Food Innovators Holdings

FOOD INNOVATORS HOLDINGS LIMITED
(Company Registration Number: 201938544H)
(Incorporated in the Republic of Singapore on 14 November 2019)

INVITATION IN RESPECT OF 14,000,000 NEW SHARES COMPRISING 1,000,000 PUBLIC OFFER SHARES AT S$0.22 EACH BY WAY OF A PUBLIC OFFER IN SINGAPORE AND 13,000,000 PLACEMENT SHARES AT S$0.22 EACH BY WAY OF PLACEMENT, PAYABLE IN FULL ON APPLICATION (THE "INVITATION").

Prior to making a decision to subscribe for the Invitation Shares, you should carefully consider all the information contained in the offer document dated 9 October 2024 issued by Food Innovators Holdings Limited (the "Company" and together with its subsidiaries, the "Group") in respect of the Invitation (the "Offer Document"). This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Invitation Shares is suitable for you taking into account your investment objectives and risk appetite. If you are in doubt as to investing in the Invitation Shares, you should consult your legal, financial, tax or other professional adviser(s). You are responsible for your own investment choices.

This Product Highlights Sheet[1] is an important document.

- **It highlights the key information and risks relating to the Invitation contained in the Offer Document. It complements the Offer Document[1,2].**
- **It is important to read the Offer Document before deciding whether to subscribe for the Invitation Shares. If you do not have a copy, please contact our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent to ask for one.**
- **You should not subscribe for the Invitation Shares if you do not understand the nature of an investment in the Invitation Shares, our Company, our Group and our business or are not comfortable with the accompanying risks.**
- **If you wish to subscribe for the Invitation Shares, you will need to make an application in the manner set out in the Offer Document.**

Issuer	Food Innovators Holdings Limited	**Place of incorporation**	Singapore
Details of the Invitation	Total of 14,000,000 Invitation Shares to be offered under the Invitation, comprising: (i) 1,000,000 Public Offer Shares to be offered by way of a public offer; and (ii) 13,000,000 Placement Shares to be offered by way of a placement.	**Total amount to be raised in the Invitation**	Gross proceeds of approximately S$3.1 million and net proceeds of approximately S$1.1 million.

[1] This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The information in this Product Highlights Sheet is based on information found in the Offer Document. This Product Highlights Sheet shall be read in conjunction with the Offer Document. Any decision to subscribe for any securities must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as defined in the Offer Document.

[2] The Offer Document registered with the SGX-ST acting as agent on behalf of the Authority on 9 October 2024 by PrimePartners Corporate Finance Pte. Ltd., may be obtained on request, subject to availability, during office hours from PrimePartners Corporate Finance Pte. Ltd. at 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318. An electronic copy of the Offer Document is also accessible on the SGX-ST's website: http://www.sgx.com.

Invitation Price	S$0.22 for each **Invitation** Share	**Listing status of Issuer and the Securities**	An application has been made to the SGX-ST for the dealing in and the listing and quotation of, all our existing issued Shares (including the PPCF Shares), the Invitation Shares and the Pre-IPO Option Shares on Catalist. The Shares are expected to be listed on 16 October 2024.
Sponsor, Issue Manager, Underwriter and Placement Agent	PrimePartners Corporate Finance Pte. Ltd.		

OVERVIEW

WHO ARE WE AND WHAT WE DO?

We are principally engaged in (a) the restaurant leasing and subleasing business (the "**RLSB**"), focusing on matching properties and tenants in the restaurant business in Japan, and (b) the food retail business (the "**FRB**"). From being a predominantly Japan-based company, we have expanded to various locations overseas and currently operate restaurants in Japan, Singapore and Malaysia.

As a restaurant operator, we establish, operate and manage restaurants specialising in different types of quality traditional Japanese and Japanese-inspired European cuisines. Our years of experience in the F&B industry has allowed us to develop good knowledge of and insights into the F&B industry, which we are able to share with our existing or prospective restaurant tenants. We believe that the ability to advise our restaurant tenants on their restaurant's needs (e.g. property selection needs) distinguishes us from the other companies providing property subleasing services in Japan. Additionally, we also provide kitchen equipment leasing services and F&B Consulting and Operations Management Services, which directly complement both our RLSB and FRB. Overall, we consider ourselves as a one-stop solution provider for our existing and prospective restaurant tenants and an experienced restaurant operator with a focus on quality traditional Japanese and Japanese-inspired European cuisines.

We believe that our competitive strengths are as follows:

(a) We are able to reap the synergistic benefits of operating two (2) complementary businesses to provide a one-stop solution for our customers' restaurant management needs and introduce innovative brand concepts;

(b) We have strong working relationships with our restaurant tenants;

(c) We have the ability to expand Japanese brands to overseas markets;

(d) We provide comprehensive end-to-end consulting services;

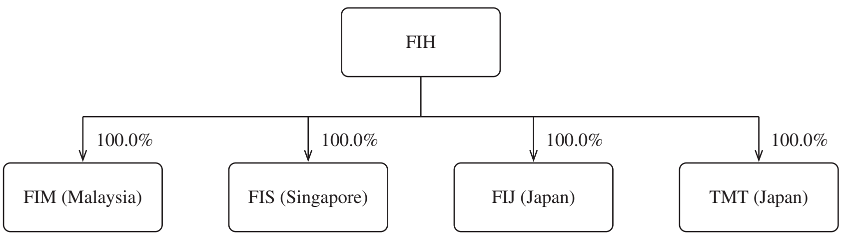
(e) Our restaurants and subleased properties are optimally located in high-profile areas which are accessible to and highly frequented by a diverse crowd;

(f) We continuously innovate and introduce fresh dining experiences and interesting food concepts to meet evolving customer preferences; and

(g) We have an experienced and dedicated management team with an established track record.

Please refer to the sub-sections entitled "General Information on our Group – History" on pages 128 to 135 and "General Information on our Group – Business Overview" on pages 135 to 158 and "General Information on our Group – Competitive Strengths" on pages 217 to 220 of the Offer Document for more information.

The structure of our Group as at the date of the Offer Document is as follows:



Please refer to the section entitled "Group Structure" on pages 91 to 93 of the Offer Document for more information.

WHO ARE OUR DIRECTORS AND EXECUTIVE OFFICERS?

Our Board of Directors and Executive Officers comprise:

- Furukawa Kazuteru (Executive Chairman)
- Kubota Yasuaki (Chief Executive Officer)
- Shida Yukihiro (Lead Independent Director)
- Saito Kazuya (Independent Director)
- Faye Chong Wen Qi (Independent Director)
- Tetsura Masao (Chief Financial Officer)
- Miyake Daisuke (Chief Food Retail Officer)
- Watanabe Akira (Chief Culinary Officer)
- Isomoto Atsushi (Chief Restaurant Leasing and Subleasing Officer)

Please refer to the section entitled "Directors, Executive Officers and Employees" on pages 257 to 276 of the Offer Document for more information.

WHO ARE OUR CONTROLLING SHAREHOLDERS?

The respective shareholdings of our controlling shareholders, FIJ Investment Co., Ltd. and Furukawa Kazuteru, in our Company immediately before and after the Invitation are set out below:

	Immediately before the Invitation		Immediately after the Invitation	
	Direct Interest	**Deemed Interest**	**Direct Interest**	**Deemed Interest**
	% of total issued Shares	**% of total issued Shares**	**% of total issued Shares**	**% of total issued Shares**
FIJ Investment Co., Ltd.(1)	52.1	–	45.6	–
Furukawa Kazuteru(2)	–	52.1	–	45.6

Notes:

(1) For the purposes of Section 4(5) of the SFA, Furukawa Kazuteru, our Executive Chairman, is deemed interested in our Shares held by FIJ Investment as he is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in FIJ Investment.

(2) FIJ Investment is an investment holding company incorporated in Japan and its sole shareholder is Furukawa Kazuteru who holds 100.0% shareholding.

Please refer to the sub-section entitled "Ownership Structure – Shareholders" on pages 79 to 81 of the Offer Document for more information.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Key information on the results of operations of our Group:

		Audited	
(S$'000)	**FY2022**	**FY2023**	**FY2024**
Revenue	37,818	39,668	43,773
Profit/(Loss) before income tax	521	(3,244)	2,328
Profit/(Loss) for the financial year	403	(3,387)	1,405
Attributable to equity holders of our Company	403	(3,387)	1,405
Attributable to non-controlling interests	–	–	–
Pre-Invitation EPS/(LPS) (cents)(1)	0.41	(3.42)	1.42
Post-Invitation EPS/(LPS) (cents)(2)(3)	0.36	(3.00)	1.24

Notes:

(1) For illustrative purposes, the pre-Invitation EPS/(LPS) for the Period Under Review have been computed based on the profit/(loss) attributable to equity holders of our Company and our Company's pre-Invitation issued and paid-up share capital of 99,045,444 Shares.

Please refer to the sub-section entitled "Offer Document Summary – Summary of Our Financial Information" on pages 32 to 34, "Selected Consolidated Financial Information" section on pages 94 to 96, and section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 97 to 120 of the Offer Document for more information.

(2) For illustrative purposes, the post-Invitation adjusted EPS/(LPS) for the Period Under Review have been computed based on the profit/(loss) attributable to equity holders of our Company and our Company's post-Invitation issued and paid-up share capital of 113,045,444 Shares.

(3) Had the Service Agreements (set out in the section entitled "Directors, Management and Employees – Service Agreements" of the Offer Document) been in place since 1 March 2023, our profit before income tax, profit attributable to equity holders of our Company and EPS for FY2024 computed based on our Company's post-Invitation issued and paid-up share capital of 113,045,444 Shares would have been approximately S$2.2 million, S$1.3 million and 1.16 cents respectively.

Key information on the financial position of our Group:

		Audited	
(S$'000)	**As at 28 February 2022**	**As at 28 February 2023**	**As at 29 February 2024**
Non-current assets	52,229	42,688	51,868
Current assets	13,335	8,779	9,630
Total assets	65,564	51,467	61,498
Total non-current liabilities	39,593	33,304	34,994
Total current liabilities	24,042	19,697	24,132
Total liabilities	63,635	53,001	59,126
Total equity	1,929	(1,534)	2,372
Equity attributable to equity holders of our Company	1,929	(1,534)	2,372
NAV per Share (cents)(1)	1.95	(1.55)	2.39

Note:

(1) NAV per Share is computed based on the equity attributable to equity holders of our Company and our Company's pre-Invitation issued and paid-up share capital of 99,045,444 Shares.

The most significant factors contributing to our financial performance over FY2022 as compared to FY2023 were as follows:

- Revenue increased by S$1.9 million or 4.9% from S$37.8 million in FY2022 to S$39.7 million in FY2023. The increase in revenue was mainly due to higher revenue recorded by our FRB segment in FY2023. Revenue from our FRB segment increased by S$3.7 million or 19.9% from S$18.7 million in FY2022 to S$22.4 million in FY2023 mainly due to increase in revenue from each of the FRB in Japan, Singapore and Malaysia. The increase in revenue from the FRB segment was partially offset by the decrease in revenue from the RLSB of S$1.8 million or 9.8% from S$19.1 million in FY2022 to S$17.3 million in FY2023. While the RLSB had recorded an increase in revenue on a functional currency basis (JPY), the decrease in revenue on a presentation currency basis (SGD) was due to foreign exchange translation differences arising from the depreciation of JPY.

- Cost of sales increased by S$2.2 million or 6.8% from S$32.1 million in FY2022 to S$34.3 million in FY2023. This was mainly due to the increase in cost of sales from the FRB segment of S$3.7 million or 23.9% from S$15.6 million in FY2022 to S$19.3 million in FY2023, which was in line with the increase in revenue from FY2022 to FY2023 for the FRB segment as a result of new restaurant openings in Malaysia and Singapore. The increase in cost of sales from the FRB segment was partially offset by the decrease in cost of sales from the RLSB of S$1.5 million or 9.3% from S$16.5 million in FY2022 to S$15.0 million in FY2023, which was in line with the decrease in revenue for the RLSB due to foreign exchange translation differences arising from the depreciation of JPY.

The most significant factors contributing to our financial performance over FY2023 as compared to FY2024 were as follows: • Revenue increased by S$4.1 million or 10.3% from S$39.7 million in FY2023 to S$43.8 million in FY2024. The increase in revenue was mainly due to higher revenue recorded by our RLSB in FY2024. Revenue from our RLSB increased by S$2.3 million or 13.6% from S$17.3 million in FY2023 to S$19.6 million in FY2024 due to the sale of subleased properties in FY2024. Revenue from our FRB segment increased by $1.8 million or 7.8% from S$22.4 million in FY2023 to S$24.2 million in FY2024 due to high sales derived from various restaurants in Japan, the transition period in refreshing the restaurant layout and food offerings of unprofitable restaurants in Singapore and new restaurant openings, including *Kanbe Yakiniku* and *Kanbe Ramen* (TRX) in Malaysia. • Cost of sales increased by S$1.6 million or 4.9% from S$34.3 million in FY2023 to S$35.9 million in FY2024 due to the business expansion for both segments. This was mainly due to the increase in cost of sales from the FRB of S$0.9 million or 4.7% from S$19.3 million in FY2023 to S$20.2 million in FY2024 and the increase in costs of sales from the RLSB of S$0.8 million or 5.1% from S$15.0 million to S$15.8 million which was in line with the increase in revenue from FY2023 to FY2024 for both the FRB and the RLSB. **The above factors were not the only factors contributing to our financial performance for FY2022, FY2023 and FY2024. Please also refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Review of Results of Operations" on pages 103 to 107 of the Offer Document for further details.**	

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

Our business strategies and future plans are outlined as follows: **RLSB** ***(i) Expanding our RLSB in Japan*** Currently, our subleased properties are focused in the Tokyo Metropolitan area, comprising 23 special wards of Tokyo and its adjacent prefectures of Kanagawa, Chiba and Saitama, which are situated in the southern Kanto region in Japan. Japan's main centre of business and major shopping and business districts are located in the Tokyo Metropolitan area. Restaurants in this area typically cater to corporates and tourists. We intend to continue to focus on subleased properties in the Tokyo Metropolitan area and expand the scale of our existing subleasing business by securing leases in this area. Barring unforeseen circumstances and depending on other business considerations, we also have plans to continue expanding in other major cities in Japan. **FRB** ***(i) Increase our presence in countries where we operate in outside of Japan and expand our footprint in new market overseas through new collaborations with Japanese restaurant operators*** We intend to leverage our established market presence and market recognition of our existing portfolio of brands and the experience of our management team to expand our existing FRB overseas by entering into new collaborations with Japanese restaurant operators, whether local operators in the countries where we operate in or international companies, increasing our business development activities, and attracting new customers to further broaden and diversify our customer base. As at the Latest Practicable Date, we operate a total of 26 restaurants, one (1) bakery café and one (1) central bakery kitchen across Japan, Singapore and Malaysia, directly or in collaboration. Subject to the general economic conditions of Japan, Singapore and Malaysia, the availability of good locations, terms and conditions of the leases, as well as our financial position, we intend to continue increasing the number of restaurants in Japan, Singapore and Malaysia to reach out to a wider consumer base and further strengthen our foothold in the F&B industry.	Please refer to the sub-section entitled "Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans" on pages 243 to 244 of the Offer Document for more information.

In addition to the expansion of our business operations in Japan, Singapore and Malaysia, we also intend to expand our presence in new countries. We have identified Australia and Vietnam as potential markets for our business expansion through collaborations with Japanese restaurant operators, whether local operators in the countries where we operate in or international companies. We have selected these countries because they are markets with high growth potential and also, they are in close proximity to Japan. Subject to the availability of good locations and other business considerations, it is our current intention to seek opportunities to enter these countries through joint ventures and/or strategic partnerships in the next two (2) years.

We intend to utilise S$0.5 million, representing approximately 16.2% of the gross proceeds from the Invitation to fund the expansion. Depending on the general economic condition, our pace of growth and other business considerations, we may also utilise internally generated funds and/or external borrowings for this purpose.

(ii) Innovate and introduce new Japanese food brands and concepts in Singapore and Malaysia

We believe that Singapore and Malaysia, with their multi-racial and multi-cultural and cosmopolitan populations, are ideal launch pads for new Japanese food concepts and brands into the South-east Asian region. We also believe that it is important to continuously innovate and introduce new food products to cater to the changing tastes of customers. Our Company believes that through this brand diversification strategy, we will be able to enhance our offerings and capture a wider group of consumer segments.

(iii) Enhance market presence and geographic expansion of "Moomin" brand in Japan, acquisition of operating rights of themed restaurants of popular anime and other characters to open more themed restaurants in Japan, and expansion of our Group's FRB in Japan

As at the Latest Practicable Date, we operate one (1) "*Moomin*" Café located at Karuizawa, Nagano Prefecture and previously, we had a pop-up "*Moomin*" Café at Shibuya Scramble Square, Tokyo under the Licensing Agreements. Please refer to the sub-section entitled "General Information of our Group – Intellectual Property Rights" of the Offer Document for more information on our sublicense of the "*Moomin*" brand. Barring unforeseen circumstances, we anticipate launching a second "*Moomin*" Café by early 2025. Moreover, we are actively pursuing to secure new operating rights of themed restaurants of popular anime and other characters (if any) to establish themed restaurants throughout Japan. Our rationale stems from the significant demand for anime-themed restaurants, buoyed by the widespread popularity of anime culture in Japan. Anime serves as a prominent draw for tourists visiting Japan.

Our Group also intends to expand our FRB in Japan. We are in the final stages of negotiation with a hotel in Okinawa to provide our Restaurant Operations Management Services to the new restaurant, which is scheduled to open in the fourth quarter of 2024, barring unforeseen circumstances. Our Group will contribute our technical expertise in restaurant management and operations.

We intend to utilise S$0.5 million, representing approximately 16.2% of the gross proceeds from the Invitation. These funds will support both the acquisition of new Japanese food brands as outlined in (ii) above and our expansion efforts, including the acquisition of new operating rights of themed restaurants of popular anime characters as detailed above.

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

<table>
<tr>
<td>Based on our operations as of the Latest Practicable Date and barring any unforeseen circumstances, we have observed the following trends for FY2024 and the next 12 months from the Latest Practicable Date:
(a) RLSB
(i) Increase in revenue mainly due to the positive leasing dynamics of Japan's retail real estate sector; and
(ii) Increase in revenue in RLSB due to increased opportunities for food retailers and other retailers to open new stores as a result of a recovery in inbound consumption and a rebound in dining out consumption by residents in Japan.</td>
<td>Please refer to the sub-section entitled "Prospects, Business Strategies and Future Plans – Prospects and Trend Information – Trend Information" on page 242 of the Offer Document for more information.</td>
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</table>

(b) FRB (i) Increase in FRB revenue as the demand for dinner restaurants and the number of foreign tourists to Japan increases; (ii) As with other businesses in Japan, Singapore and Malaysia, we expect to face inflationary pressures and a general trend of increase in the costs of our food ingredients, labour and rental (for the leased properties in Singapore and Malaysia); (iii) As set out in the sub-section entitled "General Information on our Group – Business Strategies and Future Plans" of the Offer Document, we intend to expand our FRB through new collaborations and securing operating rights of themed restaurants of popular anime and other characters to open more themed restaurants in Japan and expand our RLSB into other major cities in Japan. These expansion plans entail additional capital expenditures and depreciation expenses. We may also take on additional bank borrowings (if required) to finance these capital expenditures, which will result in an increase in finance costs; and (iv) Our Group's operating expenses are expected to increase as a result of the Listing due to listing expenses and ongoing compliance costs. For further details on the listing expenses, please refer to the section entitled "Use of Proceeds and Listing Expenses" of the Offer Document. **The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the sections entitled "Risk Factors" on pages 40 to 70, "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 97 to 120 and "Prospects, Business Strategies and Future Plans" on pages 221 to 244 of the Offer Document.**	
WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?	
We set out below a summary of what we consider to be the most important key risks which had materially affected or could materially affect our business, operations, financial position and results, and your investment in our Shares. **(a) General Risks** ***We have recorded net losses and negative working capital in recent years and may continue to experience losses and record a negative working capital position in the future*** We have reported net losses of approximately S$3.4 million for FY2023. The net loss recorded was primarily due to the decrease in government subsidies, recognition of extraordinary losses such as bad debt loss or impairment loss, and increase in labour costs in FY2023. A majority of the bad debts pertain to the full write off of S$0.4 million due from two customers as of 28 February 2023 who had experienced financial difficulties as a result of the COVID-19 pandemic. Additionally, there was an impairment loss of S$0.5 million in relation to the Sanji and Suzuki trademarks. Our Group has ceased all transactions with customers whose receivables have been written off as of 28 February 2023. We have also recorded a negative working capital position for the Period Under Review, of approximately S$10.7 million, S$10.9 million and S$14.5 million as at 28 February 2022, 28 February 2023 and 29 February 2024 respectively. One of the reasons as to our negative working capital position is because the current portion of lease liabilities is recorded as current whereas the right-of-use assets are recorded as non-current. Had the current portion of lease liabilities of S$13.3 million been excluded from our Group's current liabilities and taking into consideration the Pro Forma adjustment of S$0.5 million on the share capital injection, the working capital as at 29 February 2024 would be at S$0.8 million. Please refer to the section entitled "Management's Discussion of and Analysis of Financial Position and Results of Operation" of the Offer Document for further details. In addition, there can be no assurance that we will be able to remain profitable in the foreseeable future. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses and negative working capital will depend, in part, on our ability to generate revenue and manage expenses and expenditure. If we are unable to achieve profitability in the future, we may have to reduce the scale of our operations, which may impact our business growth and adversely affect our business, financial condition, results of operations and prospects.	Please refer to the section entitled "Risk Factors" on pages 40 to 70 of the Offer Document for more information.

We may be unable to obtain future financing on favourable terms, or at all, to fund expected capital expenditure, potential opportunistic acquisitions and working capital requirements

To the extent that funds generated from our operations have been exhausted, we may have to raise additional funds to meet new financial requirements including, amongst others, funding for capital expenditure, potential opportunistic acquisitions or working capital requirements in the future. The actual amount and timing of future financing may depend on several factors, including but not limited to, new business opportunities, opportunities for inorganic growth, regulatory changes, economic conditions, technological changes and market developments. Our sources of additional funding, if required, may include the incurrence of debt or the issue of equity or debt securities or a combination of both.

In the event that we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and this could have a significant effect on our profitability, gearing and cash flows and we may be subject to additional restrictive covenants with respect to dividends, future fund-raising exercises and other financial and operational matters. Please refer to the risk factors entitled "Risk Factors – Any increase in interest rates, and general uncertainty regarding interest rates may negatively impact our Group's business, financial condition, results of operations and prospects" and "Risk Factors – We may not be able to refinance our indebtedness on favourable terms and our leverage could adversely limit our operational flexibility" of the Offer Document for further details.

We may also raise additional funds through equity, either by way of a placement or by further rights offering (which would be subject to Shareholders' approval if necessary). In the event that new Shares are issued, Shareholders who are unable or unwilling to participate in such fund-raising will suffer a dilution in their investment. Furthermore, if we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in the price of the Shares.

Similarly, our working capital requirements may increase due to various factors, including growth in our business, increases in rental and manpower cost and longer payment schedules negotiated by restaurant tenants. In the event there is insufficient cash flow to meet our working capital requirements, we are unable to arrange the same from other sources or there is a delay in the disbursement of arranged funds, our business, financial condition, results of operations and prospects may be materially and adversely affected. These factors may result in us having to raise funds by way of short-term borrowings. If there is any increase in the interest rates for such borrowings, our business, financial condition, results of operations and prospects may similarly be materially and adversely affected. A disproportionate increase in our working capital requirements may result in us incurring borrowing costs, which may have a material and adverse effect on our business, financial condition, and results of operations.

Further, our ability to arrange for additional funds to be raised on acceptable terms is subject to a variety of uncertainties, including future results of operations, financial condition and cash flow, economic and political conditions and market demand for our services, costs of financing, liquidity and overall condition of financial and capital markets in Singapore and internationally, receipt of applicable business licences, approvals and other risks associated with our businesses; and limitations on our ability to raise capital in capital markets. Any inability to raise funds on such acceptable terms could have a material and adverse effect on our business, financial condition, and results of operations.

(b) Risks Relating to Our Business and The Industry

We are dependent on the health of the F&B industry and the property industry in Japan

We focus on the subleasing of properties for the operation of restaurants in Japan. As such, a substantial portion of our Group's revenue is dependent on the health of the F&B industry and the property industry in Japan, in particular the rental market. The F&B industry and the property industry is in turn highly dependent on the performance of the Japan economy. An economic decline in Japan could adversely affect demand for our subleased properties, and as a result negatively impact on our Group's results of operations.

In addition, the Japan economy is affected by global economic conditions. Global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These events could adversely affect our Group insofar as they result in, *inter alia*, a negative impact on the ability of restaurant tenants to pay their rents in a timely manner or continue their leases; a decline in the demand for leased space for commercial purposes across Japan and the rents that can be charged when leases are renewed or new leases are entered into, as compared to rents that are currently charged; access to capital markets becoming more difficult, expensive or impossible resulting in tenants being unable to service or obtain debt or equity capital to fund their operations, meet their obligations, rent additional properties or otherwise conduct their businesses; and/or an increase in counterparty risk.

Our RLSB is subject to significant competition

We operate in a highly competitive landscape, particularly in the RLSB in Japan. We face considerable competition from other real estate companies that offer restaurant leasing and subleasing as an ancillary businesses. Our key competitors are Tenpo Ryutsu Net, Inc., Tenpo Innovation Inc., G-Factory Co., Ltd. and ABC Tenpo Inc.. We may also face competition from new market entrants, or as a result of consolidation by our existing competitors. Increased competition may decrease both the number of transactions that our agents handle and the commissions and price levels that our agents are able to charge, which may in turn adversely impact our business, prospects, results of operations and financial condition.

There is also substantial competition in securing properties in prime, high-traffic areas. Based on our experience, such premises in good locations which are also suitable for the operation of restaurants are scarce and frequently in high demand. If we are unable to successfully compete against our competitors to secure leases over suitable properties in desirable locations, we may not be able to attract new customers or attract existing customers to lease more properties from us. This may materially and adversely affect our Group's financial performance.

We also face competition for restaurant tenants for our subleased properties. Our competitors may be able to offer potential tenants other properties in similar or better locations. If we are unable to compete effectively against such offers, we may not be able to grow, or face loss of market share. This will in turn adversely affect our RLSB, results of operations, financial condition and prospects.

The nature of our FRB is highly competitive

Competition in the F&B industry is intense, and barriers to entry are relatively low. Our competitors include a large and diverse group of Japanese restaurant chains and individual Japanese restaurants. In addition, we compete with other restaurants for site locations and employees. Many of our competitors are well-established and some of our competitors may have greater financial, marketing and other resources than we do.

The entrance of new competitors into our markets or into the immediate areas surrounding our existing restaurants could affect the business and turnover of our restaurants. In the event we are unable to compete effectively in the F&B industry, our financial performance and profitability will be materially and adversely affected. There is no assurance that we can continue to compete against our competitors successfully in the future. If our competitors are able to offer, for example, better quality food at lower prices, our sales and market share will be materially and adversely affected. Competition also exerts downward pressure on our prices which may result in an erosion of our profit margins.

We depend on the strength of our and our business partners' reputation, brands and intellectual property

We believe that we have established a reputation as a leading F&B establishment in Japan, Singapore and Malaysia, with key brand names recognisable by the general public. Consumer perception of our brands depends on factors such as the quality of our food and service, word-of-mouth references, as well as marketing activities. If our brand image deteriorates or our marketing is less effective than expected, our business may be materially and adversely affected.

We also engage in collaborations with other restaurant operators and/or F&B businesses. The actions of these business partners are outside of our direct control. If they engage in practices that harm their reputation, including without limitation, food safety violations, unauthorised or incorrect use of our brands and trademarks, labour disputes or ethical scandals, our reputation, brand image, financial condition and results of operation and customer trust may be negatively affected by association.

It is possible that third parties may adopt trade service names similar to our trademarks which are registered or pending registration. Third parties may register trademarks identical or similar to ours in countries that we are currently not operating in, which may create barriers to entry in such markets for our Group in the future. Where there is infringement or if we are unsuccessful in enforcing our intellectual property rights or are required to pay damages and/or prevented from further using our trademarks, our business, financial condition and results of operations may be materially and adversely affected.

Our franchising business is reliant on the reputation, brands and intellectual property of our franchisors. In the event there is any failure by our franchisors to defend its intellectual property against infringements or if our franchisors suffer any reputational damage, the brand image of our franchised restaurants may deteriorate, and our business may be adversely affected.

Additionally, we depend on the licenses of popular anime and other characters such as "*Moomin*" that our Group has secured from the master licensors to operate restaurants and/or cafes and for the sale of merchandise. For restaurants that our Group provides Restaurant Operations Management Services, we depend on our collaboration partners to secure the licenses of popular anime and other characters under their licensing agreements.

The above are not the only risk factors that had a material effect or could have a material effect on our business operations, reputation, prospects, financial position and/or financial results, and your Shares. Please refer to the section entitled "Risk Factors" on pages 40 to 70 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to subscribe for the Invitation Shares, you should consider all the information contained in the Offer Document.	

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

As at the date of the Offer Document, following the allotment and issuance of the PPCF Shares, our issued and paid-up share capital is S$24.3million comprising 99,045,444 Shares. Upon the allotment and issue of the Invitation Shares which are the subject of the Invitation, our resultant issued and paid-up share capital will increase to S$27.4 million comprising 113,045,444 Shares.

As at the Latest Practicable Date, we have only one class of shares being ordinary shares.

All our Shares have been fully paid for. All our Shares are in registered form. The Invitation Shares will, upon issue and allotment, rank *pari passu* in all respects with all our existing issued and paid-up Shares. Subject to the Constitution of our Company, Shareholders will be entitled to all rights attached to their Shares in proportion to their shareholding, such as any cash dividends declared by our Company and any distribution of assets upon liquidation of our Company. There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Catalist Rules, including as disclosed in the section entitled "Ownership Structure – Moratorium" on pages 82 to 88 of the Offer Document.

Please refer to the sections entitled "Share Capital" on pages 75 to 78 and "Ownership Structure – Moratorium" on pages 82 to 88, and "Description of our Shares" on pages 293 to 297 of the Offer Document for more information.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The gross proceeds to be raised by our Company from the Invitation will be approximately S$3.1 million. The net proceeds to be raised by our Company from the Invitation (after deducting the estimated expenses incurred in connection with the Invitation, including listing and application fees, professional fees, underwriting and placement commission and other miscellaneous expenses of approximately S$1.1 million) are estimated to be approximately S$2.0 million. The allocation of each principal intended use of proceeds from the Invitation Shares and breakdown of the estimated listing expenses is set out below:

Use of proceeds	Amount (S$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Invitation (cents)
Expansion of our FRB outside Japan through scaling our presence in markets which we operate in through entry into new collaborations with Japanese restaurant operators	500	16.2
Acquisition of rights to operate additional themed restaurants of popular anime and other characters and introduction of new Japanese food brands to Singapore and Japan	500	16.2
General working capital purposes	113	3.7
Net proceeds from the Invitation	1,113	36.1
Estimated listing expenses payable in cash by our Company(1)		
Listing and application fees	68	2.2
Professional fees(2)	1,566	50.9
Underwriting and Placement commission(3)	123	4.0
Miscellaneous expenses(4)	210	6.8
Gross proceeds from the Invitation	3,080	100.0

Please refer to the section entitled "Use of Proceeds and Listing Expenses" on pages 71 to 72 of the Offer Document for more information.

PRODUCT HIGHLIGHTS SHEET

Notes:

(1) Of the total estimated listing expenses payable in cash, approximately S$0.3 million will be capitalised against share capital and the balance of S$1.7 million will be charged to the profit or loss.

(2) Includes, amongst others, the estimated audit and legal fees, fees for the Sponsor, Issue Manager, Underwriter and Placement Agent and other professionals. This excludes the portion of the management fees payable to the Sponsor and Issue Manager, which will be satisfied in full by the allotment and issue of 568,000 PPCF Shares pursuant to the Sponsorship, Management and Underwriting Agreement.

(3) The amount of underwriting and placement commission per Invitation Share, agreed upon between PPCF and our Company, is 4.0% of the Invitation Price payable for each Invitation Share. Please refer to the sub-section entitled "General and Statutory Information – Management, Underwriting and Placement Arrangements" of the Offer Document for more details.

(4) Includes, amongst others, the estimated cost of production of the Offer Document and other marketing expenses and certain other expenses incurred or to be incurred in connection with the Invitation. These are estimated expenses and the actual amounts may differ. Please refer to the section entitled "Use of Proceeds and Listing Expenses" on pages 71 to 72 of the Offer Document for more information.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

Although our Company currently does not have a fixed dividend policy, our Directors intend to recommend and distribute a dividend payout ratio of **20.0%** of our Group's consolidated net profit after tax, excluding non-controlling interests and non-recurring, one-off and exceptional items, whether as an annual dividend or an interim dividend for the next two (2) years from FY2025.

In addition, our Company is a holding company and depends on the receipt of dividends and other distributions from our subsidiaries to pay dividends on our Shares.

Subject to our Constitution and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting, but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Constitution and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company's dividends can only be paid out of our profits.

Please refer to the section entitled "Dividend Policy" on pages 73 to 74 of the Offer Document for more information.

DEFINITIONS

Companies within our Group		
"FIH"	:	Food Innovators Holdings Limited
"FIJ"	:	Food Innovators Japan Co., Ltd., our Japan subsidiary
"FIM"	:	F Innovators Malaysia Sdn. Bhd., our Malaysia subsidiary
"FIS"	:	F Innovators Singapore Pte. Ltd., our Singapore subsidiary
"TMT"	:	Tomaatti Co., Ltd, our Japan subsidiary
General/Glossary of Technical Terms		
"Board of Directors"	:	The board of Directors of our Company as at the date of the Offer Document and from time to time
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
"Companies Act"	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
"CEO"	:	The chief executive officer of our Company as at the date of the Offer Document and from time to time
"Constitution"	:	The constitution of our Company, as amended, supplemented or modified from time to time

"COVID-19"	:	Coronavirus disease 2019, an infectious disease caused by the SARS-CoV-2 virus
"EPS"	:	Earnings per Share
"Executive Director"	:	An executive director of our Company as at the date of the Offer Document and from time to time
"Executive Officer"	:	An executive officer of our Group as at the date of the Offer Document and from time to time
"F&B Consulting and Operations Management Services"	:	The consulting services provided by our Group which includes (a) Advisory and Consulting Services and (b) Restaurant Operations Management Services
"FRB"	:	Food Retail Business of our Group
"FY"	:	Financial year ended or ending on the last day of February, as the case may be
"*Invitation Shares*"	:	The Public Offer Shares and the Placement Shares
"Latest Practicable Date"	:	19 August 2024, being the latest practicable date prior to the lodgement of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority
"NAV"	:	Net asset value
"Period Under Review"	:	The period which comprises FY2022, FY2023 and FY2024
"Placement Shares"	:	The 13,000,000 new Shares which are the subject of the Placement
"PPCF Shares"	:	The 568,000 new Shares allotted and issued by our Company to PPCF as part of PPCF's management fees as the Full Sponsor and Issue Manager after the date of lodgement of the Offer Document but before the registration of the Offer Document
"Pre-IPO Option Shares"	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of Pre-IPO Options
"*Public Offer Shares*"	:	The 1,000,000 new Shares for which our Company invites applicants to subscribe, pursuant to the public offer, subject to the terms and conditions of the Offer Document
"Restaurant Operations Management Services"	:	The provision of restaurant operations management services by TMT
"RLSB"	:	Restaurant Leasing and Subleasing Business of our Group
"Securities Account"	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholder(s)"	:	The registered holder(s) of Shares, except where the registered holder is CDP, the term "Shareholder(s)" shall, in relation to such Shares, mean the Depositor(s) whose Securities Account(s) is/are credited with Shares
"Share(s)"	:	Ordinary share(s) in the capital of our Company
"Sponsorship, Management and Underwriting Agreement"	:	The sponsorship, management and underwriting agreement dated 9 October 2024 entered into between our Company and PPCF in connection with the Listing, details of which are set out in the section entitled "Plan of Distribution" and the sub-section entitled "General and Statutory Information – Management, Underwriting and Placement Arrangements" of the Offer Document

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

The Issuer	:	Food Innovators Holdings Limited
Registered Office	:	6 Eu Tong Sen Street #09-17 The Central Singapore 059817
Business Address	:	Dai-3 Aiwa Building 5F, 5-18-11 Nishi-Ikebukuro, Toshima-ku, Tokyo, 171-0021 Japan
Telephone No./Facsimile No.	:	+65 6221 0512/+65 6491 5521
Website	:	https://fih.sg/
Sponsor, Issue Manager, Underwriter and Placement Agent	:	PrimePartners Corporate Finance Pte. Ltd.
Address	:	16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318