



**Sakae Holdings Ltd.**  
(Company Registration No. 199604816E)

**Condensed Interim Financial Statements**  
**For the Nine Months Ended 31 March 2022**

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## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group					
		Quarter ended 31 March			9 months ended 31 March		
Note		2022 (3QFY2022)	2021 (3QFY2021)	Increase / (Decrease)	2022 (9MFY2022)	2021 (9MFY2021)	Increase / (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	4,644	5,756	(19.3)	13,062	16,882	(22.6)
	Cost of sales	(1,613)	(2,106)	(23.4)	(4,588)	(5,452)	(15.8)
	Gross profit	3,031	3,650	(17.0)	8,474	11,430	(25.9)
	Other operating income and gains	955	1,374	(30.5)	3,827	4,773	(19.8)
	Administrative expenses	(3,113)	(3,899)	(20.2)	(9,404)	(12,122)	(22.4)
	Other operating expenses	(905)	(596)	51.8	(2,353)	(2,301)	2.3
	Impairment loss on trade receivables	-	(13)	N.M.	-	(13)	N.M.
	Finance costs						
	- Interest on borrowings	(143)	(162)	(11.7)	(425)	(517)	(17.8)
	- Interest on leases	(132)	(134)	(1.5)	(391)	(408)	(4.2)
	(Loss)/ Profit before income tax	(307)	220	N.M.	(272)	842	N.M.
	Income tax	(10)	(1)	900.0	(11)	(6)	83.3
	<b>(Loss)/ Profit for the period attributable to owners of the Company</b>	<b>(317)</b>	<b>219</b>	<b>N.M.</b>	<b>(283)</b>	<b>836</b>	<b>N.M.</b>
	Basic and diluted earnings per share	(0.23)	0.16	N.M.	(0.20)	0.60	N.M.
	<b>(Loss)/ Profit for the period</b>	<b>(317)</b>	<b>219</b>	<b>N.M.</b>	<b>(283)</b>	<b>836</b>	<b>N.M.</b>
	<b>Other comprehensive income:</b>						
	<i>Items that will not be reclassified subsequently to profit or loss</i>						
	Revaluation of property, plant and equipment, net of tax	-	(7)	N.M.	(7)	3	N.M.
	<i>Items that are or may be reclassified subsequently to profit or loss</i>						
	Currency translation differences	(17)	14	(31.0)	(50)	(36)	(14.0)
	Other comprehensive loss for the period, net of tax	(17)	7	(24.0)	(57)	(33)	(24.0)
	<b>Total comprehensive (loss) income for the period attributable to owners of the Company</b>	<b>(334)</b>	<b>226</b>	<b>N.M.</b>	<b>(340)</b>	<b>803</b>	<b>N.M.</b>

## B. Condensed interim statements of financial position

	Note	Group		Company	
		31/03/2022	30/06/2021	31/03/2022	30/06/2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Current assets:</b>					
Cash and bank balances	11	2,151	3,042	667	841
Trade receivables		503	540	8	114
Other receivables and prepayments	12	4,101	1,494	203	229
Inventories		388	381	10	11
Equity investments at fair value through profit or loss	13	1	5	-	-
Non-current assets classified as held for sale	14	423	4,022	-	-
Income tax recoverable		236	236	-	-
<b>Total current assets</b>		<b>7,803</b>	<b>9,720</b>	<b>888</b>	<b>1,195</b>
<b>Non-current assets:</b>					
Deposits		64	64	-	-
Subsidiaries		-	-	10	10
Due from subsidiaries		-	-	13,255	12,000
Equity investments at fair value through profit or loss	13	6,136	9,840	6,136	9,840
Joint venture	15	-	-	-	-
Property, plant and equipment	16	99,383	99,866	95,599	97,495
<b>Total non-current assets</b>		<b>105,583</b>	<b>109,770</b>	<b>115,000</b>	<b>119,345</b>
<b>Total assets</b>		<b>113,386</b>	<b>119,490</b>	<b>115,888</b>	<b>120,540</b>
<b>Current liabilities:</b>					
Bank loans	17	25,974	28,823	25,974	28,453
Lease liabilities		929	1,651	78	360
Trade payables		1,947	1,913	222	613
Other payables and accruals		1,876	3,005	1,143	1,144
Provisions		371	338	50	50
Due to subsidiaries		-	-	17,994	16,247
Income tax payable		1	1	-	-
<b>Total current liabilities</b>		<b>31,098</b>	<b>35,731</b>	<b>45,461</b>	<b>46,867</b>
<b>Non-current liabilities:</b>					
Bank loans	17	3,333	4,271	3,333	4,271
Lease liabilities		12,000	10,519	9,758	9,758
Deferred tax liabilities	18	12,552	12,552	12,552	12,552
<b>Total non-current liabilities</b>		<b>27,885</b>	<b>27,342</b>	<b>25,643</b>	<b>26,581</b>
<b>Total liabilities</b>		<b>58,983</b>	<b>63,073</b>	<b>71,104</b>	<b>73,448</b>
<b>Net assets</b>		<b>54,403</b>	<b>56,417</b>	<b>44,784</b>	<b>47,092</b>
<b>Equity</b>					
Share capital	19	10,736	10,736	10,736	10,736
Treasury shares		(892)	(892)	(892)	(892)
Currency translation reserve		(755)	(705)	-	-
Revaluation reserve	20	68,069	69,008	68,069	68,069
Accumulated losses		(22,755)	(21,730)	(33,129)	(30,821)
Equity attributable to equity holders of the Company, total		54,403	56,417	44,784	47,092
<b>Total equity</b>		<b>54,403</b>	<b>56,417</b>	<b>44,784</b>	<b>47,092</b>

## C. Condensed interim consolidated statement of cash flows

		<b>Group</b>	
		<b>9 months ended 31 March</b>	
		<b>2022</b>	<b>2021</b>
Note		<b>(9MFY2022)</b>	<b>(9MFY2021)</b>
		S\$'000	S\$'000
<b>Cash flows from operating activities</b>			
	(Loss) / profit before income tax	(272)	842
	Adjustments for:		
	Depreciation of property, plant and equipment	1,711	1,734
	Depreciation of right-of-use assets	1,558	2,305
	Amortisation of prepaid lease	38	38
	Gain on disposal of property, plant and equipment	(33)	(54)
	Gain on disposal of investment in joint venture	(400)	-
	Loss/ (Gain) on disposal of non-current assets classified as held for sale	38	(438)
	Write-off of property, plant and equipment	-	33
	Reversal of impairment loss on right-of-use assets	-	(217)
	Impairment loss recognised on trade receivables	-	13
	Dividend income from equity investments	(1)	(2)
	Fair value gain on equity investments at FVTPL	-	(8)
	Gain on termination of leases	-	(28)
	Unrealised foreign exchange gain	(129)	(144)
	Interest expense	816	925
	Interest income	(2)	(2)
	Operating cash flows before movements in working capital changes	3,324	4,997
	Trade receivables	37	514
	Other receivables and prepayments	338	598
	Inventories	(7)	159
	Trade payables	35	(467)
	Other payables and accruals	(665)	(181)
	Cash from operations	3,062	5,620
	Interest paid	(816)	(925)
	Interest received	2	1
	Income taxes and withholding taxes paid	(11)	(6)
	Net cash from operating activities	2,237	4,690
<b>Cash flow from investing activities</b>			
	Purchase of property, plant and equipment	(311)	(28)
	Proceeds from disposal of property, plant and equipment	34	34
	Proceeds from liquidation of equity investments at FVTPL	3,704	2,716
	Partial proceeds from disposal of held for sale assets	212	2,894
	Proceeds from disposal of joint venture	400	-
	Proceeds from disposal of equity investments at FVTPL	5	33
	Dividend income from equity investments	-	2
	Net cash generated from investing activities	4,044	5,651
<b>Cash flow from financing activities</b>			
	Repayment of bank loans	(3,417)	(6,259)
	Repayment of leases	(1,708)	(2,567)
	Dividend paid	(1,674)	-
	Net cash used in financing activities	(6,799)	(8,826)
	Net (decrease) / increase in cash and cash equivalents	(518)	1,515
	Cash and cash equivalents at beginning of period	2,672	6,522
	Effects on exchange rate changes on the balance of cash held in foreign currencies	(3)	12
	<b>Cash and cash equivalents at end of period</b>	<b>2,151</b>	<b>8,049</b>

## D. Condensed interim statements of changes in equity

	Share capital	Treasury shares	Currency translation reserve	Revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>						
<b>Nine months period ended 31 March 2021</b>						
<b>Balance as at 1 July 2020</b>	10,736	(892)	(722)	60,168	(24,047)	45,243
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	836	836
Other comprehensive loss for the period	-	-	(36)	3	-	(33)
Total	-	-	(36)	3	836	803
<b>Balance as at 31 March 2021</b>	10,736	(892)	(758)	60,171	(23,211)	46,046
<b>Nine months period ended 31 March 2022</b>						
<b>Balance as at 1 July 2021</b>	10,736	(892)	(705)	69,008	(21,730)	56,417
<i>Total comprehensive income for the period</i>						
Loss for the period	-	-	-	-	(283)	(283)
Other comprehensive (loss) income for the period	-	-	(50)	(939)	932	(57)
<i>Transactions with owner, recognised directly in equity</i>						
Dividend paid (Note 21)	-	-	-	-	(1,674)	(1,674)
Total	-	-	(50)	(939)	(1,025)	(2,014)
<b>Balance as at 31 March 2022</b>	10,736	(892)	(755)	68,069	(22,755)	54,403

	Share capital	Treasury shares	Revaluation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
<b>Nine months period ended 31 March 2021</b>					
<b>Balance as at 1 July 2020</b>	10,736	(892)	59,229	(34,558)	34,515
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	663	663
Other comprehensive income for the year	-	-	-	-	-
Total	-	-	-	663	663
<b>Balance as at 31 March 2021</b>	<b>10,736</b>	<b>(892)</b>	<b>59,229</b>	<b>(33,895)</b>	<b>35,178</b>
<b>Nine months period ended 31 March 2022</b>					
<b>Balance as at 1 July 2021</b>	10,736	(892)	68,069	(30,821)	47,092
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(634)	(634)
Other comprehensive income for the period	-	-	-	-	-
<i>Transactions with owners, recognised directly in equity.</i>					
Dividend paid (Note 21)	-	-	-	(1,674)	(1,674)
Total	-	-	-	(2,308)	(2,308)
<b>Balance as at 31 March 2022</b>	<b>10,736</b>	<b>(892)</b>	<b>68,069</b>	<b>(33,129)</b>	<b>44,784</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Sakae Holdings Ltd. (the “Company”) is incorporated and domiciled in Singapore. Its shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the nine months ended 31 March 2022 are for the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company consist of the business of operating restaurants, trading of raw food materials, food processing and operating as caterer and event organiser.

The principal activities of the Group consist of the business of investment holding, operating restaurants, kiosks and cafes, provision of corporate advisory services, provision of cold storage warehousing and logistics services.

### **2. Basis of preparation**

The condensed interim financial statements for the nine months ended 31 March 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore (“Standards”). 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 financial position and performance of the Group since the last audited annual financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

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**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

#### **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 are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected.



### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 July 2021 to 31 March 2022 ("9MFY2022").

### 4. Revenue

	Group			
	Three months ended 31 March		Nine months ended 31 March	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Types of goods and services</b>				
Food and beverage sales	4,444	5,123	12,252	15,523
Rendering of services	200	633	810	1,359
Total	4,644	5,756	13,062	16,882
<b>Timing of revenue recognition</b>				
At a point in time	4,644	5,756	13,062	16,882

### 5. Segment information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the category of each type of goods and services. The Group's reportable segments under SFRS(I) 8 Operating Segments are therefore as follows:

- Sakae Sushi, which is the main brand in provision of food and beverages to retail customers from the general public.
- Other products and services, which is inclusive of other brands and services offered by the Group namely Sakae Teppanyaki, Sakae Delivery, Hei Sushi, Hei Delivery, Senjyu, Sachi, Crepes & Cream and Nouvelle Events, Japanmartsg and Sakae Corporate Advisory.

#### 5.1 Reportable segments

Information regarding the Group's reportable segments is presented below.

Three months ended 31 March	Revenue		Net profit	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	1,835	2,619	1,100	1,652
Other products and services	3,479	3,895	16	149
Less: Inter-segment revenue	(670)	(758)	-	-
Total	4,644	5,756	1,116	1,801
Central administration costs and directors' salaries			(2,103)	(2,591)
Other operating income			955	1,374
Finance costs			(275)	(297)
Loss on derecognition of subsidiary			-	(36)
Non-operating expenses			-	(31)
(Loss) / profit before income tax			(307)	220
Income tax			(10)	(1)
(Loss) / profit for the period			(317)	219

Nine months ended 31 March	Revenue		Net profit	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	4,696	8,522	2,582	5,488
Other products and services	10,310	10,695	271	248
Less: Inter-segment revenue	(1,944)	(2,335)	-	-
Total	13,062	16,882	2,853	5,736
Central administration costs and directors' salaries			(6,135)	(8,082)
Other operating income			3,827	4,773
Finance costs			(817)	(926)
Loss on derecognition of subsidiary			-	(664)
Non-operating expenses			-	5
(Loss) / profit before income tax			(272)	842
Income tax			(11)	(6)
(Loss) / profit for the period			(283)	836

Three months ended 31 March	Depreciation		Additions to property, plant and equipment	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	352	699	61	-
Other products and services	188	196	-	-
Unallocated corporate items	470	412	-	-
Total	1,010	1,307	61	-

Nine months ended 31 March	Depreciation		Additions to property, plant and equipment	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	1,270	2,247	311	28
Other products and services	589	555	-	-
Unallocated corporate items	1,410	1,237	-	-
Total	3,269	4,039	311	28

	Segment Assets		Segment Liabilities	
	31 March 2022	30 June 2021	31 March 2022	30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	17,015	18,876	5,877	13,639
Other products and services	4,644	3,769	53,106	49,434
Unallocated corporate items	91,727	96,845	-	-
Total	113,386	119,490	58,983	63,073

## 5.2 Disaggregation of revenue

	Revenue		Non-current assets	
	3 months ended 31 March		31 March 2022	30 June 2021
	2022	2021		
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	4,016	5,077	98,699	98,683
Malaysia	628	679	684	1,183
	<u>4,644</u>	<u>5,756</u>	<u>99,383</u>	<u>99,866</u>

	Revenue	
	9 months ended 31 March	
	2022	2021
	S\$'000	S\$'000
Singapore	11,411	14,087
Malaysia	1,651	2,795
	<u>13,062</u>	<u>16,882</u>

## 6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 March 2022 and 30 June 2021:

	Group		Company	
	31 March 2022	30 June 2021	31 March 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
At cost	-	-	13,255	12,000
At amortised cost	6,792	5,106	878	1,184
Equity investments at fair value through profit or loss	6,137	9,845	6,136	9,840
	<u>12,929</u>	<u>14,951</u>	<u>20,269</u>	<u>23,024</u>
<b>Financial liabilities</b>				
At amortised cost	45,742	49,845	58,440	60,769

## 7. (Loss) / profit before income tax

Three months ended 31 March	Group	
	2022	2021
	S\$'000	S\$'000
Depreciation on property, plant and equipment	539	553
Depreciation on right-of-use assets	471	754
Interest on borrowings	143	162
Interest on leases	132	134

Nine months ended 31 March	Group	
	2022	2021
	S\$'000	S\$'000
Depreciation on property, plant and equipment	1,711	1,734
Depreciation on right-of-use assets	1,558	2,305
Gain on disposal of property, plant and equipment	(33)	(54)
Gain on disposal of investment in joint venture	(400)	-
Loss / (gain) on disposal of non-current assets classified as held for sale	38	(438)
Interest on borrowings	425	517
Interest on leases	391	408

## 8. Income Tax

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

Three months ended 31 March	Group	
	2022	2021
	\$'000	\$'000
Current tax expense	10	1
Total income tax	10	1

Nine months ended 31 March	Group	
	2022	2021
	\$'000	\$'000
Current tax expense	11	6
Total income tax	11	6

9. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares at the end of the:-  
 (a) current financial period reported on; and,  
 (b) immediately preceding financial year.

	Group		Company	
	31/03/2022	30/06/2021	31/03/2022	30/06/2021
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	39.01	40.45	32.11	33.76

## 10. Earnings per ordinary share

Three months ended 31 March	Group and Company	
	2022	2021
Total (loss) / profit for the period (\$'000)	(317)	219
Basic earnings per share (cent)	(0.23)	0.16
Diluted earnings per share (cent)	(0.23)	0.16

  

Nine months ended 31 March	Group and Company	
	2022	2021
Total (loss) / profit for the period (\$'000)	(283)	836
Basic earnings per share (cent)	(0.20)	0.60
Diluted earnings per share (cent)	(0.20)	0.60

Explanatory notes:

Earnings per share is calculated based on the Group's total (loss) / profit for the period divided by the issued share capital of the Company of 139,472,000 (31 March 2021: 139,472,000) shares for the period under review.

## 11. Cash and cash equivalents

	Group		Company	
	31 March 2022	30 June 2021	31 March 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank	2,138	3,027	665	838
Cash on hand	13	15	2	3
Cash and bank balances	2,151	3,042	667	841
Less: bank overdrafts	-	(370)	-	-
Cash and cash equivalents in consolidated statement of cash flow	2,151	2,672	667	841

Nine months ended 31 March	Group	
	2022 \$'000	2021 \$'000
Cash at bank	2,138	8,033
Cash on hand	13	16
Cash and bank balances	2,151	8,049
Less: bank overdrafts	-	(378)
Cash and cash equivalents in consolidated statement of cash flow	2,151	7,671

## 12. Other receivables and prepayments

	Group		Company	
	31 March 2022 \$'000	30 June 2021 \$'000	31 March 2022 \$'000	30 June 2021 \$'000
Other receivables	4,707	7,588	396	6,098
Less: allowance for impairment loss	(1,759)	(7,405)	(393)	(6,078)
	2,948	183	3	20
Amount due from related party	-	1,337	-	1,337
Less: allowance for impairment loss	-	(1,337)	-	(1,337)
Deposits	1,126	1,278	188	209
Prepayments	27	33	12	-
Total Current	4,101	1,494	203	229
Deposits - Non-current	64	64	-	-
Total	4,165	1,558	203	229

## 13. Equity Investments at fair value through profit or loss

Presented as current assets:

	Group		Company	
	31 March 2022 \$'000	30 June 2021 \$'000	31 March 2022 \$'000	30 June 2021 \$'000
Quoted equity shares, at fair value	1	5	-	-

Investments in quoted equity securities above offer the Group and the Company the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing quoted bid price in an active market on the last market day of the financial year. The quoted equity shares are classified as Level 1 (30 June 2021 : Level 1) in the fair value hierarchy.

Presented as non-current assets:

	Group		Company	
	31 March 2022 \$'000	30 June 2021 \$'000	31 March 2022 \$'000	30 June 2021 \$'000
Unquoted equity shares, at fair value	6,136	9,840	6,136	9,840

Investments in unquoted equity shares relate to the following:

	Proportion of ownership interest %	Country of incorporation
<i>Under liquidation:</i>		
Griffin Real Estate Investments Holdings Pte Ltd ("GREIH")	24.69	Singapore
Gryphon Capital Management Pte Ltd ("GCM")	20.00	Singapore

The Group's investments in GREIH and GCM were previously accounted for as investments in associates. With the commencement of liquidation proceedings in 2017, the Group re-classified its cost of investments in GREIH and GCM to available-for-sale investments during the financial period ended 30 June 2018. As of 1 July 2018, the Group reclassified the available-for-sale investments to equity investments at fair value through profit or loss following its adoption of SFRS(I) 9 *Financial Instruments*.

Fair values of the investments in unquoted equity shares are determined based on the net expected amounts to be realised through the sale of assets and repayment of obligations as assessed by the liquidators as at end of reporting period.

Unquoted equity shares are classified as Level 3 (30 June 2021 : Level 3) in the fair value hierarchy.

Movement for unquoted equity shares at fair value for the financial year is as follow:

	Group		Company	
	31 March 2022	30 June 2021	31 March 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial period/year	9,840	9,888	9,840	9,888
Receipts of partial liquidation proceeds	(3,704)	(2,716)	(3,704)	(2,716)
Fair value gain for the financial period/year	-	2,668	-	2,668
	<u>6,136</u>	<u>9,840</u>	<u>6,136</u>	<u>9,840</u>

During the current financial period, the group received the partial returns of capital from the liquidator of GREIH of \$3,704,000 (30 June 2021 : \$2,716,000).

#### 14. Non-current assets classified as held for sale

	Group	
	31 March 2022	30 June 2021
	\$'000	\$'000
<u>Properties held for sale</u>		
Balance at the beginning of the financial period/year	4,022	6,425
Disposal	(3,604)	(2,457)
Exchange differences	5	54
Balance at the end of the financial period/year	<u>423</u>	<u>4,022</u>

## 15. Joint Venture

	Group	
	31 March 2022	30 June 2021
	\$'000	\$'000
Cost of investment in joint venture	-	350
Less: Allowance for impairment loss	-	(350)
Net	-	-

On 20 August 2021, one of the Group's subsidiaries, Apex-Pal Investment Pte. Ltd. disposed of its 40% shareholdings (66,667 ordinary shares) in Novitee Pte Ltd to Glife Technologies Pte Ltd for total consideration of \$400,000. Accordingly, a gain on disposal of \$400,000 is recognised in the financial year ending 30 June 2022.

## 16. Property, Plant and Equipment

During the period ended 31 March 2022, the Group acquired property, plant and equipment with an aggregate cost of \$311,000 (31 March 2021: \$28,000).

## 17. Bank Loans

	Group		Company	
	31 March 2022	30 June 2021	31 March 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	24,710	27,724	24,710	27,724
Unsecured	1,264	1,099	1,264	729
	<u>25,974</u>	<u>28,823</u>	<u>25,974</u>	<u>28,453</u>
<u>Amount repayable after one year</u>				
Unsecured	<u>3,333</u>	<u>4,271</u>	<u>3,333</u>	<u>4,271</u>

The Group obtained loan facilities to finance the construction of its headquarters which was mortgaged to the lending bank as a form of collateral and short term loans for working capital.





## Treasury shares

There were no changes in the Company's Treasury shares as set out below.

	Group and Company			
	31 March	30 June	31 March	30 June
	2022	2021	2022	2021
	'000	'000	\$'000	\$'000
	<u>Number of ordinary shares</u>			
Issued and paid up: At beginning and end of the period/year	2,528	2,528	892	892

## **20. Revaluation Reserve**

The property revaluation reserve arises on the revaluation of leasehold building.

	<u>Group</u> \$'000
At 1 July 2020	60,168
Recognised in other comprehensive income At 30 Jun 2021	<u>8,840</u> <u>69,008</u>
At 1 July 2021	69,008
Reversal of revaluation reserves on disposal of non-current assets classified as held for sale	<u>(939)</u>
At 31 March 2022	<u>68,069</u>

## **21. Dividend**

	Group and Company	
	31 March	30 June
	2022	2021
	\$'000	\$'000
A final dividend of 1.2 cents per share tax exempt one-tier on the issued and fully paid ordinary shares	1,674	-
	<u>1,674</u>	<u>-</u>

## 22. Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

In addition to the related party information disclosed elsewhere in the notes to the financial statements, group entities entered into the following transactions with related parties during the financial period.

Nine months ended 31 March	Group	
	2022 \$'000	2021 \$'000
Rental income	278	312

## 23. Subsequent events

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

## **F. Other Information required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed consolidated statement of financial position of Sakae Holdings Ltd and its subsidiaries as at 31 March 2022, the related condensed profit or loss and other comprehensive income, condensed consolidated statements of changes in equity, condensed consolidated statement of cash flows for the three-month period and nine months then ended, and, certain explanatory notes have not been audited or reviewed.

### **2. Review of performance of the Group**

#### Financial performance (3QFY2022 vs 3QFY2021)

Group revenue for the quarter ended 31 March 2022 (“3QFY2022”) totalled \$4.6 million, a decrease of 19.3% as compared to \$5.8 million in the corresponding period of the previous year (“3QFY2021”). During 3QFY2022, economic activities were again dampened by the emergence of a new Covid-19 variant. International borders have not been fully re-opened. Group revenue declined due to the continued and cumulative effects of the Covid-19 control measures. However, as the Group had taken steps to pivot towards online orders and delivery services, the negative impact of reduced restaurant operations was cushioned by revenue contribution from online orders and delivery sales. With the economic sentiment still in a state of flux, the Group had also strategised to reduce the number of physical outlets and focused more on online and delivery sales. In this regard, some store leases were not renewed when they expired, leading to a reduced number of physical stores and hence, reduced Group revenue.

Despite the reduced Group revenue and rising prices of the high quality raw materials used, the Group has effectively managed the cost of its restaurant business and maintained its gross profit margin at about 65.3%.

Other operating income decreased by 30.5%, from \$1.4 million in 3QFY2021 to \$1.0 million in 3QFY2022. This is mainly due to lower rental rebates received by \$0.4 million compared to 3QFY2021.

Administrative expenses decreased by 20.2%, from \$3.9 million in 3QFY2021 to \$3.1 million in 3QFY2022, mainly due to a decrease in depreciation charged by 23.1%, from \$1.3 million in 3QFY2021 to \$1.0 million in 3QFY2022. Labour cost also decreased by 14.3%, from \$2.1 million in 3QFY2021 to \$1.8 million in 3QFY2022. Other administrative expenses also decreased by 50.0%, from \$0.4 million in 3QFY2021 to \$0.2 million in 3QFY2022.

Other operating expenses increased by 51.8%, from \$0.6 million in 3QFY2021 to \$0.9 million in 3QFY2022, mainly due to the reversal of impairment loss of right of use assets in 3QFY2021.

Finance costs decreased by 7.1%, from \$0.30 million in 3QFY2021 to \$0.28 million in 3QFY2022, mainly due to the repayment of short term borrowings during the period.

Group loss before tax and net loss after tax are recorded at \$0.31 million and \$0.32 million in 3QFY2022, which represented a decrease of \$0.5 million, as compared to Group profit before tax and net profit after tax of \$0.2 million in 3QFY2021.

#### Financial performance (9MFY2022 vs 9MFY2021)

Group revenue for the nine months ended 31 March 2022 (“9MFY2022”) totalled \$13.1 million, a decrease of 22.6% as compared to \$16.9 million in the corresponding period of the previous year (“9MFY2021”). During 9MFY2022, both the Singapore and Malaysia governments implemented restrictions in response to the Covid-19 pandemic on dining in restaurant group sizes and prohibition of dining in restaurant as well as reduced operating capacity. Group revenue declined due to the cumulative effects of the Covid-19 control measures. However, as the Group had taken steps to pivot

towards online orders and delivery services, the negative impact of reduced restaurant operations was cushioned by revenue contribution from online orders and delivery sales. With the economic sentiment still in a state of flux, the Group had also strategised to reduce the number of physical outlets and focused more on online and delivery sales. In this regard, some store leases were not renewed when they expired, leading to a reduced number of physical stores and hence, reduced Group revenue.

Despite the reduced Group revenue and rising prices of the high quality raw materials used, the Group has effectively managed the cost of its restaurant business and maintained its gross profit margin at about 64.9%.

Other operating income decreased by 19.8%, from \$4.8 million in 9MFY2021 to \$3.8 million in 9MFY2022. This is mainly due to rental rebates received at \$0.4 million, the award of legal costs following successful litigation in court of \$0.4 million and a net gain on the disposal of properties in Malaysia of \$0.4 million recognised in 9MFY2021, compared with a gain on disposal of its 40% shareholdings in Novitee Pte Ltd of \$0.4 million recognised in 9MFY2022.

Administrative expenses decreased by 22.4%, from \$12.1 million in 9MFY2021 to \$9.4 million in 9MFY2022, mainly due to a decrease in depreciation charged by 17.5%, from \$4.0 million in 9MFY2021 to \$3.3 million in 9MFY2022. Labour costs decreased by 14.1%, from \$6.4 million in 9MFY2021 to \$5.5 million in 9MFY2022. Other administrative expenses including, professional fees also decreased by 64.7%, from \$1.7 million in 9MFY2021 to \$0.6 million in 9MFY2022.

Other operating expenses increased by 2.3%, from \$2.3 million in 9MFY2021 to \$2.4 million in 9MFY2022, mainly due to an increase in delivery platform expenditure.

Finance costs decreased by 11.8%, from \$0.9 million in 9MFY2021 to \$0.8 million in 9MFY2022, mainly due to the repayment of short term borrowings during the period.

Group loss before tax and net loss after tax are recorded at \$0.3 million in 9MFY2022, which represented a decrease of \$1.1 million, as compared to Group profit before tax and net profit after tax of \$0.8 million in 9MFY2021.

#### Financial position of the Group

Group and Company cash and bank balances as at 31 March 2022 ("9MFY2022") stood at \$2.2 million and \$0.7 million respectively as compared to \$3.0 million and \$0.8 million respectively as at 30 June 2021 ("FY2021"). The Group has received a net return of \$3.7 million in relation to the partial return of capital from its investment in GREIH and GCM in 9MFY2022. In addition, the Group has distributed a final tax exempt (one-tier) dividend of \$1.7 million and reduced bank borrowings of \$3.8 million in 9MFY2022. The Group continues to be cautious and will take reasonable steps to manage its cash flow effectively.

The non-current assets classified as held for sale decreased significantly by 90.0%, from \$4.0 million in FY2021 to \$0.4 million in 9MFY2022, mainly due to the disposal of a property in Malaysia.

Other receivables and prepayments increased significantly by 173.3%, from \$1.5 million in FY2021 to \$4.1 million in 9MFY2022, mainly due to the outstanding proceeds of \$2.9 million in relation to the disposal of a property in Malaysia.

Current and non-current lease liabilities increased by 5.7%, from \$12.2 million in FY2021 to \$12.9 million in 9MFY2022, due to the adoption of SFRS(I) 16 Leases.

Shareholders' equity for the Group and Company stood at \$54.4 million and \$44.8 million respectively as at 9MFY2022, as compared with \$56.4 million and \$47.1 million respectively as at FY2021.

### Cash flow of the Group

The Group had operating cash flows of \$2.2 million in 9MFY2022, as compared to \$4.7 million in 9MFY2021. The Group will continue to adopt a cautious approach even as it seeks sustainable growth in its operations and in managing its operating costs effectively.

3. (i) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

#### Treasury shares

There were no changes in the Company's Treasury shares as set out below.

	<u>31 March 2022</u>		<u>30 June 2021</u>	
	Number of shares		Number of shares	
	('000)	(\$'000)	('000)	(\$'000)
At beginning and end of period/year	2,528	892	2,528	892

- (ii) **To show the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>31 March 2022</b>	<b>30 June 2021</b>
Number of shares held as treasury shares	2,528,000	2,528,000
Total number of issued shares (excluding treasury shares)	139,472,000	139,472,000

- (iii) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- (iv) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holding as at end of the current financial period reported on.**

During the financial period, there was no transaction pertaining to subsidiary holdings.

**4. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable as the figures have not been audited or reviewed by the Company's statutory auditors.

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

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

A qualified opinion was issued by the Group's previous statutory auditor in relation to the financial statements for the financial year ended 30 June 2020 ("FY2020"). The financial statements for the financial year ended 30 June 2021 ("FY2021") were accordingly modified by the Group's current statutory auditor because of the possible effects related to the consolidated profit or loss, when the FY2020 financial statements are used as comparison to the financial statements for FY2021.

The consolidated financial position and consolidated profit or loss in FY2021 were not qualified by the Group's current statutory auditor and thus the above matter will not have an impact on the consolidated profit or loss and financial position for the current financial period or on the comparability of the current period's figures and the corresponding FY2021 consolidated profit or loss.

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

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**6. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Accounting policies and methods of computation used in the condensed interim financial statements for the period ended 31 March 2022 are consistent with those applied in the consolidated financial statements for the year ended 30 June 2021.

**7. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**8. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months ended 31 March	
	2022	2021
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	(0.23)	0.16
(b) On a fully diluted basis (cents)	(0.23)	0.16

	9 months ended 31 March	
	2022	2021
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	(0.20)	0.60
(b) On a fully diluted basis (cents)	(0.20)	0.60

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

No forecast or prospect statement has been issued previously.

**10. 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.**

With the Group operating primarily in Singapore and Malaysia, there is room for optimism as Covid-19 movement restriction measures are eased and the land borders between Singapore and Malaysia reopened. However, the approach that the Group is taking is one of cautious optimism given the fluctuating changes in the food and beverage industry brought about by the unpredictability of the Covid-19 virus.

The Group expects the operating environment of the food and beverage industry to remain challenging in the next 12 months. The Group will continue to closely monitor the Covid-19 pandemic situation and shall adjust and react proactively to the evolving landscape.

The Group will continue its efforts to optimize its business operations amidst these challenging times as well as adopting various measures to address the New-Norm while exploring new market opportunities.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared 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?

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.



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

No dividend has been declared or recommended for current financial period so as to conserve liquidity to fulfill the operational and financial requirements of the Group amid the uncertainties caused by the Covid-19 pandemic.

**13. Interested person transactions**

There were no interested person transactions during the financial period ended 31 March 2022. The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

**14. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company for the nine months ended 31 March 2022 presented in this announcement, to be false or misleading in any material respect.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirmed that it has procured undertakings from all its directors and executive officers (in the format as set out in Appendix 7.7) under Rule 720(1).

**BY ORDER OF THE BOARD**

Chan Lai Yin  
Company Secretary

15 May 2022