

**REFINING
OUR APPROACH**

Annual Report 2020
Japan Foods Holding Ltd.

JAPAN FOODS HOLDING LTD.

Corporate Presentation FY 2021

12 months ended
31 March 2021

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**JAPAN FOODS
HOLDING LTD.**

**Overview of
FY2021**

Performance at a Glance

2H2021 / 2H2020

2H 2021:	Revenue S\$32.5 million -----	Gross Profit S\$27.6 million -----
2H 2020:	S\$32.3 million	S\$27.2 million
2H 2021:	Net Profit / (Loss) S\$3.3 million -----	EBITDA S\$14.8 million -----
2H 2020:	S\$(0.5) million	S\$11.3 million

FY2021/FY2020

FY2021:	Revenue S\$51.0 million -----	Gross Profit S\$43.2 million -----
FY2020:	S\$68.4 million	S\$57.8 million
FY2021:	Net Profit S\$3.6 million -----	EBITDA S\$27.3 million -----
FY2020:	S\$1.0 million	S\$22.3 million

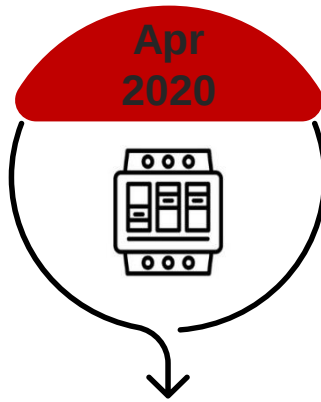
Note:

All financial figures have been rounded

* The Group has elected to early adopt Amendments to SFRS(I) 16: Covid-19 Related Rent Concessions ("Amendments") which is effective from 1 June 2020. Under the Amendments, as a practical expedient, the Group may elect to account for any change in lease payments resulting from the rent concessions as if the changes were not a lease modification. As a result of this election, the Group has recognised S\$6.4 million rent concessions from landlords under "Other Income".

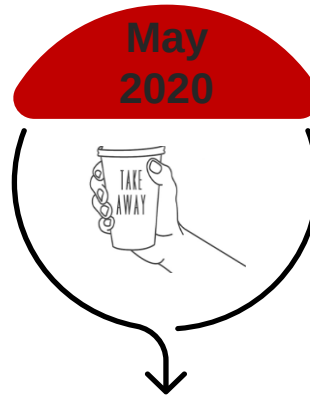
Covid-19 pandemic: Business Update

Singapore operations (1H2021)



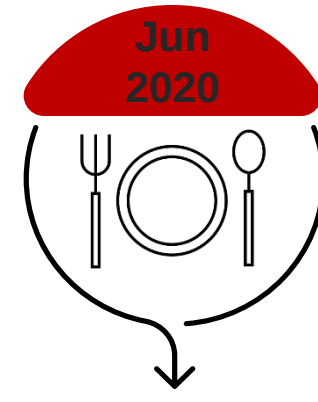
Start of Circuit Breaker (“CB”) Skeletal operations

- Only takeaways and deliveries allowed
- Opened a maximum of 13 restaurants within malls in residential areas with support from the central kitchen and HQ



CB Extended Expanded operations

- Opened more restaurants to sustain manpower expenses and other overheads
- Progressively resumed operations until 30 restaurants were opened for food deliveries and takeaways only



Phase 2 Gradual re-opening post-CB

- All restaurants opened restaurants for groups of not more than 5
 - Capacity limits remained as tables had to be spaced 1m apart
- Business starts picking up.

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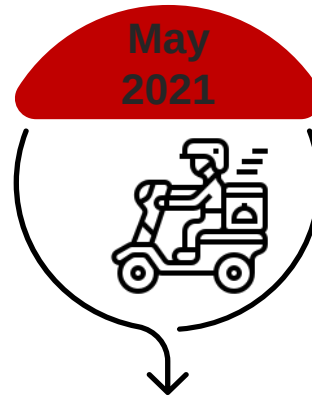
Covid-19 pandemic: Business Update

Singapore operations (2H2021 – to-date)



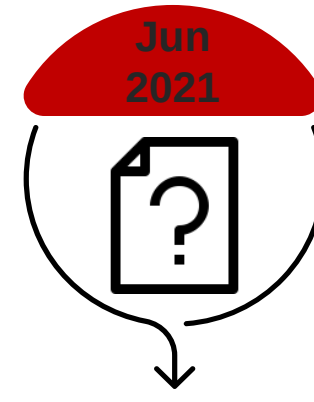
Phase 3 More restrictions lifted

- Dine-in allowed for groups of not more than 8 with capacity limits still in place
- Further improvement in sales



Back to Phase 2 Heightened measures

- Dine-in prohibited from 16 May 2021 to 13 Jun 2021
- Temporary closure of 8 restaurants located at malls that were closed due to detection of clusters and taking into consideration business costs and operational efficiency
- Restaurants at other malls remained open for food deliveries and takeaways only

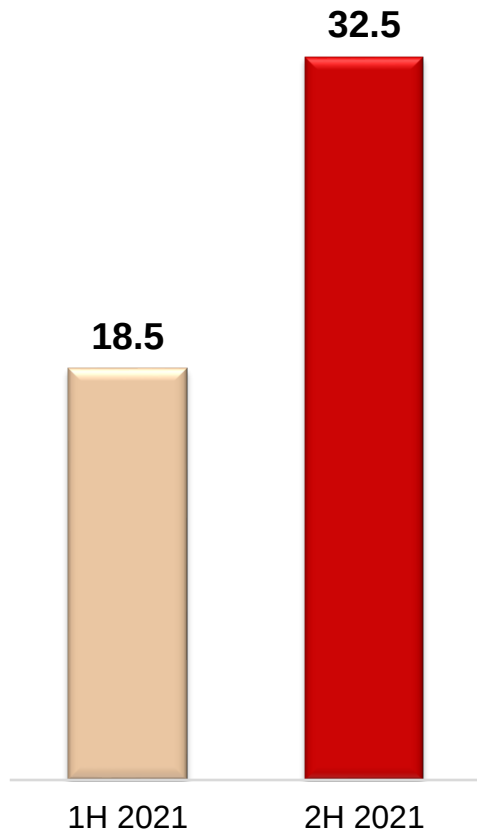


What's Next? Status unknown

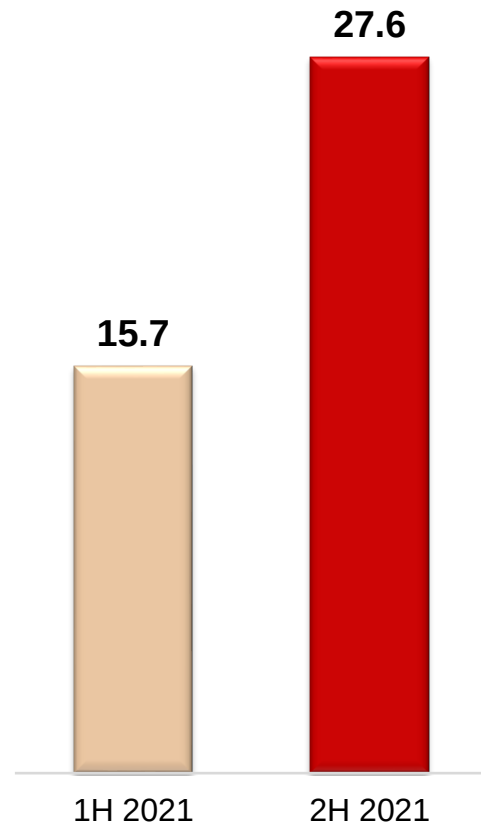
- Unclear about what's ahead after 13 Jun 2021
- Group to focus on optimising resources and boosting sales through deliveries and takeaways
- Continued prohibition of dine-in expected to impact our business adversely

1H 2021 vs 2H 2021

Revenue (S\$' m)



Gross Profit (S\$' m)



Note:
All financial figures have been rounded

Our Singapore network

Restaurant Brands	As at 31 Mar 2021	As at 31 Mar 2020
Ajisen Ramen ^(a)	14	16
Afuri	2	1
Curry Is Drink	1	1
Fruit Paradise	1	2
Ichiro Ramen	1	-
Japanese Gourmet Town	-	1
Kagurazaka Saryo	1	2
Kazokutei	1	1
Konjiki Hototogisu	8	8
Menya Musashi	6	9
Menzo Butao	1	2
New ManLee Bak Kut Teh	1	1
Osaka Ohsho ^(b)	4	5
Shitamachi Tendon Akitmitsu	3	6
Shoryo Ramen	2	2
Tokyo Shokudo	2	-
Yonehachi	2	2
TOTAL RESTAURANTS	50	59

^a Includes 5 "Den by Ajisen Ramen" brand restaurants

^b Includes 1 "Kotsujiru Nabe" brand restaurant, which is an extension of the "Osaka Ohsho" brand



AFURI Ramen



Shitamachi Tendon Akimitsu



Konjiki Hototogisu



New Man Lee Bak Kut Teh



Curry is Drink

FY2021 New Launches

Reinvigorating restaurant portfolio

Debut in November 2020

New concept with Minor Singapore

- The Group debuted its first pizza restaurant, “Pizzakaya”, at Vivocity.
- One more outlet opened at Jem since launch.



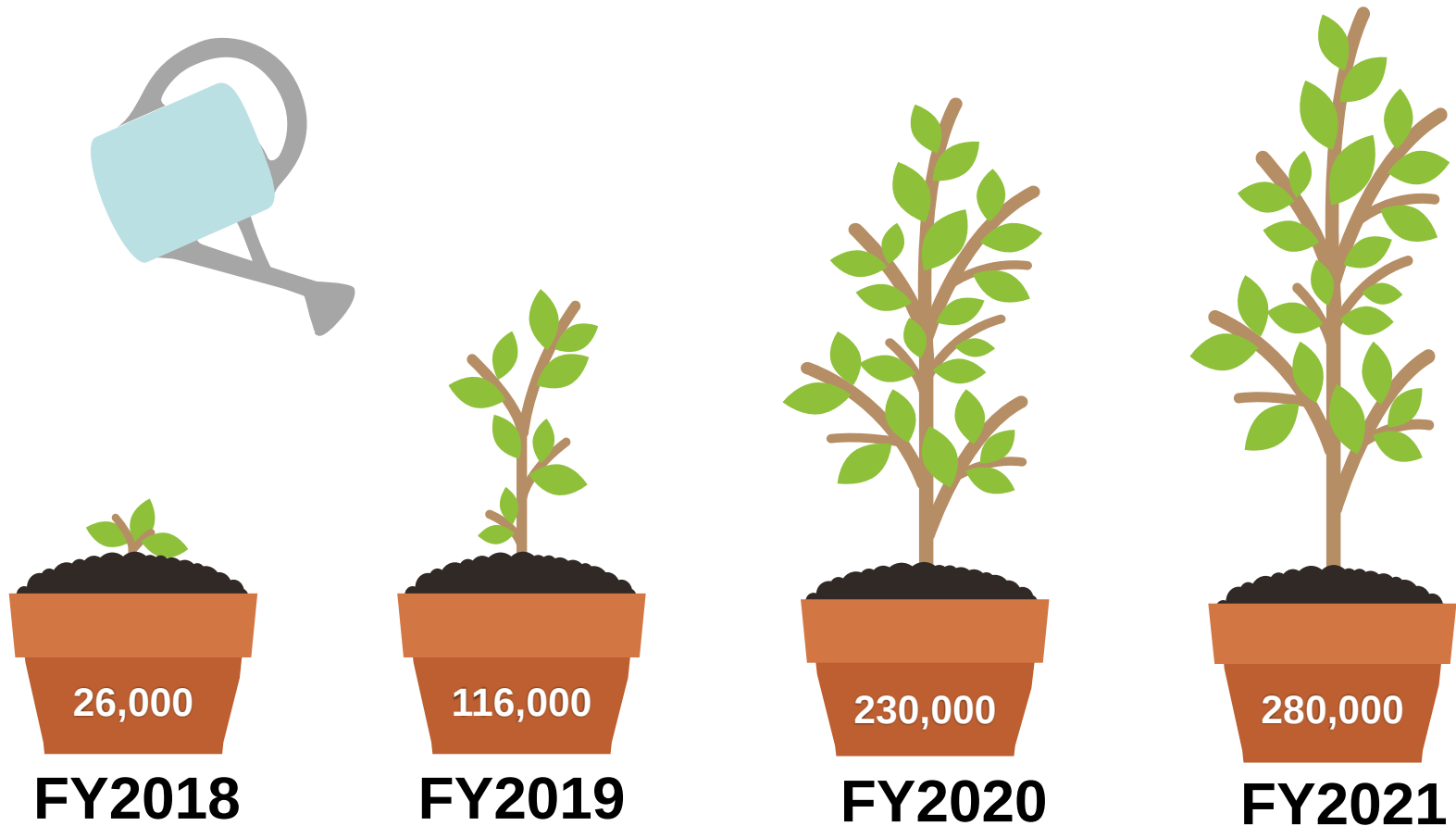
First Halal concept restaurant

- The Group unveiled its first Halal concept restaurant, Tokyo Shokudo, at Tampines Mall
- Two more outlets at Westgate Mall and Northpoint since launch.



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JFH Rewards Programme: Steady membership growth since launch



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Overseas Network (as at 31 Mar 2021)



The Group, together with its sub-franchisees, operates a total of 50 restaurants under various brands in Singapore and 1 “Ajisen Ramen” brand restaurant in Malaysia. It also has interests in 19 restaurants in Indonesia, Hong Kong and China through associated companies, and 1 restaurant operated by a joint venture company.

50

Self-operated restaurants

19

Restaurants through associated companies

1

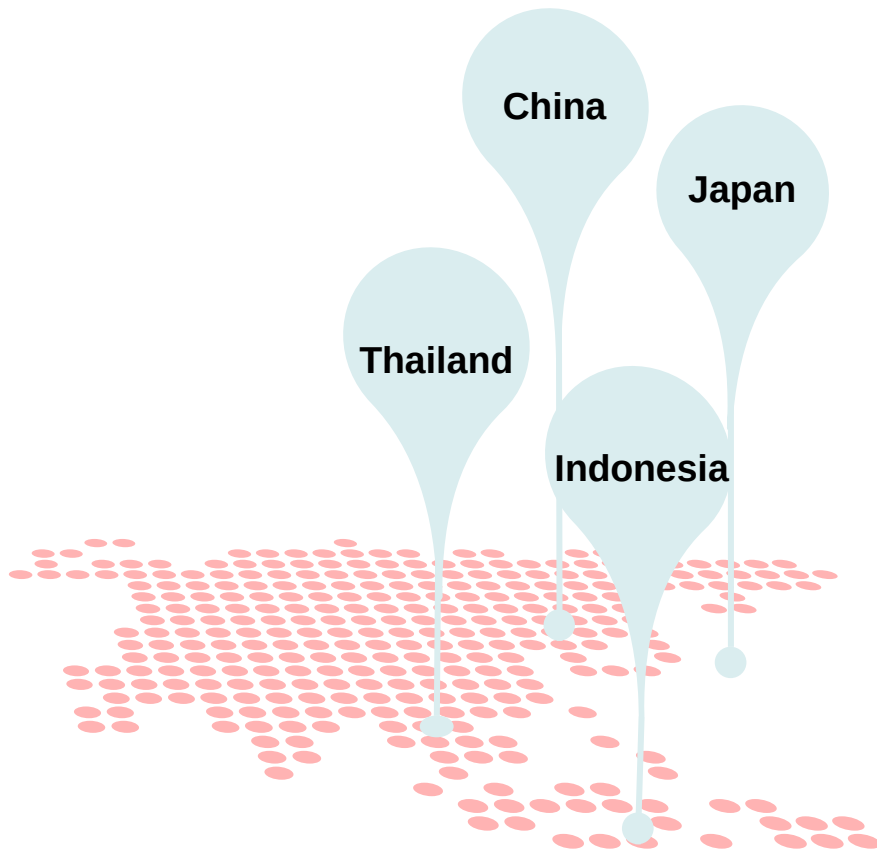
Restaurant operated by sub-franchisees

1

Restaurant operated by joint venture company

Covid-19 pandemic: Business Update

Overseas plans and operations



Share of results of associated companies

- FY2021 share of profit: S\$33,000 versus FY2020 share of (loss): (S\$0.3 million)
- “Menya Musashi” brand restaurants in China and “Hototogisu” brand restaurant in Hong Kong generated profits during FY2021.
- Partially offset by share of loss incurred by “Menya Musashi” brand restaurants in Hong Kong and Indonesia.

Share of results of joint venture

- Covid-19 disrupted planned store openings in Japan^a
- FY2021 share of (loss) of joint venture: (S\$91,000)
- Due to leasing premises in early March 2020 to operate Thai food restaurant in Tokyo which had not commenced operations in FY2021 amid the Covid-19 pandemic

a. To be operated by the Group's joint venture company with Minor Food (Singapore) Pte. Ltd. to conduct the business of franchising and operating existing restaurant brands of both parties in Japan, Thailand and China

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JAPAN FOODS HOLDING LTD.

Financial Highlights FY2021

Financial highlights

S\$' m	6 months ended 31 Mar			12 months ended 31 Mar		
	2H2021	2H2020	Change (%)	FY2021	FY2020	Change (%)
Revenue	32.5	32.3	0.5	51.0	68.4	(25.4)
Gross Profit	27.6	27.2	1.4	43.2	57.8	(25.2)
Gross Profit Margin (%)	84.9	84.2	0.7% pts	84.7	84.4	0.3% pts
EBIT	4.3	-	N.M.	5.2	1.4	271.0%
EBIT margin (%)	13.0	(1.6)	N.M.	9.2	2.0	7.2% pts
EBITDA	14.8	11.3	31.0	27.3	22.3	22.4%
EBITDA margin (%)	46.0	33.2	39.0	52.5	31.8	20.7% pts
Net Profit After Tax (NPAT) ^a	3.3	(0.5)	N.M.	3.6	1.0	256.4
NPAT Margin (%)	10.0	(1.5)	N.M.	7.0	1.5	5.5% pts
Earnings Per Share ^b (S'pore cents)	1.9	(0.3)	N.M.	2.1	0.6	233.0%
Return on Equity ^c (%)	10.0	(1.5)	N.M.	10.9	3.2	241.0%

Note:

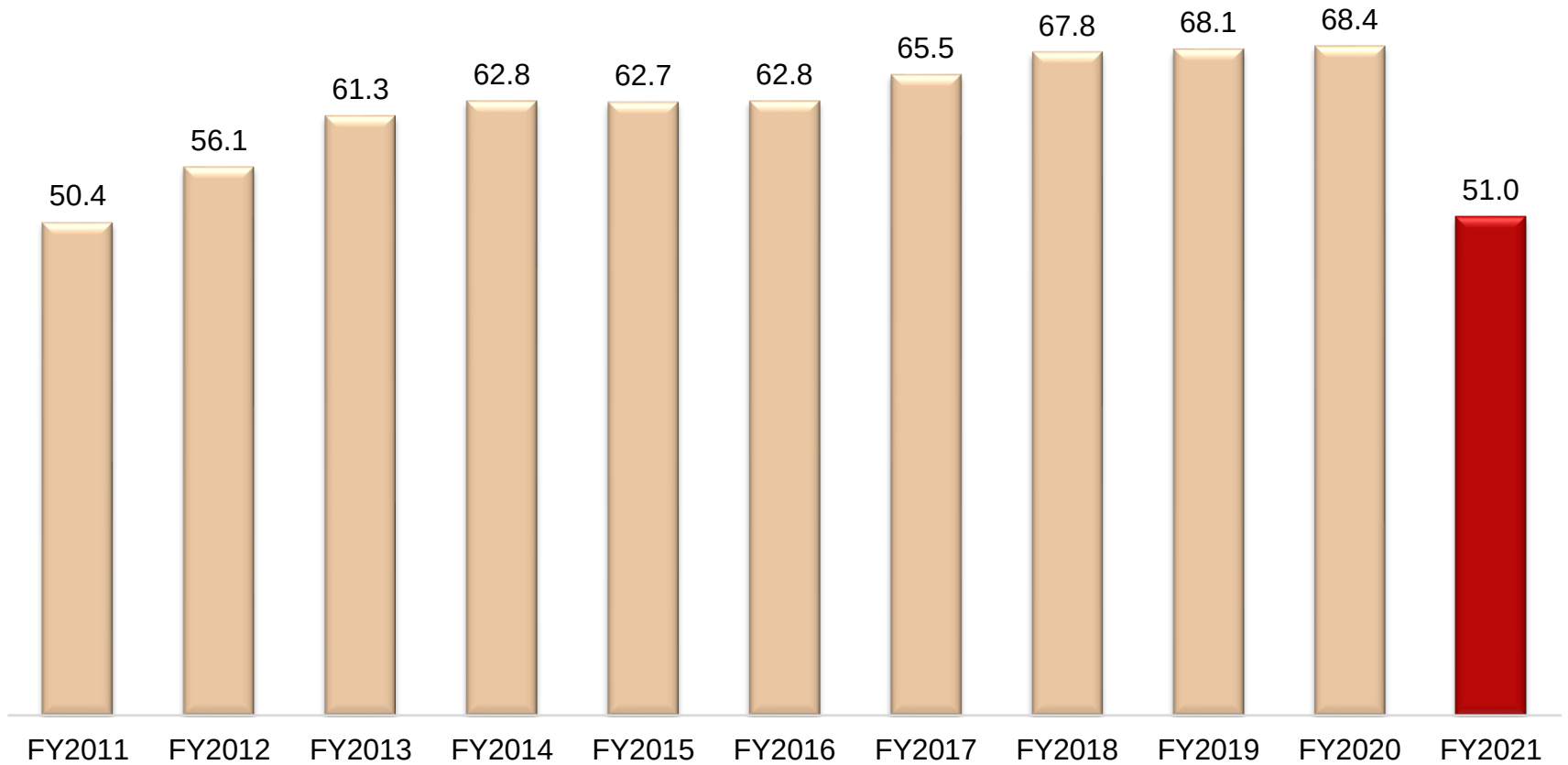
All financial figures have been rounded

a) The Group has elected to early adopt Amendments to SFRS(I) 16: Covid-19 Related Rent Concessions ("Amendments") which is effective from 1 June 2020. Under the Amendments, as a practical expedient, the Group may elect to account for any change in lease payments resulting from the rent concessions as if the changes were not a lease modification. As a result of this election, the Group has recognised S\$6.4 million rent concessions from landlords under "Other Income".

b) EPS was computed based on the weighted average number of shares of 173,940,205 and 173,724,440 in 2H2021 and 2H2020 respectively; 173,934,022 shares and 173,908,165 shares in FY2021 and FY2020 respectively.

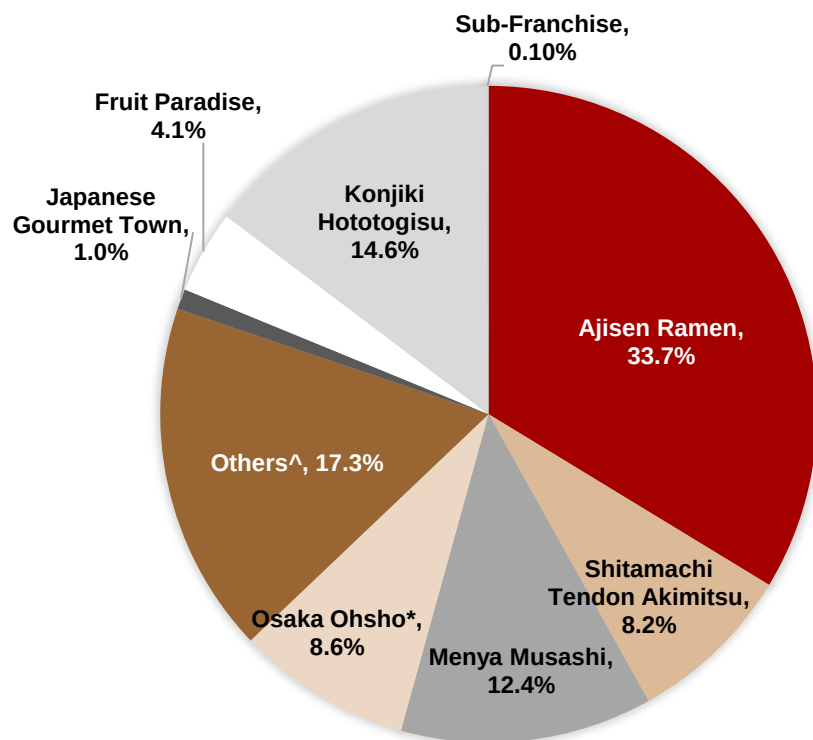
c) Annualised

Revenue (S\$' m)

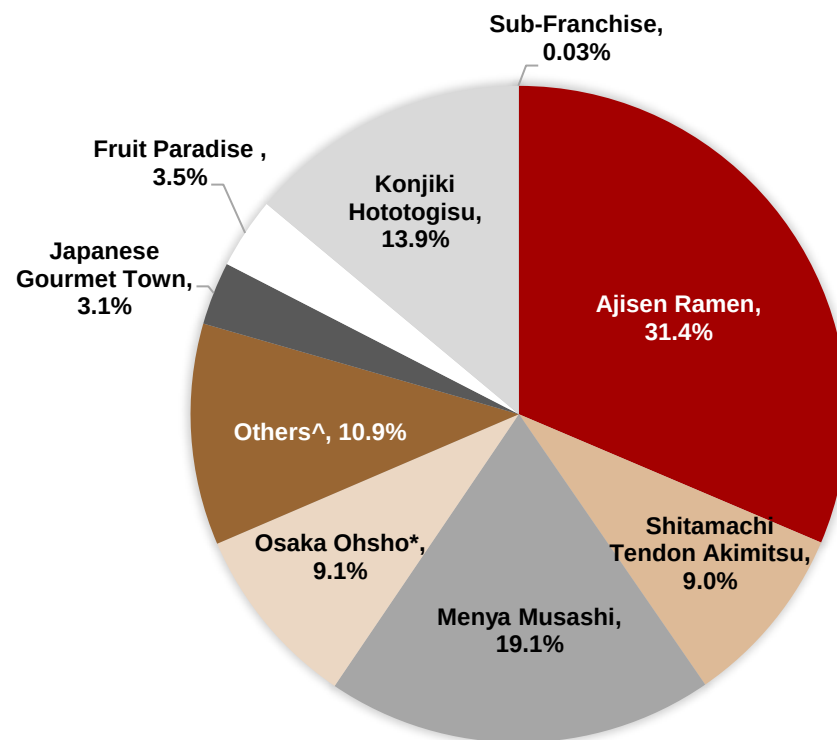


Revenue breakdown

FY2021



FY2020

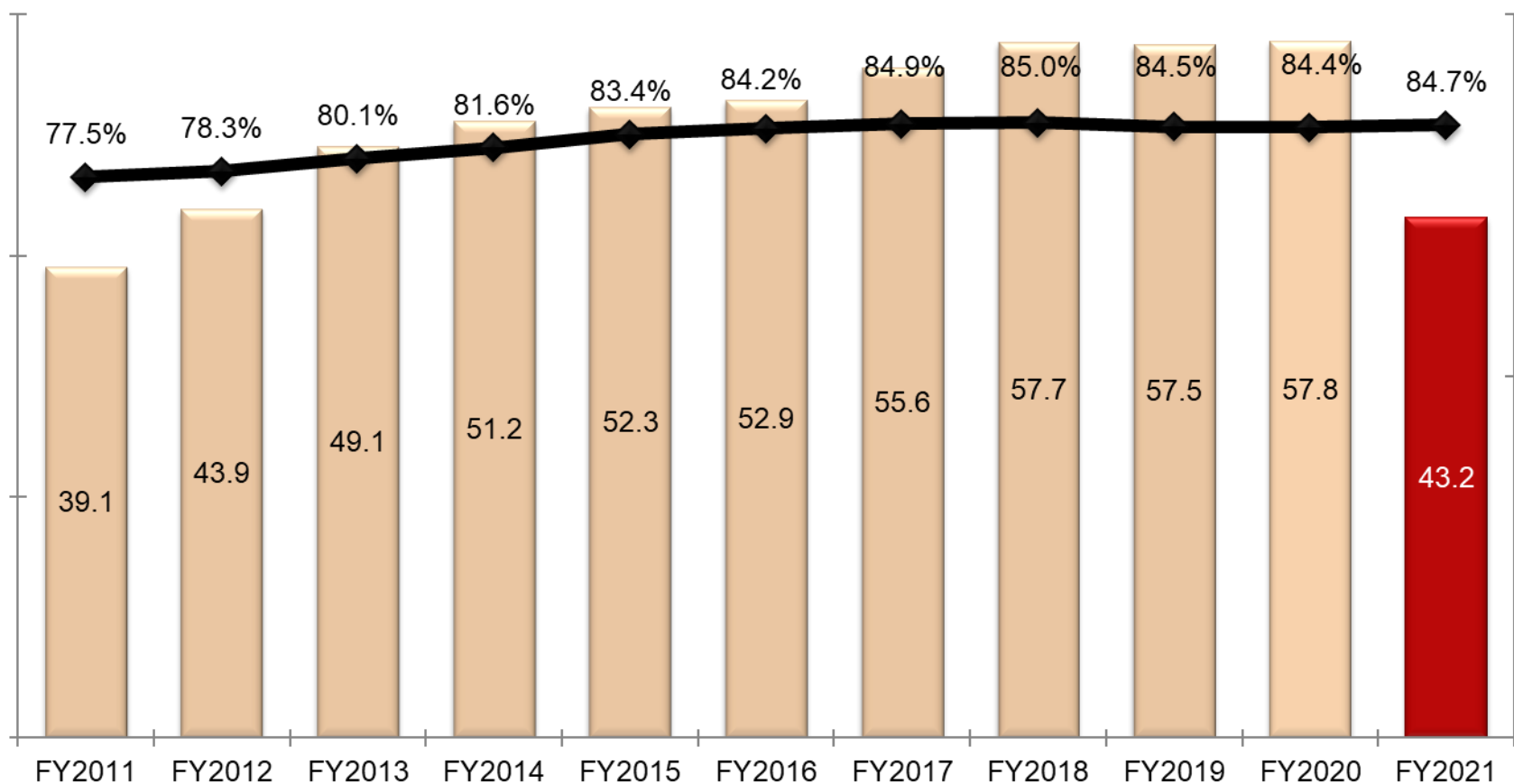


Notes:

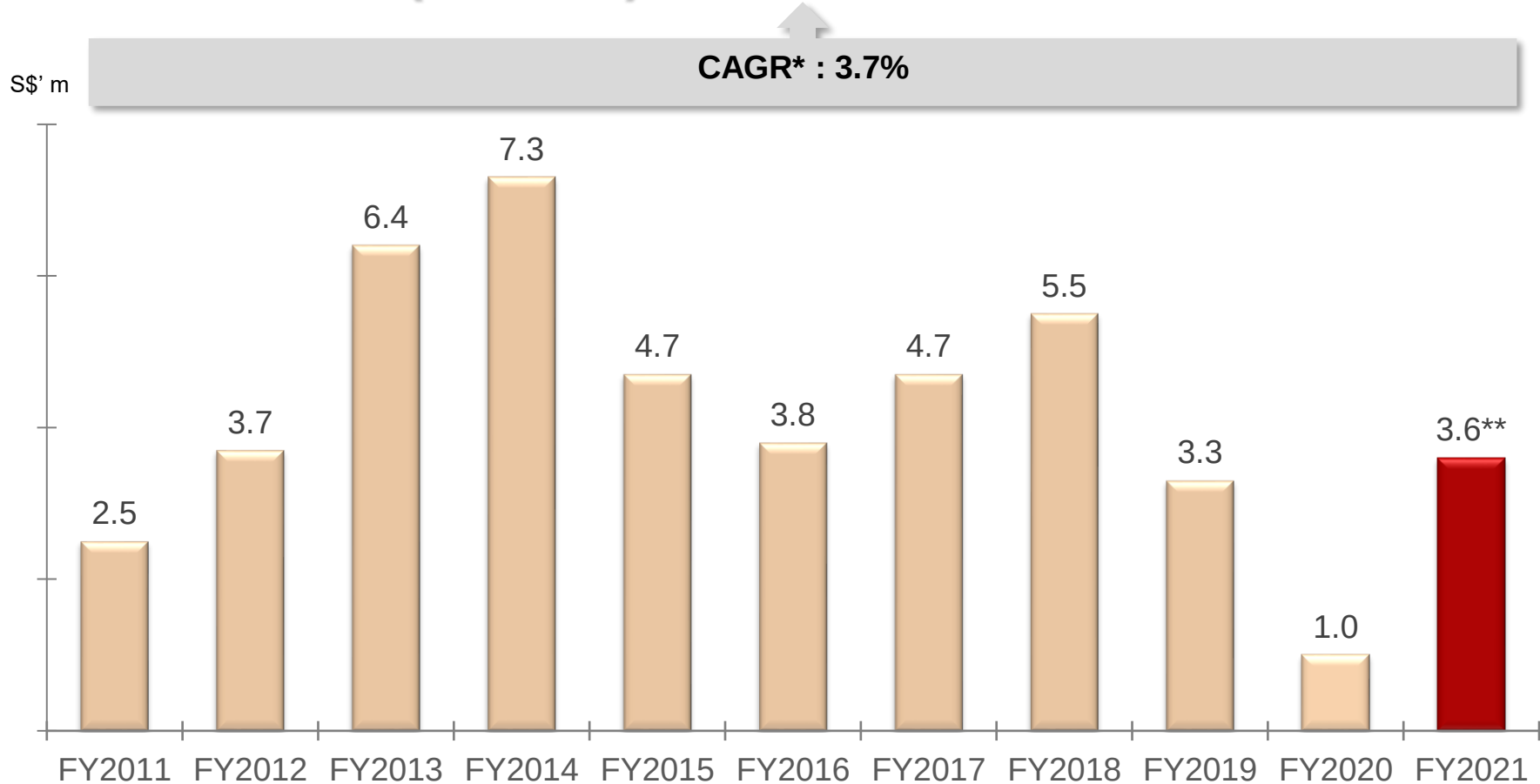
* Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

^ Includes the impact of JFH Rewards where reward points known as J\$ earned by members (net of expired points of approximately S\$0.7 million) amounting to S\$0.7 million was deducted from the corresponding revenue recognised in FY2021 in accordance with the relevant accounting standard (as compared to S\$1.4 million in FY2020).

Gross Profit (S\$m) and Gross Profit Margin (%)



Net Profit (S\$' m)



Note:

All financial figures have been rounded

* CAGR for the period FY2011 – FY2021

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Cash Flow

S\$ 'm	FY2021	FY2020	Change (%)
Net cash generated from operating activities	25.9	23.2	▲ 12.0
Net cash used in investing activities	(2.2)	(4.6)	▲ 52.2
Net cash used in financing activities	(20.6)	(20.4)	▼ 1.0
Net increase / (decrease) in cash and cash equivalents	3.0	(1.9)	N.M.
Cash and cash equivalents at beginning of financial year	17.6	19.5	▼ 9.7
Cash and cash equivalents at end of financial period	20.6	17.6	▲ 17.0

*Note:
All financial figures have been rounded*

Key Financial Ratios

	As at 31 Mar 2021	As at 31 Mar 2020	Change (%)
Cash and bank balances (S\$'m)	23.1	20.4	▲ 13.2
Total assets (S\$'m)	68.1	78.1	▼ 12.8
Total equity (S\$'m)	33.4	31.4	▲ 6.4
Net cash ratio ⁽¹⁾	1.0	0.8	▲ 25.0
Net asset value per share (S'pore cents) ⁽²⁾	19.1	18.0	▲ 6.2
Net cash per share (S'pore cents) ⁽²⁾	13.3	11.7	▲ 13.7

Notes:

(1) Net cash ratio is calculated by taking the cash and bank balances and dividing that number by the total current liabilities.

(2) Computed based on 174,347,200 shares as at 31 March 2021 and 174,007,200 shares as at 31 March 2020.

Note: All financial figures have been rounded

Total Dividend in FY2021

Name of dividend	Interim	Final
Dividend type	Cash	
Dividend amount per share (Singapore cents)	0.75 cents per ordinary share	1.75 cents per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)
Date payable	4 December 2020	To be announced



- Total dividend in FY2021: **2.5 Singapore cents a share**
- Dividend payout ratio: **Approximately 120.1% of earnings** for FY2021.
- A reflection of the Group's confidence in the sustainability of the business.

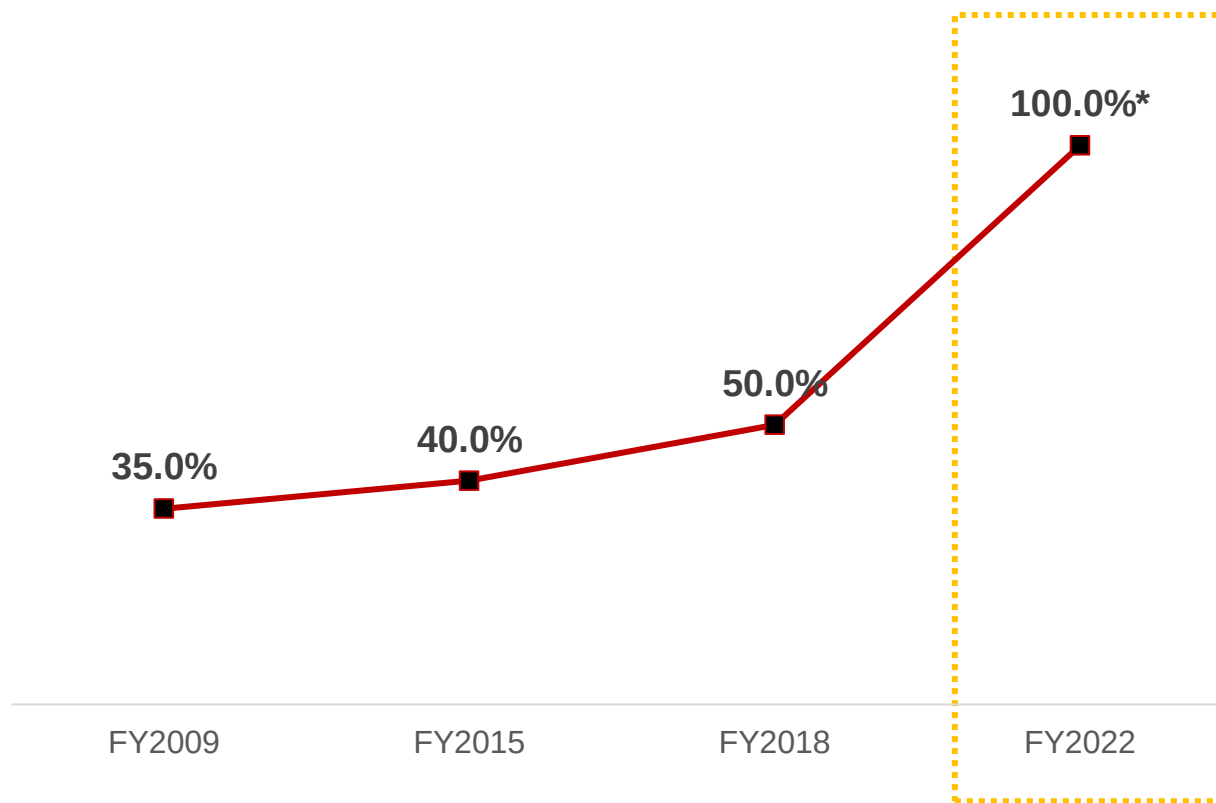


JAPAN FOODS HOLDING LTD.

Investment Merits & Strategies

Attractive Dividend Policy

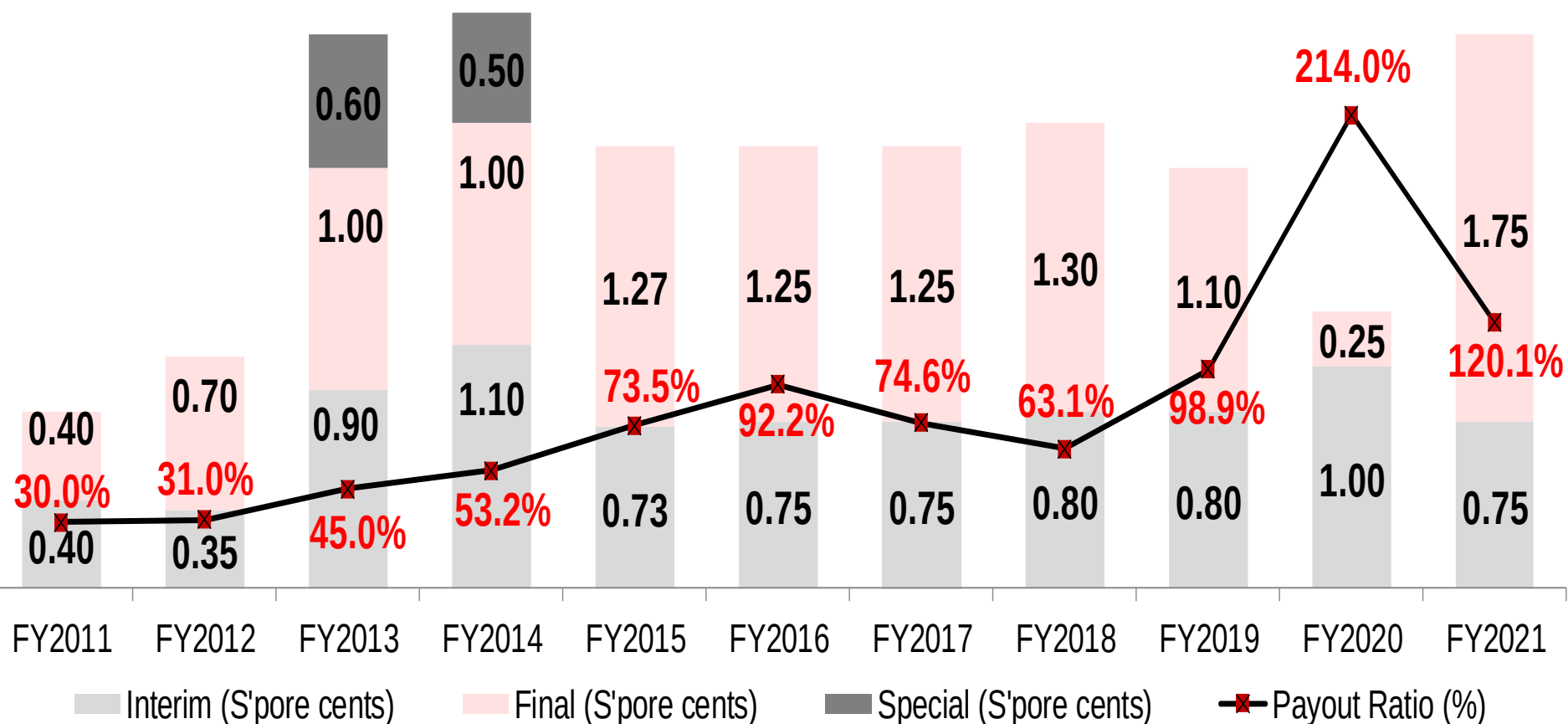
Target Dividend Payout Ratio* Over the Years



Japan Foods will be revising its dividend policy to distribute at least 100.0% of net profit attributable to equity holders of the Company annually from the financial year ending 31 March 2022.

** This is Japan Foods' intended minimum dividend payout ratio in relation to its audited consolidated net profit attributable to shareholders annually. It is subject to the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors including but not limited to circumstances arising from the Covid-19 pandemic.*

Dividend History



Healthy Position Among Peers

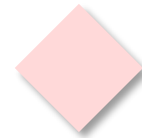
	Market Cap (S\$' m)	Price (S\$)	Net profit margin (%)	ROE (%)	Net Debt / Equity (times)	P/E (times)	Div yield (%)
Japan Foods	68.0	0.390	7.0	10.9	-	18.8	6.4
ABR Holdings	96.5	0.480	7.0	6.1	-	16.1	4.2
Sakae Holdings	20.1	0.144	14.5	7.1	0.9	6.2	-
Soup Restaurant	25.7	0.092	2.8	8.5	-	29.6	2.2
Tung Lok Restaurant	38.4	0.140	(1.7)	-	0.3	-	-
Katrina	30.1	0.130	(28.5)	-	-	-	-
Jumbo	211.7	0.330	(19.1)	-	-	-	-
RE&S Holdings	55.2	0.156	5.6	16.1	1.4	9.2	6.1
Kimly Limited	404.6	0.340	16.1	29.8	0.6	11.1	4.1
No Signboard Holdings	29.1	0.063	(144.4)	-	0.1	-	-

Source: ShareInvestor.com, data as at 25 May, 5pm

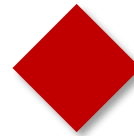
All figures have been rounded

Japan Foods, Tung Lok – FYE 31 Mar RE&S Holdings – FYE 30 Jun No Signboard, Kimly – FYE 30 Sep Rest of peers – FYE 31 Dec

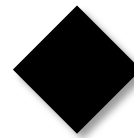
Business strategy amidst ongoing pandemic



Intensify its efforts to control costs



Negotiate with landlords on lease terms owing to reduced seating capacity and mall traffic



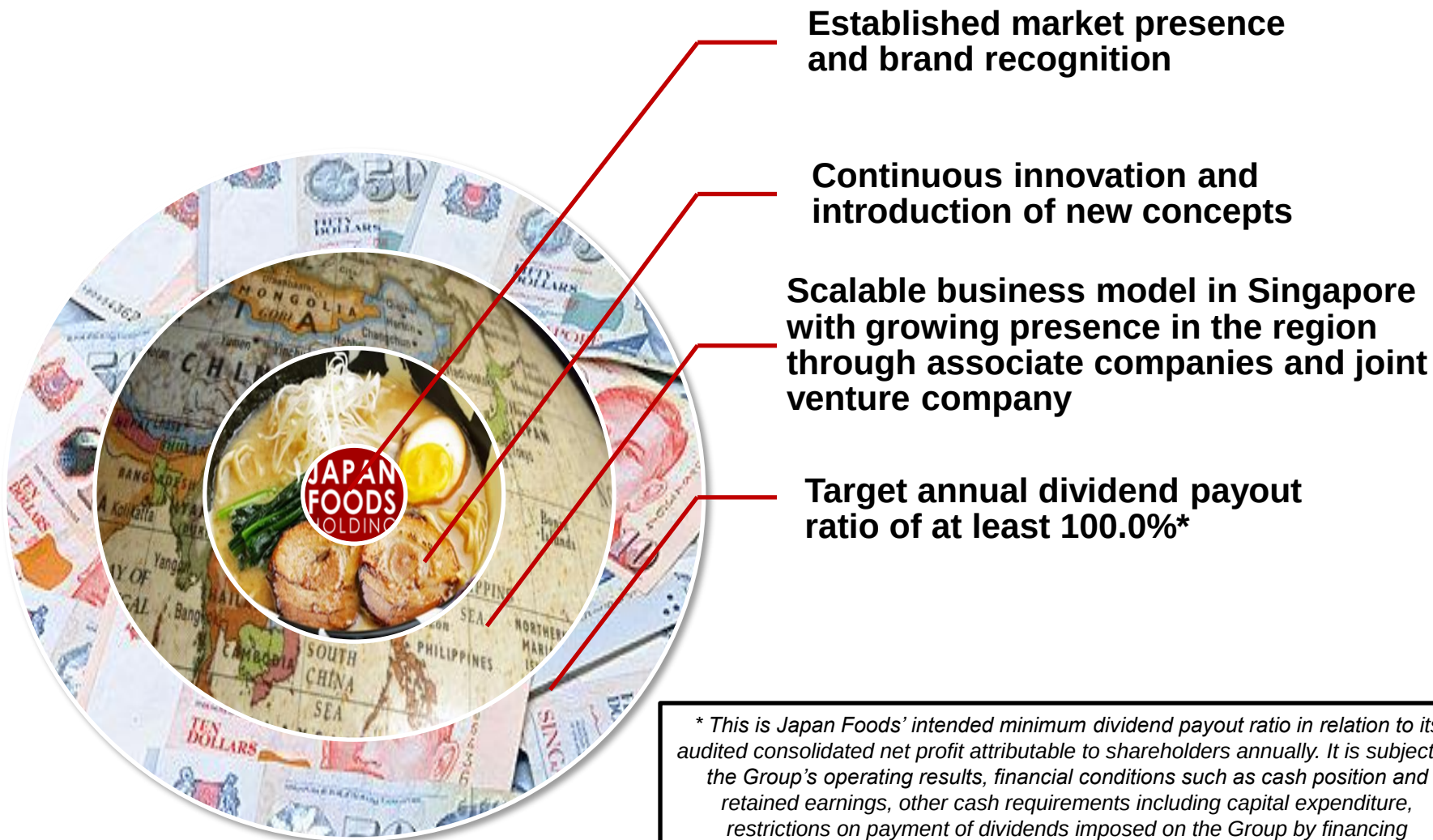
Improve operational efficiency and marketing strategies to boost sales from food deliveries and takeaways



Adopt a cautious and prudent approach in managing capital expenditure in Singapore while looking for ways to reinvigorate its restaurant portfolio management.

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Investment Highlights



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Thank You!