

JAPAN FOODS HOLDING LTD.

(Company Registration No.: 200722314M)
420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727
Tel: (65) 6333 9781 Fax: (65) 6333 9782

Japan Foods' HY2023 performance boosted by strong growth from new Halal segment, post-pandemic recovery

- *Bottomline returns to the black as revenue surges 79.0% to S\$38.0 million HY2023.*
- *Restaurant portfolio grows to 60 restaurants in HY2023, including one new self-developed brand and 12 Halal-certified restaurants.*
- *Declares tax-exempt, one-tier interim dividend of 1.00 Singapore cents per ordinary share.*
- *Resumes overseas expansion plan with debut of first restaurant in Tokyo, Japan in August 2022*

Financial Highlights (S\$' million)	Six months ended 30 Sep		Change (%)
	2022 ("1H FY2023")	2021 ("1H FY2022")	
Revenue	38.0	21.2	79.0
Gross profit	32.2	17.8	80.9
Gross profit margin (%)	84.7	83.8	0.9% pt
Profit before income tax	2.9	(1.6)	N.M.
Net profit attributable to equity holders of the Company	2.3	(1.6)	N.M.
Basic earnings per share ("EPS") (Singapore cents) ⁽¹⁾	1.34	(0.94)	N.M.
Net asset value ("NAV") per share (Singapore cents) ⁽²⁾	18.74 (as at 30 Sep 2022)	18.75 (as at 31 Mar 2022)	-

Note: All financial figures have been rounded.

¹ EPS was computed based on the weighted average number of shares of 174,424,000 shares and 174,304,592 shares in HY2023 and HY2022 respectively.

² NAV was computed based on 174,424,000 shares as at both 30 September 2022 and 31 March 2022.

N.M. – Denotes not meaningful

SINGAPORE, 09 November 2022 – Driven by the strong reception to its new Halal segment and further boosted by the relaxation of Covid-19 restrictions on social gatherings and food and beverage (“**F&B**”) establishments since 26 April 2022¹, **Japan Foods Holding Ltd.** (“**Japan Foods**” or the “**Company**” and together with its subsidiaries, the “**Group**”), has achieved a net profit of S\$2.3 million for the six months ended 30 September 2022 (“**1H FY2023**”), reversing the net loss of S\$1.6 million of the previous corresponding period (“**1H FY2022**”).

The leading Singapore-based Japanese restaurant chain’s stellar interim bottomline performance was on the back of a 79.0% year-on-year (“**YOY**”) growth in revenue to S\$38.0 million.

1H FY2023 Performance Review

In line with the relaxation of Covid-19 restrictions, the Group achieved topline growth across all its brands in 1H FY2023. The Halal segment collectively contributed a net revenue increase of S\$6.4 million while its four flagship non-Halal brands – “Ajisen Ramen”, “Menya Musashi”, “Konjiki Hototogisu” and “Osaka Ohsho”, recorded net increases of S\$3.3 million, S\$0.9 million, S\$1.6 million and S\$1.1 million respectively. There was also a net increase in revenue of S\$3.8 million from restaurants operating under other brands.

During the period under review, J\$ earned by members under JFH Rewards amounted to S\$0.6 million in 1H FY2023 (1H FY2022: S\$0.3 million). In accordance with the relevant accounting standard, the amount was deducted from the corresponding revenue recognized during the respective financial periods.

Correspondingly, the Group’s gross profit rose 80.9% YOY to S\$32.2 million with gross profit margin increasing 0.9 percentage point to 84.7% in 1H FY2023 (1H FY2022: gross profit – S\$17.8 million; gross profit margin – 83.8%). The improvement was due to the absence of discounts granted for takeaway orders during the Phase 2 (Heightened Alert) in 1H FY2022.

Japan Foods’ other income decreased 88.1% YOY from S\$4.1 million to S\$0.5 million in 1H FY2023 due to lower rental concession from landlords and lower government grants

¹ 22 April 2022, Straits Times – Singapore announces major easing of Covid-19 rules from April 26: What you need to know

under the Jobs Support Scheme. Expenses increased across the board due to higher business activities and higher number of outlets operating during 1H FY2023.

In tandem with its improved earnings, Japan Foods' earnings per share in 1H FY2023 rose to 1.34 Singapore cents per share (1H FY2022: loss of 0.94 Singapore cents per share). The Group's net asset value per share was 18.74 Singapore cents as at 30 September 2022 (18.75 Singapore cents as at 31 March 2022).

As at 30 September 2022, the Group's financial position remained strong with no borrowings and a slight increase in cash and bank balances to S\$23.5 million from S\$23.2 million as at 31 March 2022. As a reflection of the Group's ongoing confidence in its long-term prospects, the Group declared a tax-exempt, one-tier interim cash dividend of 1.00 Singapore cents per ordinary share in respect of 1H FY2023, up from 0.50 Singapore cents declared in 1H FY2022.

Network Updates

The Group expanded to 60 restaurants in 1H FY2023 (1H FY2022: 52 restaurants). The network growth was led by the Group's new Halal segment, which now stands at 12 restaurants across four brands namely "Edo Shokudo", "Tokyo Kitchen", "Tokyo Shokudo", "Yakiniku Shokudo" in 1H FY2023, as compared to six restaurants under one brand – "Tokyo Shokudo" in 1H FY2022.

In October 2022, the Group introduced its latest Halal brand – "Kyoto Shokudo", which serves Japanese-style matcha desserts and udon. This brings the total Halal brand offerings to five across 13 restaurants to-date.

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *"In 1H FY2023, the Halal segment contributed 25.2% to our total revenue as compared to 15.2% in 1H FY2022. We witnessed its rapid growth from one humble restaurant in Tampines Mall in November 2020 to 12 restaurants across the country in less than two years while the pandemic was still going on. This attests to our ability to transform challenges into opportunities, no matter the market conditions. Looking ahead, we plan to capitalise on the growing interest in our Halal brands to expand and develop more concepts that will appeal to this segment."*

Besides growing its Halal segment, the Group also added one new self-developed non-Halal brand "Yakiniku Taro" in July 2022. The Japanese-style grill restaurant, opened in

Downtown East, is a demonstration of the Group's ongoing commitment to keep its brand portfolio invigorated, while actively managing its restaurant portfolio.

The following table shows the number of outlets operated by the Group by brand:

Franchise Brands	As at 30 September 2022	As at 30 September 2021
Ajisen Ramen	13	13
Konjiki Hototogisu	7	7
Shitamachi Tendon Akimitsu	5	4
Menya Musashi	4	4
Osaka Ohsho	4	4
Afuri	2	2
Yonehachi	2	2
Kazokutei	1	1
Menzo Butao	1	1
New ManLee Bak Kut Teh	1	1
Kagurazaka Saryo	1	1
Self-Developed Brands		
Tokyo Shokudo*	7	6
Yakiniku Shokudo*	3	-
Fruit Paradise	3	2
Yakiniku Taro	1	-
Edo Shokudo*	1	-
Curry Is Drink	1	1
Ramen Ichiro	1	1
Sho Ryu Ramen	1	2
Tokyo Kitchen*	1	-
TOTAL RESTAURANTS	60	52

Note:

* Halal brand

As at 30 September 2022, the Group's associated companies comprised 18 restaurants across the region. Under the "Menya Musashi" brand, eight restaurants in Hong Kong, four restaurants in China and one restaurant in Indonesia. Meanwhile, under the "Konjiki Hototogisu" brand – four restaurants in Hong Kong and one restaurant in Shanghai.

The Group's share of results declined S\$103,000 in 1H FY2023 from S\$258,000 in 1H FY2022 to S\$155,000 due to losses incurred at "Menya Musashi" and "Konjiki Hototogisu" brands restaurants in China as a result of the country's strict zero-Covid-19 policy. This was partially offset by the share of profit from the same brands operating in Hong Kong.

Following the easing of Covid-19 measures, the Group resumed its overseas expansion plans through its joint venture ("JV") with Minor Food Group (Singapore) Pte. Ltd. ("**Minor Singapore**"), beginning with the opening of "Siam Smith", a Thai noodle bar, in Tokyo in August 2022.

Mr Kenichi said: *"We are very excited to restart our plans to break into the Japanese market after putting them on hold for such a long time. However, we expect the new business to be challenging in the short run as social activities in the country have just recently restarted. With the reopening of Japan's borders since 11 October 2022², we are optimistic that things will only get better."*

In Singapore, the three "Pizzakaya" brand restaurants, which is also under a JV with Minor Singapore, are currently being revamped. As such, no share of loss was captured in HY2023 as the accumulated losses exceeded the capital contribution of S\$100,000.

Outlook

While business momentum has picked up since the lifting of Covid-19 restrictions, the operating environment for the F&B industry remains challenging in the near term due to several factors, such as intense competition, manpower shortage, rising business costs and volatile economic outlook arising from inflationary pressures and uncertain geopolitical climate. To this end, the Group will intensify its efforts in managing its expenses against rising costs while at the same time, maintain a compelling restaurant portfolio that appeals to customers locally and internationally.

Mr Kenichi said: *"The Group is cautiously optimistic about its second half performance for FY2023. We believe that there is a lot of excitement about the upcoming year-end festivities surrounding Christmas and New Year, and Chinese New Year in January 2023. It will be the first time in more than two years that people are allowed to dine out without any restrictions during these holidays and many will be making plans to do so. We intend*

² 23 September 2022, Business Times – Japan PM says to ease Covid border control requirements next month

to capitalise on this by putting a festive touch to our menus. In addition, we look forward to revenue contribution from our recently opened restaurants.”

#

About Japan Foods

Established in Singapore in 1997 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in February 2009, Japan Foods is one of the leading Japanese restaurant chains in Singapore. As at 30 September 2022, the Group operated 60 restaurants in Singapore under various self-developed brands and franchised brands such as “Ajisen Ramen”, “Osaka Ohsho”, “Menya Musashi”, and “Konjiki Hototogisu” which earned one Michelin Star in Tokyo. The Group is also active in the Halal market under four brands namely “Tokyo Shokudo”, “Edo Shokudo”, “Tokyo Kitchen” and “Yakiniku Shokudo”.

Japan Foods has won multiple awards for its efforts in corporate governance. The Company was named the “Most Transparent Company (Catalist)” at the 17th SIAS Investors’ Choice Awards in 2016 and also awarded the “Transparency Award – SMEs” at the 18th SIAS Investors’ Choice Awards 2017. In 2018, the Group received the “Best Managed Board Award (Gold)” at the Singapore Corporate Awards 2018 and Runner Up in the “Most Transparent Company Award – Hotel/Restaurant” category at the 2018 SIAS Investor Choice Awards. In 2019, it was once again recognised at the Singapore Corporate Awards for “Best Annual Report (Silver)”. In 2022, the Group was once again awarded Runner Up for “Most Transparent Company Award 2022”, Consumer Discretionary Category at the SIAS Investors’ Choice Awards 2022.

#

**Issued on behalf of Japan Foods Holding Ltd by
August Consulting Pte Ltd**

Tel: (65) 6733 8873 Fax: (65) 6733 9913

Wrisney Tan – wrisneytan@august.com.sg

Joanna Tan – joannatan@august.com.sg

*This news release has been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (“**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. This news release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this news release, including the accuracy, completeness or correctness of any of the information,*

statements or opinions made or reports contained in this news release. The contact person for the Sponsor is Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.