522	(5)	38	23,152	32,707

Company	Share capital (\$'000)	Treasury shares (\$'000)	Capital reserves (\$'000)	Retained earnings (\$'000)	Total (\$'000)
Balance as at 1 April 2022	9,522	(5)	38	2,654	12,209
Dividends paid (Note 8)	-	-	-	(4,099)	(4,099)
Performance shares granted	-	208	(2)	-	206
Purchase of treasury shares	-	(221)	-	-	(221)
Total comprehensive income for the year	-	-	-	4,857	4,857
Balance as at 31 March 2023	9,522	(18)	36	3,412	12,952
Balance as at 1 April 2021	9,522	(35)	45	5,857	15,389
Dividends paid (Note 8)	-	-	-	(3,925)	(3,925)
Performance shares granted	-	239	(7)	-	232
Purchase of treasury shares	-	(209)	-	-	(209)
Total comprehensive income for the year	-	-	-	722	722
Balance as at 31 March 2022	9,522	(5)	38	2,654	12,209

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D. Condensed Interim Statements of Cash Flows

	Group		Group	
	Six months ended		Financial year ended	
	31 March		31 March	
	2023	2022	2023	2022
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash flows from operating activities:				
Net profit	1,786	4,868	4,127	3,232
Adjustments for:				
Income tax expense/(credit)	166	(1)	730	(1)
Depreciation of plant and equipment	1,816	1,457	3,383	2,901
Depreciation of right-of-use assets	10,411	9,159	20,259	17,631
Amortisation of intangible assets	32	31	62	63
Amortisation of other investments at amortised cost	2	4	4	12
Amortisation of government grants	(14)	(14)	(28)	(28)
Impairment of plant and equipment	350	11	350	11
Impairment of right-of-use assets	398	96	398	96
Loss on early redemption of financial assets	-	-	20	-
Plant and equipment written off	-	28	42	28
Rental concessions	(36)	(298)	(132)	(1,267)
Employee performance shares expense	206	-	206	232
Gain on early termination of lease	-	-	-	(40)
Share of (profit)/loss of associated companies	(50)	176	(205)	(83)
Lease interest expenses	559	396	1,024	813
Interest income from bank deposits	(96)	(35)	(128)	(86)
	15,530	15,878	30,112	23,514
Changes in working capital:				
Inventories	(76)	(57)	(228)	82
Trade and other receivables	(34)	(33)	20	(199)
Other current assets	(420)	169	(980)	(446)
Long-term security deposits	(537)	(354)	(810)	730
Trade and other payables	(254)	1,491	1,251	2,094
Cash generated from operations	14,209	17,094	29,365	25,775
Interest income received	89	17	108	64
Income tax paid	(4)	(165)	(4)	(439)
Net cash provided by operating activities	14,294	16,946	29,469	25,400

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

	Group		Group	
	Six months ended		Financial year ended	
	31 March		31 March	
	2023	2022	2023	2022
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash flows from investing activities:				
Additions to plant and equipment	(5,569)	(2,288)	(8,382)	(3,990)
Additions to intangible assets	(72)	-	(72)	-
Additions to associated companies	-	(20)	-	(20)
Loan to a joint venture	(740)	(100)	(770)	(330)
Reversal/(Proceeds) from disposal of plant and equipment	3	(1)	-	-
Redemption of financial assets, held to maturity	-	500	750	500
Dividend received from associated company	-	381	-	380
Net cash used in investing activities	(6,378)	(1,528)	(8,474)	(3,460)
Cash flows from financing activities:				
Increase in short-term bank deposits pledged	(214)	(433)	(174)	(749)
Principle payment of lease liabilities	(10,399)	(9,175)	(20,370)	(16,920)
Interest paid	(559)	(396)	(1,024)	(813)
Purchase of treasury shares	(221)	-	(221)	(209)
Dividends paid to equity holders of the Company	(1,744)	(873)	(4,099)	(3,925)
Net cash used in financing activities	(13,137)	(10,877)	(25,888)	(22,616)
Net (decrease)/increase in cash and cash equivalents	(5,221)	4,541	(4,893)	(676)
Cash and cash equivalents				
Beginning of financial period	20,268	15,399	19,940	20,616
End of financial period ⁽¹⁾	15,047	19,940	15,047	19,940

Note:

(1) This excludes bank deposits of \$3.4 million as at 31 March 2023 (\$3.3 million as at 31 March 2022) 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) 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 and full year ended 31 March 2023 have been prepared in accordance with the SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 September 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 (if any).

The condensed interim financial statements are presented in Singapore dollars 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 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 financial 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, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances:

(i) Impairment of plant and equipment and right-of-use-assets

Plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and where applicable, cash-generating units (“CGU”) have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

As at 31 March 2023, the Group has recognised impairment losses of \$350,000 (2022: \$11,000) and \$398,000 (2022: \$96,000) for plant and equipment and right-of-use assets respectively.

(ii) Leases

The application of SFRS(I) 16 requires the Group to exercise judgement and estimates in applying transition options and practical expedients, and in the determination of key assumptions used in measuring the lease liabilities. Key assumptions include lease terms and discount rates on the lease payments.

In determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive for the Group to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the Group is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The lease payments are discounted using the rate implicit in the lease or the Group's incremental borrowing rate. This requires the Group to estimate the rate of interest that it would have to pay to borrow the funds to obtain a similar asset over a similar term. The incremental borrowing rate applied to lease liabilities as at 31 March 2023 was 2.5% to 4.5 % per annum (2022: 2.5% to 3.2% per annum) for leases of premises and restaurant outlets and office equipment. The carrying amount of lease liabilities of the Group and the Company as at 31 March 2023 was \$47,029,000 and \$337,000 (2022: \$36,209,000 and \$450,000) respectively.

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

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 in Singapore and its ancillary business is in the supply of food ingredients to its franchisees and sub-franchisees.

Sales between segments are carried out at 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.

The BOD assesses the performance of the operating segments based on a measure of segment results before interest (net), 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's 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 segments. 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 October 2022 to 31 March 2023</u>	← Singapore →		Total (\$'000)
	Restaurant sales (\$'000)	Others (\$'000)	
<u>The Group</u>			
Revenue			
Total segment revenue	40,457	101	40,558
Segment results	1,687	119	1,806
Depreciation and amortisation	1,816	32	1,848
Depreciation of right-of-use assets	10,411	-	10,411
Impairment of plant and equipment	350	-	350
Impairment of right-of-use assets	398	-	398
Share of profit of associated companies	(50)	-	(50)
Segment assets	84,506	1,117	85,623
Segment assets includes:			
Additions to plant and equipment	5,569	-	5,569
Additions to right-of-use assets	19,583	-	19,583
Loan to an associated company	248	-	248
Loan to a joint venture	1,820	-	1,820
Segment liabilities	56,125	709	56,834

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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 October 2021 to 31 March 2022</u>	← Singapore →		Total (\$'000)
	Restaurant sales (\$'000)	Others (\$'000)	
The Group			
Revenue			
Total segment revenue	33,341	59	33,400
Segment results	4,910	98	5,008
Depreciation and amortisation	1,457	31	1,488
Depreciation of right-of-use assets	9,159	-	9,159
Impairment of plant and equipment	11	-	11
Impairment of right-of-use assets	96	-	96
Plant and equipment written-off	28	-	28
Share of loss of associated companies	176	-	176
Segment assets	70,023	768	70,791
Segment assets includes:			
Additions to plant and equipment	2,288	-	2,288
Additions to right-of-use assets	20,757	-	20,757
Loan to an associated company	248	-	248
Loan to a joint venture	1,050	-	1,050
Segment liabilities	44,461	330	44,791

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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 2022 to 31 March 2023</u>	← Singapore →		Total (\$'000)
	Restaurant sales (\$'000)	Others (\$'000)	
The Group Revenue			
Total segment revenue	78,341	191	78,532
Segment results	4,254	270	4,524
Depreciation and amortisation	3,383	62	3,445
Depreciation of right-of-use assets	20,259	-	20,259
Impairment of plant and equipment	350	-	350
Impairment of right-of-use assets	398	-	398
Plant and equipment written-off	42	-	42
Share of profit of associated companies	(205)	-	(205)
Segment assets	84,506	1,117	85,623
Segment assets includes:			
Additions to plant and equipment	8,382	-	8,382
Additions to right-of-use assets	33,289	-	33,289
Loan to an associated company	248	-	248
Loan to a joint venture	1,820	-	1,820
Segment liabilities	56,125	709	56,834

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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 31 March 2022</u>	← Singapore →		Total
	Restaurant sales (\$'000)	Others (\$'000)	
The Group			
Revenue			
Total segment revenue	54,492	122	54,614
Segment results	2,905	157	3,062
Depreciation and amortisation	2,901	63	2,964
Depreciation of right-of-use assets	17,631	-	17,631
Impairment of plant and equipment	11	-	11
Impairment of right-of-use assets	96	-	96
Plant and equipment written-off	28	-	28
Gain on early termination of lease	(40)	-	(40)
Share of profit of associated companies	(83)	-	(83)
Segment assets	70,023	768	70,791
Segment assets includes:			
Additions to plant and equipment	3,990	-	3,990
Additions to right-of-use assets	27,285	-	27,285
Loan to an associated company	248	-	248
Loan to a joint venture	1,050	-	1,050
Segment liabilities	44,461	330	44,791

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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 31 March 2023 and 31 March 2022:

	The Group		The Company	
	31 March 2023 (\$'000)	31 March 2022 (\$'000)	31 March 2023 (\$'000)	31 March 2022 (\$'000)
Financial assets				
Cash and bank balances	18,489	23,207	2,705	4,114
Trade and other receivables	1,065	1,065	2,258	981
Other financial assets	8,292	6,451	2,125	1,346
Other investments at amortised cost	534	1,309	-	-
	<u>28,380</u>	<u>32,032</u>	<u>7,088</u>	<u>6,441</u>
Financial liabilities				
Trade and other payables	9,662	8,479	912	966
Lease liabilities	47,029	36,209	337	450
	<u>56,691</u>	<u>44,688</u>	<u>1,249</u>	<u>1,416</u>

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

6. Profit before income tax

6.1 Significant items

	The Group			
	Six months ended		Financial year ended	
	31 March		31 March	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest income	(96)	(35)	(128)	(86)
Royalty and franchise income	(170)	(206)	(377)	(382)
Insurance claims	(32)	(21)	(61)	(65)
Government grants	(1,158)	(675)	(1,269)	(2,208)
Amortisation of government grants	(14)	(14)	(28)	(28)
Rental support scheme cash payout	-	(1,851)	-	(3,189)
Rental concessions	(36)	(298)	(132)	(1,267)
Other income	(15)	(26)	(45)	(59)
Depreciation of plant and equipment	1,816	1,457	3,383	2,901
Depreciation of right-of-use assets	10,411	9,159	20,259	17,631
Amortisation of intangible assets	32	31	62	63
Amortisation of other investments at amortised cost	2	4	4	12
Allowance for impairment of plant and equipment	350	11	350	11
Allowance for impairment of right-of-use assets	398	96	398	96
Loss on early redemption of financial assets	-	-	20	-
Plant and equipment written off	-	28	42	28
Gain on early termination of lease	-	-	-	(40)
Currency exchange loss - net	65	15	35	14

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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 comprehensive income are as follows:

	The Group			
	Six months ended		Financial year ended	
	31 March		31 March	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Tax expense/(credit) attributable to profit is made up of:				
Profit from current financial year:				
- Current income tax	(145)	-	553	-
- Deferred income tax	311	-	311	-
	166	-	864	-
Over-provision in prior financial years				
- Current income tax	-	(1)	(134)	(1)
	166	(1)	730	(1)

8. Dividends

	The Group	
	31 March	
	2023	2022
	\$'000	\$'000
Ordinary dividends paid		
Final exempt dividend paid in respect of the previous financial year of 1.35 cents per share (2022: 1.75 cents per share)	2,355	3,052
Interim exempt dividend paid in respect of the current financial year of 1.00 cents per share (2022: 0.50 cents per share)	1,744	873
	4,099	3,925

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

9. Earnings per share ("EPS")

	Group		Group	
	Six months ended 31 March		Financial year ended 31 March	
	2023	2022	2023	2022
Earnings attributable to equity holders of the Company (\$'000)	1,786	4,868	4,127	3,232
Weighted average number of shares used in computation of basic EPS	174,367,320	174,424,000	174,418,384	174,382,275
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	1.03	2.79	2.37	1.85
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	1.03	2.79	2.37	1.85

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 instrument convertible into rights to subscribe for shares during these respective financial periods.

10. Net asset value ("NAV")

	Group		Company	
	As at 31 March		As at 31 March	
	2023	2022	2023	2022
NAV per ordinary share (cents)	18.76	18.75	7.43	7.00
Number of shares used in computation of NAV per share	174,394,200	174,424,000	174,394,200	174,424,000

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

11. Trade and other receivables

	Group		Company	
	As at		As at	
	31 March		31 March	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Related parties:				
- Associated companies	283	216	-	-
- Joint venture	8	25	-	-
- Non-related parties	736	778	-	-
Non-trade receivables				
- Related parties:				
- Joint venture	-	3	-	-
- Subsidiary corporations	-	-	2,258	981
- Non-related parties	38	43	-	-
	1,065	1,065	2,258	981

12. Intangible assets

	The Group	
	31 March	
	2023	2022
	\$'000	\$'000
Trademarks and franchise rights		
Cost		
Beginning of financial year	758	1,013
Addition	72	-
Written-off	(139)	(255)
End of financial year	691	758
Accumulated amortisation		
Beginning of financial year	622	814
Amortisation charge	62	63
Written-off	(139)	(255)
End of financial year	545	622
Net book value		
End of financial year	146	136

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

13. Plant and equipment

During the financial year ended 31 March 2023, the Group acquired plant and equipment amounting to \$8,382,000 (31 March 2022: \$3,990,000).

14. Trade and other payables

	Group		Company	
	As at 31 March		As at 31 March	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables				
- Non-related parties	1,707	1,200	-	-
Non-trade payables				
- Associated company	253	253	253	253
- Subsidiary corporation	-	-	-	45
- Non-related parties	2,170	1,843	16	5
Accruals for operating expenses ⁽¹⁾	5,523	5,174	643	663
Provision ⁽²⁾	143	103	-	-
Franchise deposits	9	9	-	-
	9,805	8,582	912	966

⁽¹⁾ Accruals for operating expenses

Included in the above are government grants received totalling \$84,000 for the acquisition of certain automated equipment for the central kitchen of the Group's subsidiary, Bachmann Japanese Restaurants Pte Ltd. The grants received were subsequently credited to profit or loss over the useful life of related assets to match the related cost.

⁽²⁾ Provision

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.

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

15. Share capital

	The Group and the Company			
	31 March 2023		31 March 2022	
	Number of ordinary shares '000	Amount \$'000	Number of ordinary shares '000	Amount \$'000
Beginning and end of financial year	174,436	9,522	174,436	9,522

There was no change in the issued and paid-up capital of the Company since 30 September 2022.

There were no outstanding convertible instruments which may be converted to shares as at 31 March 2023 and 31 March 2022.

(a) Treasury shares

(i) Between 1 April 2021 and 31 March 2022

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 (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 were transferred to certain employees of the Group pursuant to the Japan Foods Performance Share Scheme.

As at 31 March 2022, after the above share transfers and share buy-backs, 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 31 March 2023

As at 1 April 2022, the Company held 12,000 treasury shares and the total number of ordinary shares in the capital of the Company (excluding treasury shares) was 174,424,000 shares.

The Company had on 23 November 2022, 25 November 2022, 28 November 2022 and 29 November 2022 purchased an aggregate of 519,800 shares by way of market acquisitions.

On 9 December 2022, 490,000 treasury shares were transferred to certain employees of the Group pursuant to the Japan Foods Performance Share Scheme.

As at 31 March 2023, after the above share transfers and share buy-backs, the Company held 41,800 treasury shares which represented approximately 0.02% of the 174,394,200 total issued shares (excluding treasury shares).

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

15. Share capital (Cont'd)

(b) Subsidiary holdings

There were no subsidiary holdings as at 31 March 2023 and 31 March 2022.

16. Related party transactions

	Group As at	
	31 March 2023	31 March 2022
	\$'000	\$'000
Sales of ingredients		
- Joint venture	69	96
Royalties fee		
- Associated companies	363	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.

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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 31 March 2023 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 and financial year ended 31 March 2023 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.

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

As at 31 March 2023, the Group had a total of 65 restaurants in operation comprising 12 "Ajisen Ramen" restaurants, 2 "Afuri Ramen" restaurants, 4 "Shitamachi Tendon Akimitsu" restaurants, 4 "Menya Musashi" restaurants, 3 "Osaka Ohsho" restaurants, 7 "Konjiki Hototogisu" restaurants, 5 "Fruit Paradise" restaurants, 8 "Tokyo Shokudo" restaurants, 8 "Yakiniku Shokudo" restaurants, 2 "Yonehachi" restaurants and 10 restaurants operating under various other brands, namely, "Edo Shokudo", "Nakiryu", "Yakiniku Taro", "Kyoto Shokudo", "BBQ Tori Shokudo", "Ichiro Ramen", "Kagurazaka Saryo", "Menzo Butao", "Ajisen Shokudo" and "New ManLee Bak Kut the" brands. As at 31 March 2023, the Group had 363,000 members under JFH Rewards.

As at 31 March 2022, the Group had a total of 56 restaurants in operation comprising 13 "Ajisen Ramen" restaurants, 2 "Afuri Ramen" restaurants, 5 "Shitamachi Tendon Akimitsu" restaurants, 4 "Menya Musashi" restaurants, 4 "Osaka Ohsho" restaurants, 8 "Konjiki Hototogisu" restaurants, 1 "Shoryu Ramen" restaurant, 7 "Tokyo Shokudo" restaurants, 2 "Yonehachi" restaurants and 10 restaurants operating under various other brands, namely, "Curry Is Drink", "Fruit Paradise", "Café Kuriko", "Edo Shokudo", "Yakiniku Shokudo", "Ichiro Ramen", "Kazokutei", "Kagurazaka Saryo", "Menzo Butao" and "New ManLee Bak Kut Teh" brands. As at 31 March 2022, the Group had 327,000 members under JFH Rewards.

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Review of financial performance of the Group for 2H2023 compared to 2H2022

Revenue

The Group's revenue increased by \$7.2 million or 21.4% from \$33.4 million in the second half year from 1 October 2021 to 31 March 2022 ("**2H2022**") to \$40.6 million in the second half year from 1 October 2022 to 31 March 2023 ("**2H2023**").

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

- (i) *net increase in revenue of \$4.8 million from the restaurants operating under the "Yakiniku Shokudo" brand*

The Group launched a Halal brand "Yakiniku Shokudo" in February 2022 which generated \$4.9 million of revenue in 2H2023 as compared to \$0.1 million in 2H2022. There were 8 restaurants under "Yakiniku Shokudo" in 2H2023. The increase in revenue was due to the opening of 7 new "Yakiniku Shokudo" restaurants.

- (ii) *net decrease in revenue of \$0.8 million from the restaurants operating under the "Tokyo Shokudo" brand*

The Group's revenue from restaurants operating under the "Tokyo Shokudo" brand decreased from \$7.1 million in 2H2022 to \$6.3 million in 2H2023 due to lower revenue generated from certain existing restaurants which was partially offset by revenue generated from a new restaurant located at Sengkang Grand Mall which opened in March 2023.

- (iii) *net increase in revenue of \$0.2 million from the restaurants operating under the "Ajisen Ramen" brands*

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand increased from \$8.9 million in 2H2022 to \$9.1 million in 2H2023 due to higher revenue generated from certain existing restaurants which was partially offset by conversion of an "Ajisen Ramen" restaurant located at Square 2 to a "Yakiniku Shokudo" brand restaurant in November 2022.

- (iv) *net increase in revenue of \$0.4 million from the restaurants operating under "Menya Musashi" brand*

The Group's revenue from restaurants operating under the "Menya Musashi" brand increased from \$2.3 million in 2H2022 to \$2.7 million in 2H2023 due to higher revenue generated by some of the existing restaurants.

- (v) *net increase in revenue of \$0.4 million from the restaurants operating under the "Konjiki Hototogisu" brands*

The Group's revenue from restaurants operating under the "Konjiki Hototogisu" brand increased from \$3.6 million in 2H2022 to \$4.0 million in 2H2023 due to higher revenue generated by some of the existing restaurants. The increase was partially offset by the closure of a restaurant located in Raffles City in August 2022.

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(vi) *net increase in revenue of \$0.2 million from the restaurants operating under the “Osaka Ohsho” brands*

The Group’s revenue from restaurants operating under the “Osaka Ohsho” brand increased from \$2.5 million in 2H2022 to \$2.7 million in 2H2023 due to higher revenue generated by some of the existing restaurants which was partially offset by conversion of a restaurant located at Waterway Point to a “Ajisen Shokudo” restaurant in March 2023.

(vii) *net increase in revenue of \$2.1 million from the restaurants operating under other brands*

The Group recorded an increase in revenue from restaurants operating under other brands in 2H2023 as compared to 2H2022, which was mainly contributed by higher revenue from restaurants operating under the “Fruit Paradise”, “Nakiryu”, “Yakiniku Taro”, “New ManLee Bak Kut Teh” and “Yonehachi” brands which were partially offset by lower revenue generated by “Afuri Ramen”, “Menzo Butao”, “Kazokutei”, “Shitamachi Tendon Akimitsu” and “Edo Shokudo” brands.

(viii) *Impact of JFH Rewards*

The reward points known as \$J earned by members (net of expired points of approximately \$0.1 million) under JFH Rewards amounted to \$0.6 million in 2H2023 compared to \$0.5 million in 2H2022. 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 \$5.8 million or 20.5% from \$28.4 million in 2H2022 to \$34.2 million in 2H2023, which was generally in line with the increase in the Group’s revenue. The Group’s gross profit margin decreased 0.6 percentage point from 85.1% in 2H2022 to 84.5% in 2H2023 due to higher material costs.

Other income

The Group’s other income decreased by \$1.7 million or 53.9% from \$3.1 million in 2H2022 to \$1.4 million in 2H2023 mainly due to lower rental concession from landlords.

Selling and distribution expenses

The Group’s selling and distribution expenses increased by \$6.7 million or 28.8% from \$23.4 million in 2H2022 to \$30.1 million in 2H2023, in line with higher number of outlets and business activities during the period.

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

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

Administrative expenses

The Group's administrative expenses remained relatively constant in 2H2023 as compared to 2H2022.

Other Operating Expenses

The Group's other operating expenses decreased by \$0.1 million or 16.9% from \$0.6 million in 2H2022 to \$0.5 million in 2H2023 due to lower royalty fee paid to franchisors.

Impairment of plant and equipment and right-of-use assets

The Group's impairment loss increased by \$0.6 million or 599.1% from \$0.1 million in 2H2022 to \$0.7 million in 2H2023 due to impairment of certain non-performing stores.

Lease interest expenses

Lease interest expenses increased by \$163,000 or 41.2% from \$396,000 in 2H2022 to \$559,000 in 2H2023. The Group on average had more leases accounted for under SFRS(I) 16 during 2H2023 in line with the increased number of outlets.

Share of results of associated companies and joint venture company

The Group recorded its share of profit of associated companies of \$50,000 in 2H2023 as compared to a loss of \$176,000 in 2H2022, due to profit achieved by "Menya Musashi" and "Konjiki Hototogisu" brand restaurants in Hong Kong following the lifting of COVID-19 restriction measures. Such profit was partially offset by the Group's share of loss incurred at "Menya Musashi" brand restaurants in China and Indonesia and "Konjiki Hototogisu" brand restaurants in China.

The Group's joint venture company, Dining Collective Pte Ltd, operated three restaurants in Singapore and one restaurant in Japan which incurred losses in 2H2023. However, no share of losses were captured in 2H2023 as the accumulated losses had exceeded the capital contribution of \$100,000.

Income tax expenses

The Group recorded income tax expenses of \$0.2 million in 2H2023 as compared to a tax credit of \$1,000 in 2H2022. This was due to lower tax-exempt income arising from government grant under the Jobs Support Scheme and cash payout under the Rental Support Scheme.

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Net profit

As a result of the reasons mentioned above, the Group recorded a decrease in net profit attributable to equity holders of the Company of \$3.1 million or 63.3% from \$4.9 million in 2H2022 to \$1.8 million in 2H2023.

Review of financial performance of the Group for FY2023 compared to FY2022

Revenue

The Group's revenue increased by \$23.9 million or 43.8 % from \$54.6 million for the financial year ended 31 March 2022 ("FY2022") to \$78.5 million for the financial year ended 31 March 2023 ("FY2023").

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

- (i) *net increase in revenue of \$7.0 million from the restaurants operating under the "Yakiniku Shokudo" brand*

The Group launched a Halal brand "Yakiniku Shokudo" in February 2022 which generated \$7.1 million of revenue in FY2023. There were 8 restaurants under "Yakiniku Shokudo" in FY2023. The increase in revenue was due to the opening of 7 new "Yakiniku Shokudo" restaurants.

- (ii) *net increase in revenue of \$2.4 million from the restaurants operating under the "Tokyo Shokudo" brand*

The Group's revenue from restaurants operating under the "Tokyo Shokudo" brand increased from \$10.3 million in FY2022 to \$12.7 million in FY2023 due to the full-year recognition of revenue from restaurants operating in Lot One, City Square Mall, Causeway Point and Vivo City and revenue generated from a new restaurant located at Sengkang Grand Mall which opened in March 2023. The increased revenue was partially offset by lower revenue generated from certain existing restaurants.

- (iii) *net increase in revenue of \$3.6 million from the restaurants operating under the "Ajisen Ramen" brands*

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand increased from \$15.1 million in FY2022 to \$18.7 million in FY2023 due to higher revenue generated by certain existing restaurants. The increase was partially offset by the conversion of an existing "Ajisen Ramen" restaurant located in Square 2 to a "Yakiniku Shokudo" restaurant in November 2022.

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

The Group's revenue from restaurants operating under the "Menya Musashi" brand increased from \$4.1 million in FY2022 to \$5.4 million in FY2023 due to higher revenue generated by certain existing restaurants.

- (v) *net increase in revenue of \$0.6 million from the restaurants operating under "Shitamachi Tendon Akimitsu" brand*

The Group's revenue from restaurants operating under the "Shitamachi Tendon Akimitsu" brand increased from \$3.3 million in FY2022 to \$3.9 million in FY2023 mainly attributable to the full-year recognition of revenue from restaurants operating at Nex and Star Vista. The increase was partially offset by the conversion of a restaurant at Changi City Point in October 2022.

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- (vi) *net increase in revenue of \$2.0 million from the restaurants operating under “Konjiki Hototogisu” brand*

The Group's revenue from restaurants operating under the “Konjiki Hototogisu” brand increased from \$6.2 million in FY2022 to \$8.2 million due to higher revenue generated by certain existing restaurants. The increase was partially offset by the closure of a restaurant in Raffles City Mall in August 2022.

- (vii) *net increase in revenue of \$1.3 million from the restaurants operating under “Osaka Ohsho” brand*

The Group's revenue from restaurants operating under the “Osaka Ohsho” brand increased from \$4.3 million in FY2022 to \$5.6 million in FY2023 due to higher revenue generated by certain existing restaurants which was partially offset by the conversion of a restaurant located at Waterway Point to a “Ajisen Shokudo” restaurant in March 2023.

- (viii) *net increase in revenue of \$6.1 million from the restaurants operating under other brands*

The Group recorded an increase in revenue from restaurants operating under other brands in FY2023 as compared to FY2022, which was mainly contributed by higher revenue from restaurants operating under the “Fruit Paradise”, “Nakiryu”, “Yakiniku Taro”, “New ManLee Bak Kut Teh”, “Yonehachi”, “Afuri Ramen”, “Menzo Butao”, “Kazokutei” and “Edo Shokudo” brands.

- (ix) *impact of JFH Rewards*

The reward points known as \$J earned by members (net of expired points of approximately \$0.4 million) under JFH Rewards amounted to \$1.2 million in FY2023 compared to \$0.8 million in FY2022. 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 \$20.2 million or 43.7% from \$46.2 million in FY2022 to \$66.4 million in FY2023, which was generally in line with the increase in the Group's revenue. The Group's gross margin remained constant at 84.6% for FY2023 and FY2022.

Other income

The Group's other income decreased by \$5.3 million or 73.4% from \$7.2 million in FY2022 to \$1.9 million in FY2023 mainly due to the cessation of grants in relation to COVID-19 pandemic such as the Enhanced Jobs Support Scheme and Rental Support Scheme as well as lower rental concession from landlords.

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

Selling and distribution expenses

The Group's selling and distribution expenses increased by \$12.4 million or 27.9% from \$44.7 million in FY2022 to \$57.1 million in FY2023, in line with higher business activities.

The higher selling and distribution costs were mainly due to higher manpower cost and utilities. In addition, the increase was also contributed by higher depreciation of plant and equipment and ROU assets as there were more outlets operating in FY2023.

Administrative expenses

The Group's administrative expenses remained relatively constant for FY2023 and FY2022.

Other Operating Expenses

The Group's other operating expenses remained relatively constant for FY2023 and FY2022.

Impairment of plant and equipment and right-of-use assets

The Group's impairment loss increased by \$0.6 million or 599.1% from \$0.1 million in FY2022 to \$0.7 million in FY2023 due to impairment of certain non-performing stores in FY2023.

Lease interest expenses

Lease interest expenses increased by \$211,000 or 26% from \$813,000 in FY2022 to \$1,024,000 in FY2023. The Group on average had more leases accounted for under SFRS(I) 16 during FY2023 as compared to FY2022 due to an increased number of outlets operating in FY2023.

Share of results of associated companies and joint venture company

Share of profit of its associated companies increased by 147% from \$83,000 in FY2022 to \$205,000 in FY2023. The associated companies operating the "Menya Musashi" and "Konjiki Hototogisu" brand restaurants in Hong Kong had generated higher profits during FY2023 following the lifting of COVID-19 restriction measures. Such profit was partially offset by the Group's share of loss incurred at "Menya Musashi" brand restaurants in China and Indonesia and "Konjiki Hototogisu" brand restaurants in China.

The Group's joint venture company, Dining Collective Pte Ltd, operated three restaurants in Singapore and one restaurant in Japan which incurred losses in FY2023. However, no share of losses were captured in FY2023 as the accumulated losses had exceeded the capital contribution of \$100,000.

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Income tax expenses

The Group recorded income tax expenses of \$0.7 million in FY2023 as compared to a tax credit of \$1,000 in FY2022. This was due to higher profit achieved and lower non-taxable income such government grant under the Jobs Support Scheme and cash payout under the Rental Support Scheme in FY2023.

Net profit

As a result of the reasons mentioned above, the Group recorded an increase in net profit attributable to equity holders of the Company of \$0.9 million or 27.7% from \$3.2 million in FY2022 to \$4.1 million in FY2023.

- (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 \$3.5 million, from \$27.6 million as at 31 March 2022 to \$24.1 million as at 31 March 2023. This was mainly due to a decrease in cash and bank balances of \$4.7 million. The decrease was partially offset by the increase in inventories of \$0.2 million and other current assets of \$1.0 million (comprising current portion of rental deposit and prepaid expenses of \$0.3 million and \$0.7 million respectively).

Non-current assets

The Group's total non-current assets increased by \$16.2 million, from \$50.3 million as at 31 March 2022 to \$66.5 million as at 31 March 2023.

This was mainly due to the increase in net book value of right-of-use assets and plant equipment of \$10.6 million and \$4.6 million respectively arising from leasing of premises and capital expenditure for the Group's new outlets. In addition, the increase was also contributed by higher long-term security deposits of \$0.8 million, investment in associated companies from share of profit of \$0.2 million as well as a loan to the joint venture company of \$0.8 million. The increase was partially offset by the decrease of other investment of \$0.8 million due to maturity of financial assets.

Current liabilities

The Group's total current liabilities increased by \$6.3 million, from \$26.1 million as at 31 March 2022 to \$32.4 million as at 31 March 2023, mainly due to higher current portion of lease liabilities of \$4.7 million, trade and other payables of \$1.2 million, and higher current income tax liabilities of \$0.4 million.

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

The Group had net current liabilities of \$8.3 million as at 31 March 2023 mainly due to recognition of lease liabilities of \$22.1 million in compliance with SFRS(I) 16. Based on the Group's internal resources 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 increased by \$6.5 million, from \$19.0 million as at 31 March 2022 to \$25.5 million as at 31 March 2023 due to the increase in long-term portion of lease liabilities from the renewal of leases and recognition of newly leased outlets and an increase in deferred tax liabilities.

Shareholders' equity

The Group's shareholders' equity remained relatively constant for as at 31 March 2023 and 31 March 2022.

Review of cash flow statement for 2H2023

The Group's net cash generated from operating activities in 2H2023 was \$14.3 million. This was mainly due to operating profit after working capital changes of \$14.2 million and interest income received from financial assets of \$0.1 million.

The Group's net cash used in investing activities in 2H2023 was \$6.4 million arising mainly from (i) renovation cost and purchase of plant and equipment for the Group's restaurants of \$5.6 million and; (ii) a loan to the joint venture company of \$0.8 million for working capital and capital expenditure for new restaurant in Japan.

The Group's net cash used in financing activities in 2H2023 was \$13.1 million arising from an interim dividend payment of \$1.7 million, principal payment of lease liabilities of \$10.4 million, interest paid of \$0.6 million, an increase in short-term bank deposit pledged of \$0.2 million and the purchase of treasury shares of \$0.2 million.

Review of cash flow statement for FY2023

The Group's net cash generated from operating activities in FY2023 was \$29.5 million. This was mainly due to operating profit after working capital changes of \$29.4 million and interest income received from financial assets of \$0.1 million.

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

The Group's net cash used in investing activities in FY2023 was \$8.5 million mainly arising from (i) renovation cost and purchase of plant and equipment for the Group's restaurants of \$8.4 million; (ii) acquisition of a franchise right of \$0.1 million; and (iii) a loan to the joint venture company of \$0.8 million for working capital and capital expenditure of a new restaurant in Japan. These were offset by the redemption of financial assets of \$0.8 million.

The Group's net cash used in financing activities in FY2023 was \$25.9 million due to dividend payment of \$4.1 million, repayment of lease liabilities of \$20.4 million, interest on leases of \$1.0 million, increase of short-term deposit pledged of \$0.2 million and purchase of treasury shares of \$0.2 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 financial results for FY2023 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.

Singapore's F&B industry has seen a recovery since the lifting of the COVID-19 restrictions on dining-in and social gatherings. In line with this, the Group's revenue has increased in FY2023 as compared to FY2022. However, the Group expects inflationary pressures on cost of operations and raw materials as well as cautionary spending by consumers amidst recessionary concerns. The Group expects manpower crunch to persist.

To mitigate these challenges, the Group will intensify its efforts to manage expenses. The Group will continue to explore new brands and locations to drive top-line growth.

In January 2023, the Group launched its second Michelin-star ramen brand "Nakiryu" at Plaza Singapura. This is the Group's second Michelin-star brand from Tokyo. Encouraged by the positive response, the Group has launched a second outlet at Vivo City in April 2023.

Since the opening of its first Halal concept restaurant "Tokyo Shokudo" in Tampines Mall in November 2020, the Group has rapidly expanded its Halal segment. The Group currently has 26 Halal concept restaurants and plans to continue to grow this segment.

The joint venture between the Group and Minor Food Group (Singapore) Pte. Ltd. ("JVC") opened its first "Siam Smith" brand restaurant in Tokyo in August 2022 shortly after the lifting of COVID-19 restrictions in Japan but the restaurant has since closed in April 2023 as the response was not within expectation. In April 2023, the JVC opened a new restaurant under the same brand at another mall in Tokyo. To expand its portfolio of brands, the JVC acquired "Extra Virgin Pizza" brand in April 2023 and currently operates a restaurant under this brand at Asia Square 1 in Singapore.

As at 31 March 2023, the Group's associated companies operate 7 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.

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

5. Dividend

(a) Current Financial Period Reported On

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

The final dividend is proposed after taking into consideration the Group's financial performance in the second half of FY2023 and the Group's capital requirements amidst the challenging operating environment. The final dividend is subject to the approval of shareholders at the Company's forthcoming annual general meeting.

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

An interim dividend of 1.00 cent (tax exempt (one-tier) per share was paid on 9 December 2022.

(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	Final
Dividend type	Cash
Dividend amount per share (in cents)	1.35 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

An interim dividend of 0.50 cent (tax exempt (one-tier) per share was paid on 3 December 2021.

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

5. Dividend (Cont'd)

(c) Date payable

The payment date shall be announced later.

(d) Record date

The record date shall be announced later.

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

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 general mandate has been obtained, a statement to that effect

For FY2023, 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.

8. 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 during FY2023.

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

10. Negative confirmation pursuant to Rule 705(5)

Not required for announcement of full-year results.

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

11. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive or substantial shareholder of the issuer pursuant to rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name of relative	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chan Cheong Keong	55	Brother of Chan Chau Mui, who is a deemed associate of Kenichi Takahashi, the Executive Chairman and Chief Executive Officer of the Company	Mr Chan has been the Central Kitchen Manager at the Company's subsidiary, Bachmann Japanese Restaurant Pte. Ltd. since 2008. He is responsible for the operation of the Group's central kitchen facility. Mr Chan was also previously a director of Bachmann Japanese Restaurant Sdn. Bhd. which had been placed into voluntary liquidation in September 2014.	Nil

12. A breakdown of sales

Group	FY2023 \$'000	FY2022 \$'000	% increase/ (decrease)
Sales report for:			
First half ended 30 September	37,974	21,214	79.0
Second half ended 31 March	40,558	33,400	21.4
Total	78,532	54,614	43.8
Group			
Net profit/(loss) for the year reported for			
First half ended 30 September	2,341	(1,636)	N.M.
Second half ended 31 March	1,786	4,868	(63.3)
Total	4,127	3,232	27.7

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

13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (FY2023) (\$)	Previous Full Year (FY2022) (\$)
Total annual ordinary dividend		
Interim (Tax exempt 1-tier)	1,744,240	872,120
Final (Tax exempt 1-tier)	1,743,942 ⁽¹⁾	2,354,724
Total	3,488,182	3,226,844

Note:

- (1) This amount is computed based on the proposed final dividend in respect of FY2023 which is subject to the approval of shareholders at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Takahashi Kenichi
Executive Chairman and CEO

Date: 23 May 2023

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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