

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(Company Registration No. 200722314M)

BUSINESS AND FINANCIAL UPDATE FOR 1Q2025

The board of directors of Japan Foods Holding Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to provide a business and financial update for the three-month period ended 30 June 2024 (“**1Q2025**”):

1. Portfolio of Restaurants as at 30 June 2024

Brands	Number of outlets				
	As at 31/03/2024	New	Closed	As at 30/06/2024	As at 30/06/2023
<u>Franchised Brands</u>					
Ajisen Ramen	11	-	-	11	11
Konjiki Hototogisu	11	-	-1	10	8
Shitamachi Tendon Akimitsu	3	-	-1	2	3
Menya Musashi	3	-	-	3	4
Osaka Ohsho	1	-	-	1	3
Afuri Ramen	1	-	-	1	1
Yonehachi	1	-	-	1	2
Kageyama	1	1	-	2	-
Menzo Butao	1	-	-	1	1
New ManLee Bak Kut Teh	1	-	-	1	1
Nakiryu	-	-	-	-	2
Tori Sanwa	3	-	-	3	-
<u>Self-Developed Brands</u>					
Tokyo Shokudo*	12	1	-	13	12
Yakiniku Shokudo*	11	-	-	11	8
Yakiniku Kai	1	-	-	1	-
Fruit Paradise*	5	-	-	5	6 [#]
Yakiniku Taro	1	-	-	1	1
Edo Shokudo*	2	-	-	2	1
Kyoto Shokudo*	1	-	-	1	1
Godaime*	2	-	-	2	-
Milan Shokudo*	4	2	-	6	-
Milan Tei*	1	-	-	1	-
Romana Pizza & Pasta	1	-	-	1	-
Roman-kan	-	1	-	1	-
Ramen Ichiro	-	-	-	-	1
Katsuyoshi	-	1	-	1	-
BBQ Seoul Shokudo*	1	-	-	1	1
Total Restaurants	79	6	-2	83	67

Notes:

* Halal brand

Includes one restaurant operated under the brand “Kagurazaka Saryo”

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2. Financial Highlights for the First Quarter Ended 30 June 2024

(a) Income Statement

	Group		
	Three months ended 30 June 2024 ("1Q2025") S\$'000	Three months ended 30 June 2023 ("1Q2024") S\$'000	Change %
Revenue	21,778	21,261	2.4
Cost of sales	(3,378)	(3,337)	1.2
Gross profit	18,400	17,924	2.7
Gross profit margin	84.5%	84.3%	
Other income	1,507	188	701.6
Selling and distribution expenses	(18,049)	(16,277)	10.9
Administrative expenses	(995)	(990)	0.5
Other operating expenses	(224)	(332)	(32.5)
Lease interest expenses	(417)	(362)	15.2
Share of profit of associated companies	35	91	(61.5)
Profit before income tax	257	242	6.2
Income tax expense	(31)	(31)	-
Net profit after income tax	226	211	7.1

The Group's revenue increased S\$0.5 million or 2.4%, from S\$21.3 million in 1Q2024 to S\$21.8 million in 1Q2025 in tandem with the expansion of its network of operating restaurants from 67 to 83 over the period. The increase is partially offset by lower revenue generated by certain existing outlets.

The Group's gross profit increased S\$0.5 million or 2.7%, from S\$17.9 million in 1Q2024 to S\$18.4 million in 1Q2025 in line with the increase in the Group's revenue.

The Group's other income, which comprises mainly royalty income, Progressive Wage Credit Scheme, Job Growth Incentive Scheme, interest income and insurance claims, increased by S\$1.3 million or 701.6%, from S\$0.2 million in 1Q2024 to S\$1.5 million in 1Q2025 due to higher government grants received in 1Q2025.

The Group's selling and distribution expenses rose S\$1.8 million or 10.9%, from S\$16.3 million in 1Q2024 to S\$18.1 million in 1Q2025 mainly due to increased manpower cost, utilities and depreciation charges of right-of-use assets for additional 16 new outlets.

The Group's administrative expenses remained relatively stable in 1Q2025 as compared to 1Q2024.

The Group's other operating expenses decreased S\$0.1 million or 32.5%, from S\$0.3 million in 1Q2024 to S\$0.2 million in 1Q2025, mainly due to a reduction in plant and equipment written-off and lower royalty fees charged in 1Q2025.

The Group's lease interest expenses increased S\$55,000 or 15.2% from S\$362,000 in 1Q2024 to S\$417,000 in 1Q2025 due to increased number of operating restaurants in 1Q2025.

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The Group recorded its share of profit of associated companies of S\$35,000 in 1Q2025 as compared to share of profit of S\$91,000 in 1Q2024. The decrease in share of profit is due to losses incurred by associated companies in Hong Kong operating “Menya Musashi” brand restaurants. The decrease is partially offset by the profit achieved by associated companies in Hong Kong operating “Konjiki Hototogisu” brand restaurants as a result of the opening of a new store in Hong Kong in June 2024, as well as profit generated from existing stores.

The Group’s income tax expenses remained constant in 1Q2025 as compared to 1Q2024.

As a result of the aforementioned reasons, the Group’s net profit attributable to equity holders of the Company increased S\$15,000, or 7.1%, from S\$211,000 in 1Q2024 to S\$226,000 in 1Q2025.

(b) Balance Sheet

	Group			
	As at 30/06/2024	As at 31/03/2024	Increase/(Decrease)	
	S\$'000	S\$'000	S\$'000	%
Cash and bank balances	12,672	11,473	1,199	10.5%
Other current assets	5,858	6,423	(565)	-8.8%
Non-current assets	78,070	75,215	2,855	3.8%
Total assets	96,600	93,111	3,489	3.7%
Lease liabilities-current	26,695	23,540	3,155	13.4%
Current liabilities	11,274	10,441	833	8.0%
Non-current liabilities	28,680	29,372	(692)	-2.4%
Total liabilities	66,649	63,353	3,296	5.2%
Equity	29,951	29,758	193	0.6%
Total Liabilities and Equity	96,600	93,111	3,489	3.7%

The Group’s total assets increased by S\$3.5 million due to cash generated from operation and increase in net book value of plant and equipment arising from the capital expenditure for the Group’s new outlets. This is partially offset by a decrease in trade and other receivables in 1Q2025.

The Group’s total liabilities increased by S\$3.3 million mainly due to an increase in lease liabilities in line with the increase in the number of outlets.

As at 30 June 2024, the Group recorded net current liabilities of S\$19.4 million due to recognition of lease liabilities of S\$26.7 million in compliance with SFRS(I)16. Based on the Group’s internal resources, banking facilities and projected operational cashflows, the Board is of the view that the Group will have sufficient funds to meet its financial obligations as and when they fall due.

The Group’s total equity increased S\$0.2 million due to profit generated during the financial period. The increase is partially offset by an increase in treasury shares during the period under review.

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(c) Outlook

As at 30 June 2024, the Group has 83 outlets as compared to 67 outlets as at 30 June 2023. The Group will continue to streamline operations, manage costs and improve outlet performance, while reviewing restaurant portfolio and brand strategies.

The Group expects the business environment to remain challenging due to economic headwinds and prevailing conditions faced by the food and beverage industry. These include intense industry competition, persistent manpower crunch and increased operational costs due to inflationary pressures.

BY ORDER OF THE BOARD

TAKAHASHI KENICHI
Executive Chairman and CEO

7 August 2024

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

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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