



REFINING  
OUR APPROACH

Annual Report 2020  
Japan Foods Holding Ltd.

# JAPAN FOODS HOLDING LTD.

## Corporate Presentation

### HY 2021

6 months ended  
30 September 2020

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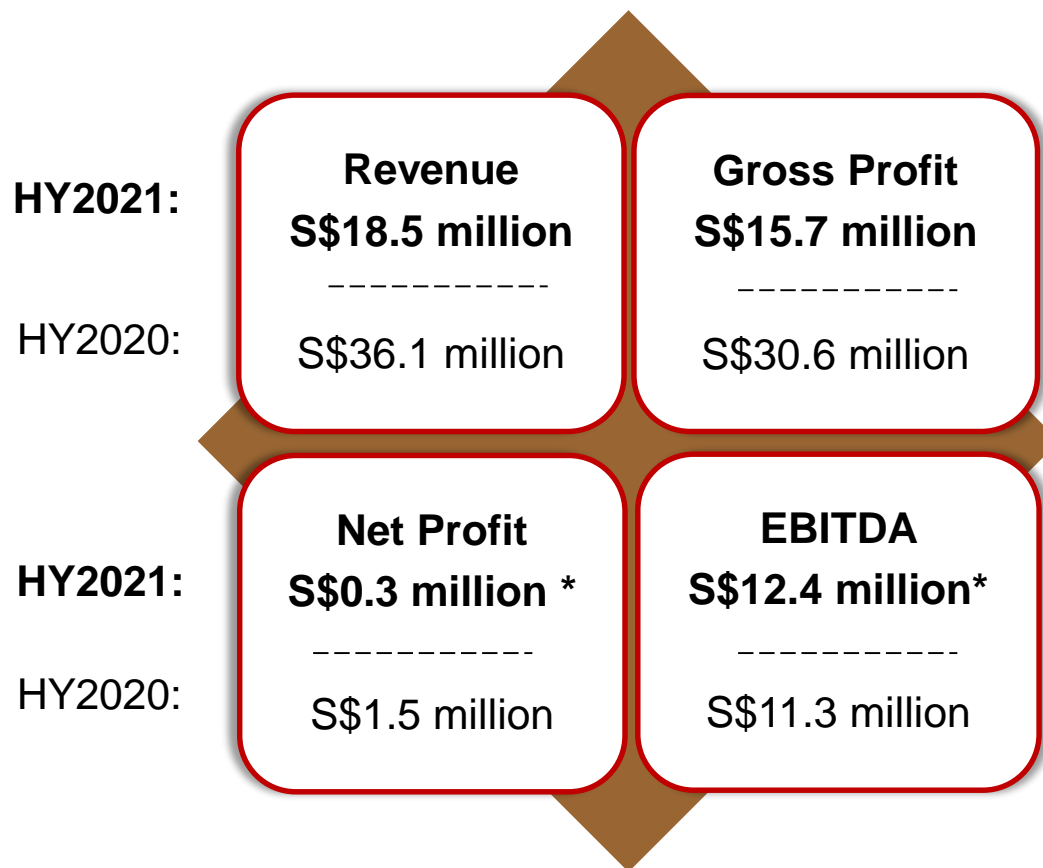
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# JAPAN FOODS HOLDING LTD.

## Overview of HY2021

# Performance at a glance



**Note:**  
*All financial figures have been rounded*

*\*The Group has elected to early adopt the Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions ("Amendment") which is effective from 1 June 2020. Under the Amendment, as a practical expedient, the Group may elect to account for any change in lease payments resulting from rent concession as if the changes were not a lease modification. As a result of this election, the Group has recognized rent concessions of S\$5.3 million under other income in respect of the half year ended 30 September 2020.*

# Our Singapore network

Restaurant Brands	As at 30 Sep 2020	As at 30 Sep 2019
Afuri Ramen	2	1
Ajisen Ramen <sup>(a)</sup>	16	16
Karamen	-	2
Curry Is Drink	1	1
Fruit Paradise	2	2
Ichiro Ramen	1	-
Japanese Gourmet Town	1	1
Kagurazaka Saryo	2	2
Kazokutei	1	1
Konjiki Hototogisu	8	5
Menya Musashi	8	11
Menzo Butao	1	2
New ManLee Bak Kut Teh	1	1
Osaka Ohsho <sup>(b)</sup>	5	5
Shitamachi Tendon Akitmitsu	6	7
Yonehachi	2	1
Shoryo Ramen	2	-
<b>TOTAL RESTAURANTS</b>	<b>59</b>	<b>58</b>

<sup>a</sup> Includes 5 “Den by Ajisen Ramen” brand restaurants

<sup>b</sup> 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



# Growing network (as at 30 Sep 2020)



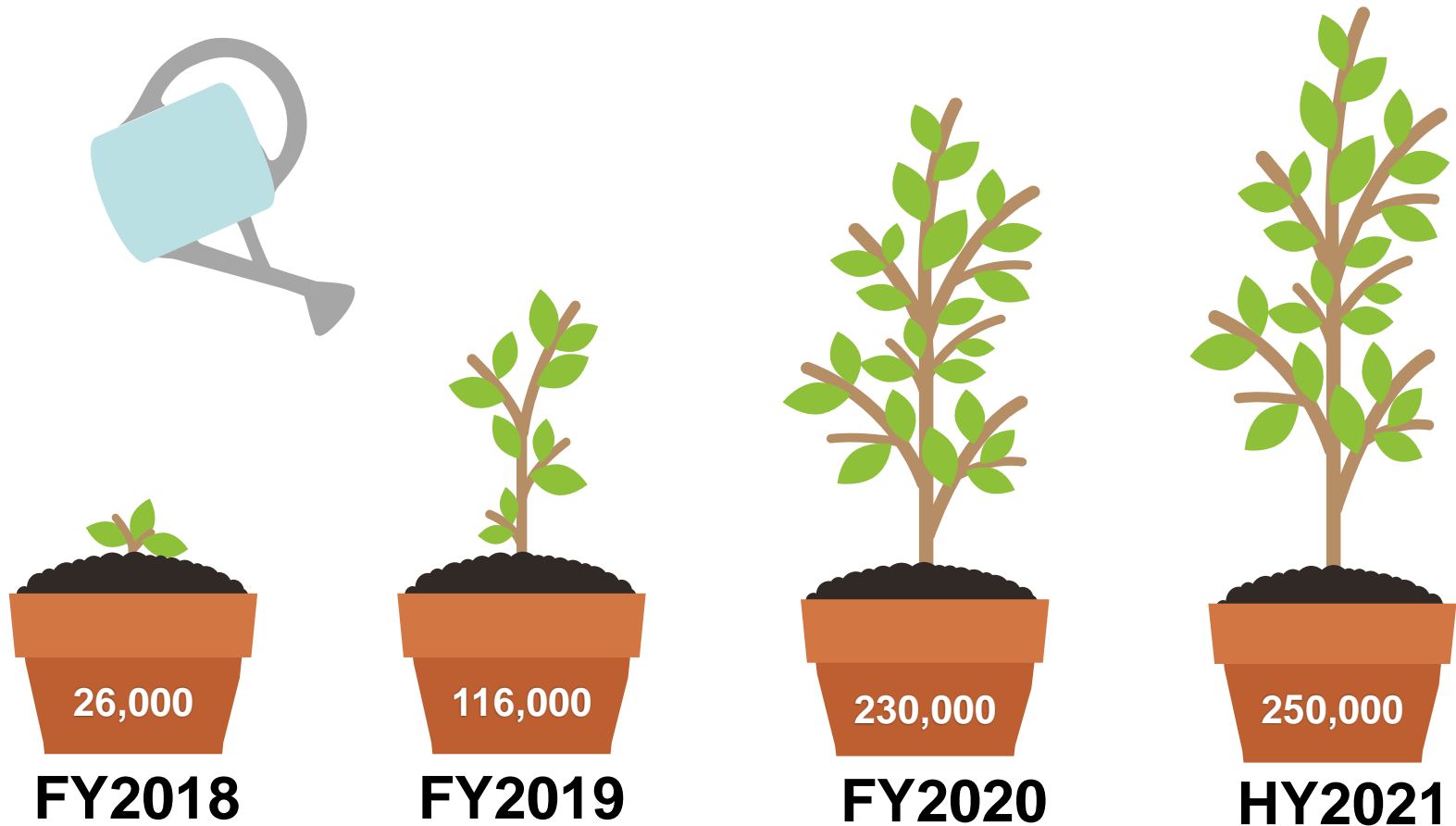
The Group, together with its sub-franchisees, operates a total of 59 restaurants under various brands in Singapore and 1 “Ajisen Ramen” brand restaurant in Malaysia. It also has interests in 17 restaurants in Indonesia, Hong Kong and China through associated companies.

**59** Self-operated restaurants

**17** Restaurants through associated companies

**1** Restaurants operated by sub-franchisees

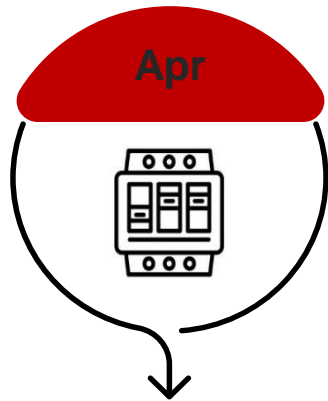
# JFH Rewards Programme: Steady membership growth since launch



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# Covid-19 pandemic: Business Update

## Singapore operations (April – Sep 2020)



### Start of Circuit Breaker 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



### Circuit Breaker Extended Expanded operations

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



### Phase 1 Operational status quo

- Continued to operate 30 restaurants only for takeaways and food deliveries with support from central kitchen and HQ



### Phase 2 Resumed operations

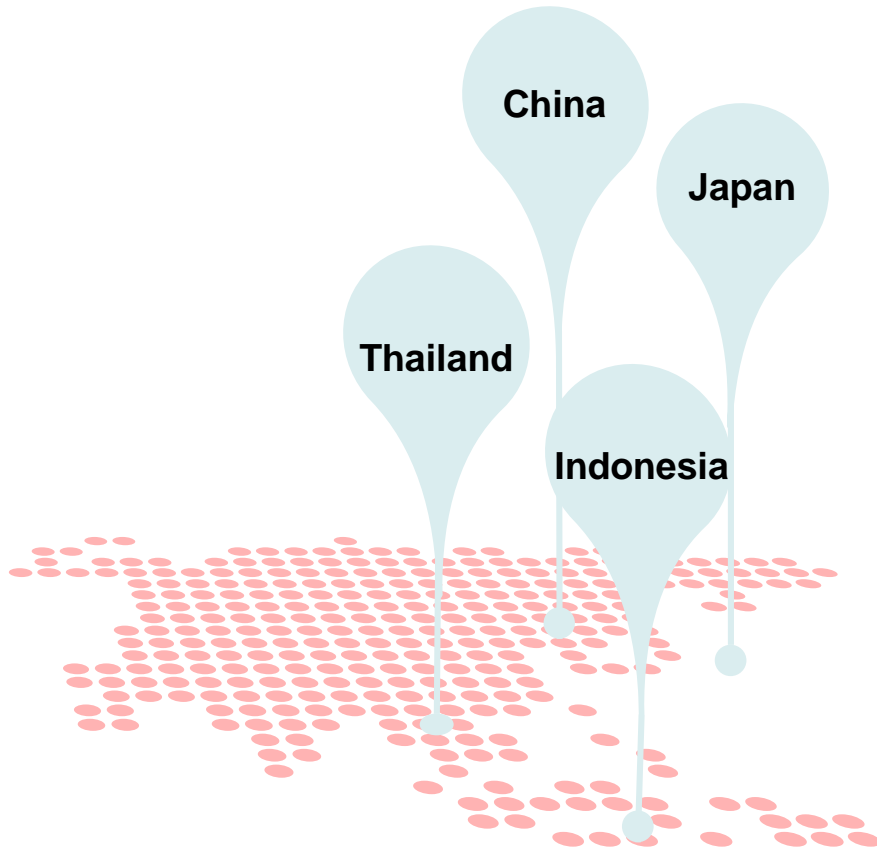
- All of the Group's restaurants resumed operations.
- However, the Group's revenue has yet to fully recover due to lower footfall in shopping malls, especially restaurants located in CBD areas, the implementation of social distancing, travel restrictions, WFH arrangements and the onset of economic downturn.

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# Covid-19 pandemic: Business Update

## Overseas operations (April – Sep 2020)



### Share of results of associated companies

- The Group recorded a share of profit for its associated companies of S\$35,000 in HY 2021 as compared to a share of loss of S\$46,000 in HY 2020.
- The “Menya Musashi” brand restaurants in China and “Hototogisu” brand restaurant in Hong Kong generated profits during HY 2021.
- This was partially offset by the Group’s share of loss incurred at “Menya Musashi” brand restaurants in Hong Kong and Indonesia.

### Disrupted planned store openings in Japan<sup>a</sup>

- The Group has executed a tenancy agreement in Tokyo and, barring unforeseen circumstances, plans to commence operation by March 2021.

a. To be operated by Dining Collective, which is 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

# Covid-19 pandemic: Gearing up for Phase 3

## Reinvigorating restaurant portfolio

**Launching November 2020 !!**

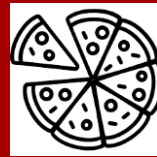
### **New concept with Minor Singapore**

- The Group is planning to debut its first pizza restaurant, “Pizzakaya”, at Vivocity.



### **First Halal concept restaurant**

- The Group will be unveiling its first Halal concept restaurant, Tokyo Shokudo, at Tampines Mall. It's currently in the process of obtaining a Halal certification.

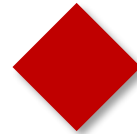


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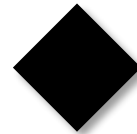
# Business strategy amidst the pandemic



Intensify its efforts to control costs



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



Improve operational efficiency



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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## Financial Highlights HY2021

# Financial highlights

Six months ended 30 September

S\$' m	HY2021	HY2020	Change (%)
Revenue	18.5	36.1	(48.7)
Gross Profit	15.7	30.6	(48.8)
Gross Profit Margin (%)	84.5	84.7	(0.2) pts
EBIT	0.9	1.9	(52.6)
EBIT margin (%)	2.0	5.3	(3.3) pts
EBITDA	12.4	11.3	9.7
EBITDA margin (%)	67.0	31.3	35.7 pts
Net Profit After Tax (NPAT) <sup>a</sup>	0.3	1.5	(80.2)
NPAT Margin (%)	1.6	4.2	(2.6) pts
Earnings Per Share <sup>b</sup> (S'pore cents)	0.17	0.87	(80.5)
Return on Equity <sup>c</sup> (%)	1.9	9.0	(0.8) pts

**Note:**

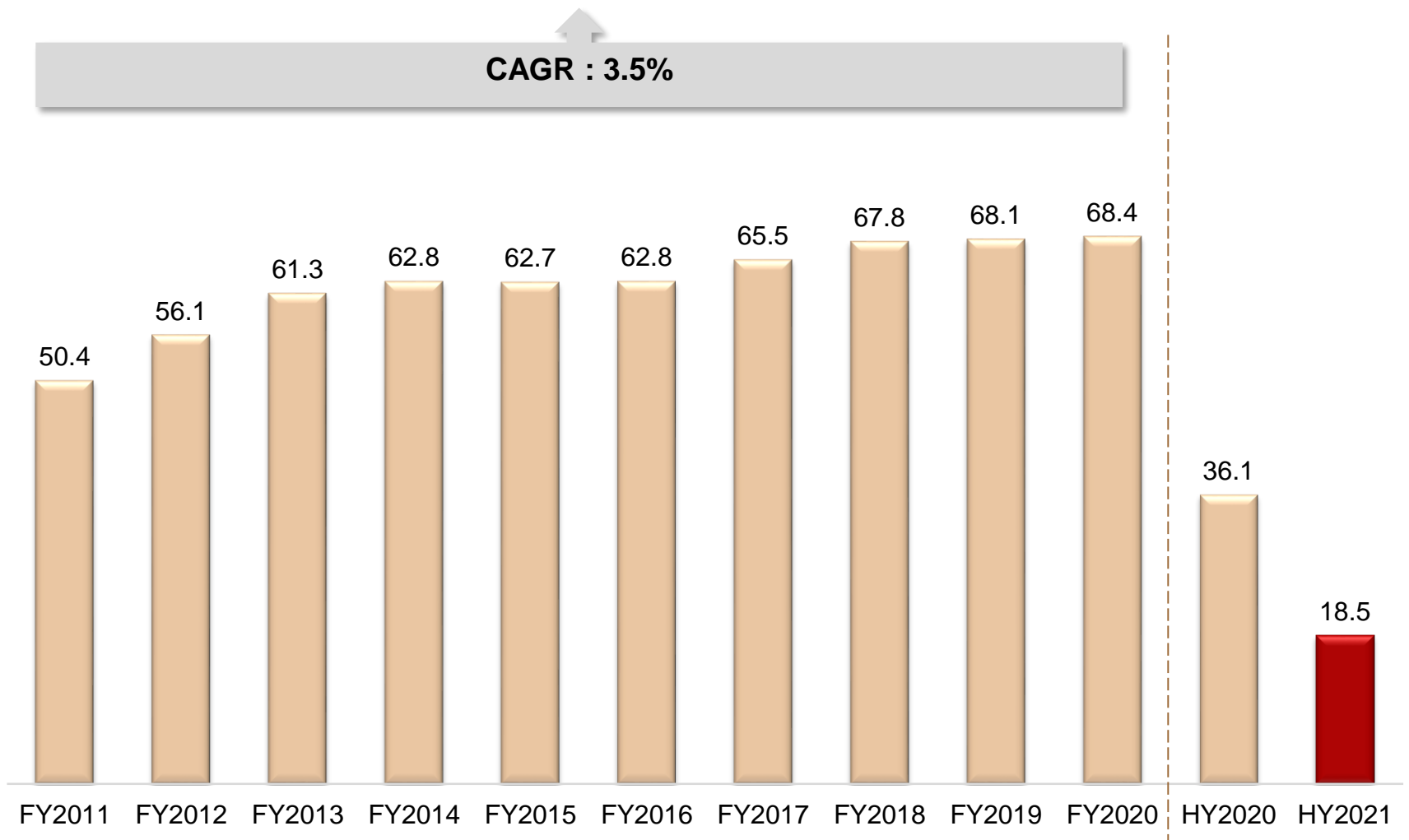
**All financial figures have been rounded**

a) The Group has elected to early adopt the Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions ("Amendment") which is effective from 1 June 2020. Under the Amendment, as a practical expedient, the Group may elect to account for any change in lease payments resulting from rent concession as if the changes were not a lease modification. As a result of this election, the Group has recognized rent concessions of S\$5.3 million under other income in respect of the half year ended 30 September 2020.

b) EPS was computed based on the weighted average number of shares of 173,864,729 shares and 173,731,425 shares in HY 2021 and HY 2020 respectively

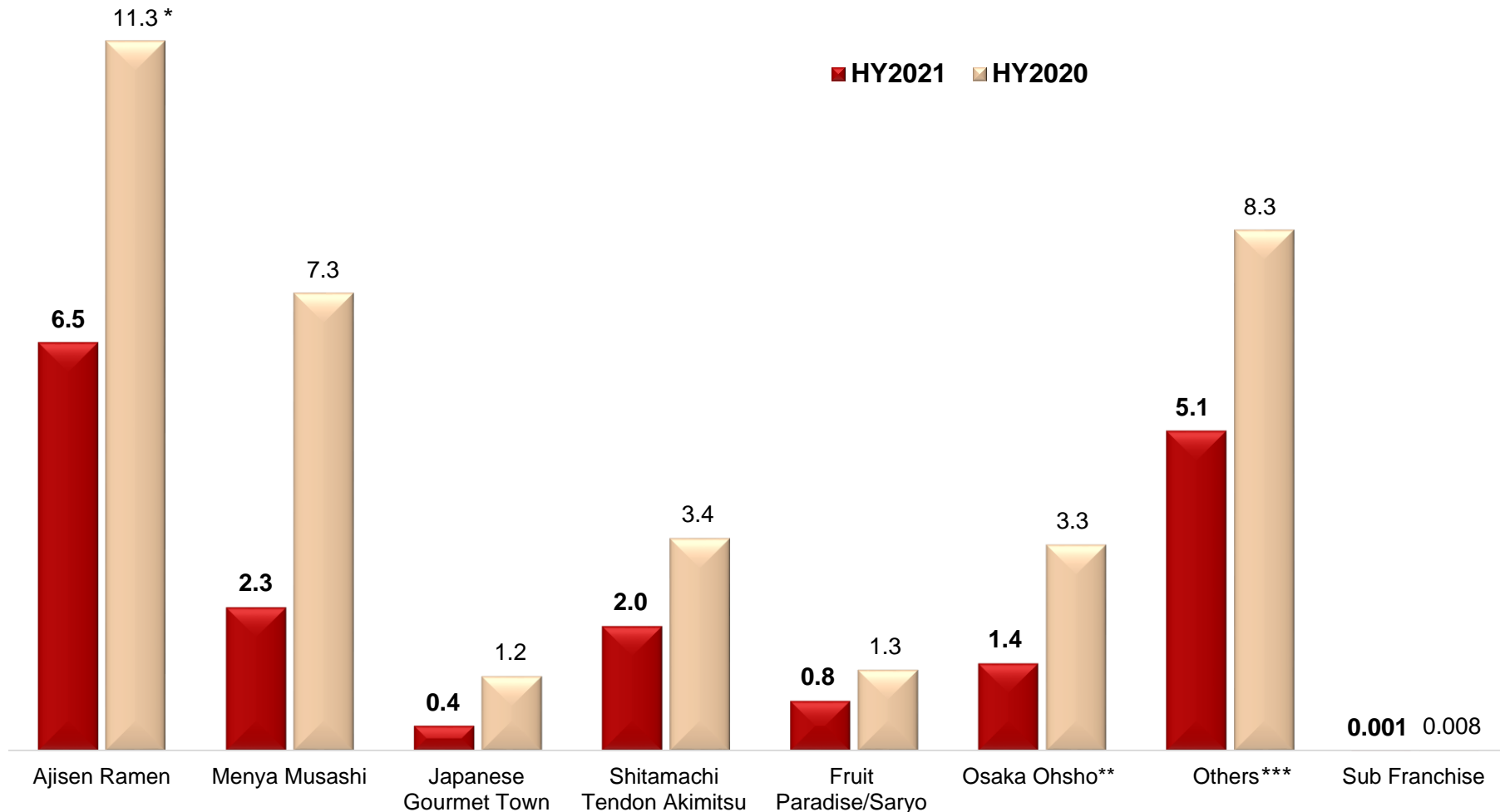
c) Annualised

# Revenue (S\$' m)





# Revenue mix by brands (S\$' m)



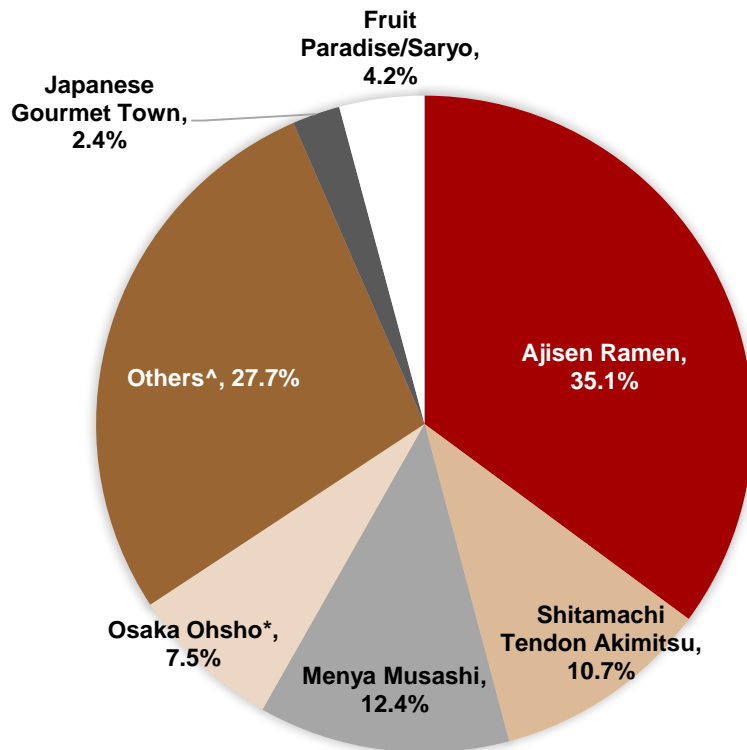
\* Includes Kara-Men

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

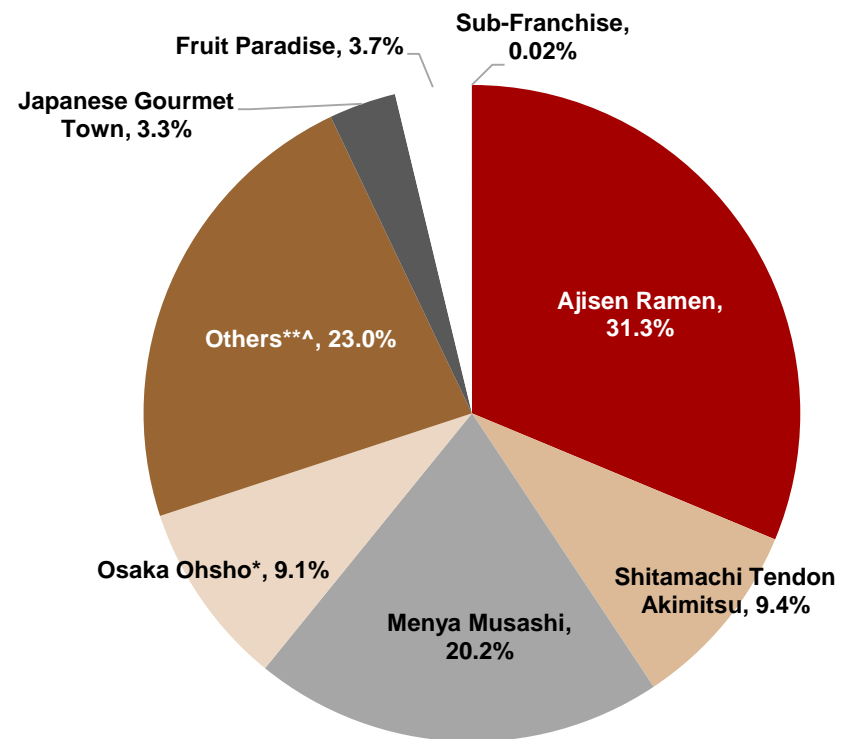
\*\*\* Includes the impact of JFH Rewards where reward points known as J\$ earned by members (net of expired points of approximately S\$0.3 million) amounting to S\$0.1 million was deducted from the corresponding revenue recognised in HY2021 in accordance with the relevant accounting standard (as compared to S\$0.7 million in HY2020)

# Revenue breakdown

## HY2021



## HY2020



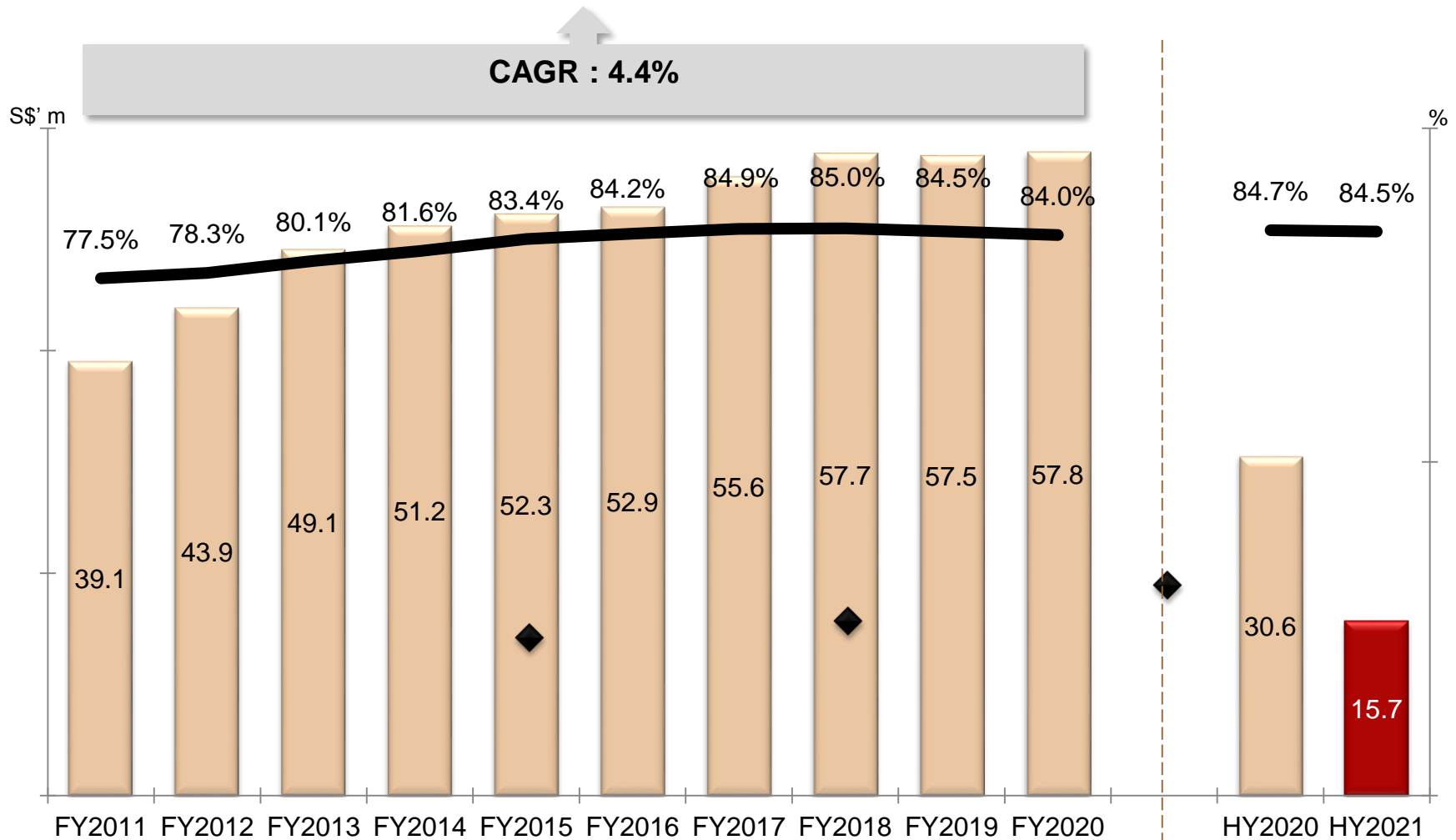
Notes:

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

\*\* Includes revenue contribution from one new restaurant brand "AFURI Ramen"

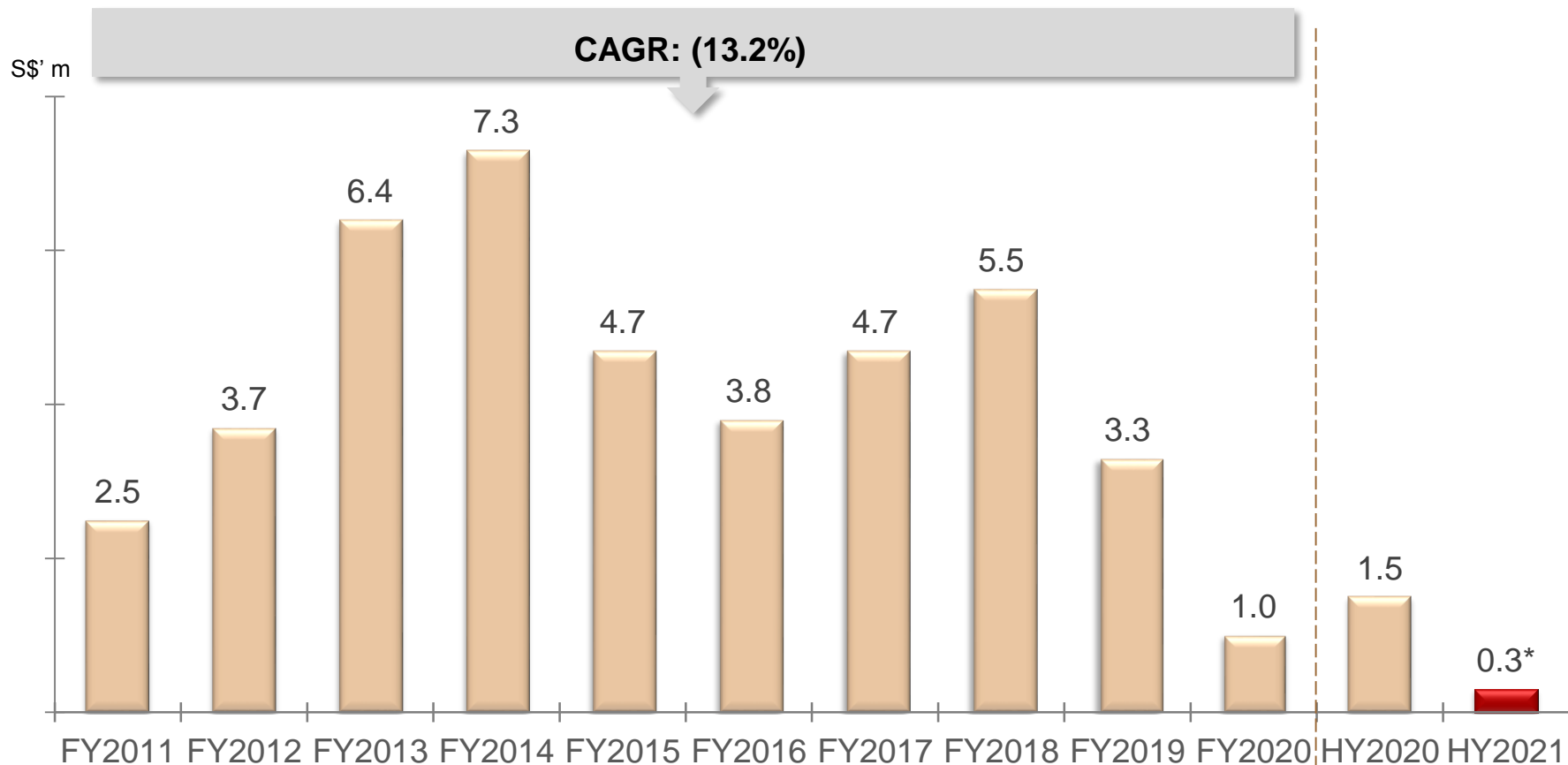
^ Includes the impact of JFH Rewards where reward points known as J\$ earned by members (net of expired points of approximately S\$0.3 million) amounting to S\$0.1 million was deducted from the corresponding revenue recognised in HY2021 in accordance with the relevant accounting standard (as compared to S\$0.7 million in HY2020)

# Gross Profit and Gross Profit Margin



**Note:**  
All financial figures have been rounded

# Net Profit



**Note:**

**All financial figures have been rounded**

*\*The Group has elected to early adopt the Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions ("Amendment") which is effective from 1 June 2020. Under the Amendment, as a practical expedient, the Group may elect to account for any change in lease payments resulting from rent concession as if the changes were not a lease modification. As a result of this election, the Group has recognized rent concessions of S\$5.3 million under other income in respect of the half year ended 30 September 2020.*

# Cash Flow

S\$ 'm	6 months ended 30 Sep 2020	6 months ended 30 Sep 2019	Change (%)
Net cash generated from operating activities	13.3	12.4	▲ 7.3
Net cash used in investing activities	(0.6)	(2.7)	▼ 2.1
Net cash used in financing activities	(10.3)	(9.0)	▲ 1.3
Net increase in cash and cash equivalents	2.4	0.7	▲ 242.9
Cash and cash equivalents at beginning of financial year	17.6	19.5	▼ 9.7
Cash and cash equivalents at end of financial period	20.0	20.2	▼ 1.0

*Note:  
All financial figures have been rounded*

# Key Financial Ratios

	As at 30 Sep 2020	As at 31 Mar 2020	Change (%)
Cash and bank balances (S\$m)	22.6	20.4	▲ 10.8
Total assets (S\$m)	72.6	78.1	▼ 7.0
Total equity (S\$m)	31.2	31.4	▼ 0.6
Net cash ratio <sup>(1)</sup>	0.9	0.8	▲ 12.5
Net asset value per share (S'pore cents) <sup>(2)</sup>	17.95	18.03	▼ 0.4
Net cash per share (S'pore cents) <sup>(2)</sup>	12.9	11.7	▲ 10.3

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 173,857,200 shares as at 30 September 2020 and 174,007,200 shares as at 31 March 2020.

*Note: All financial figures have been rounded*



# Interim Dividend

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

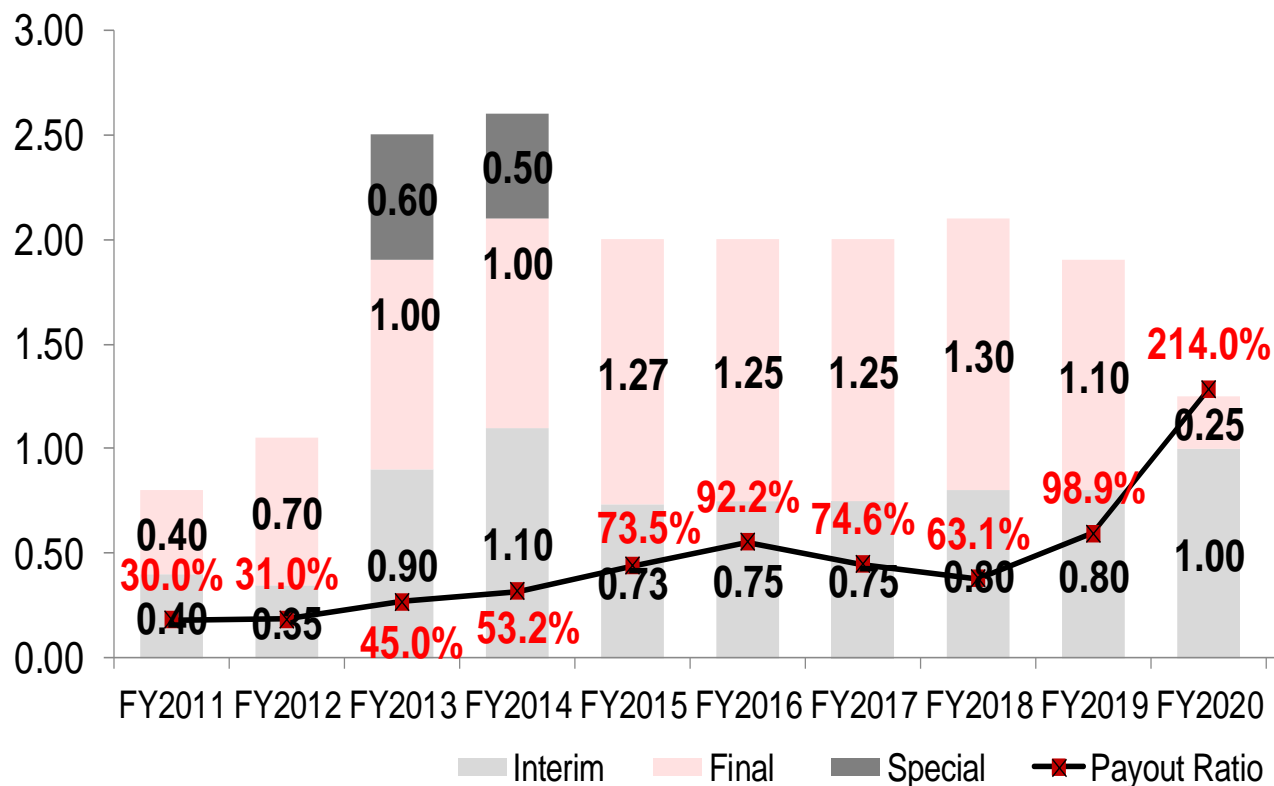


- Dividend payout ratio: **Approximately 435% of earnings** for HY 2021.
- A reflection of the Group's confidence in the sustainability of the business.

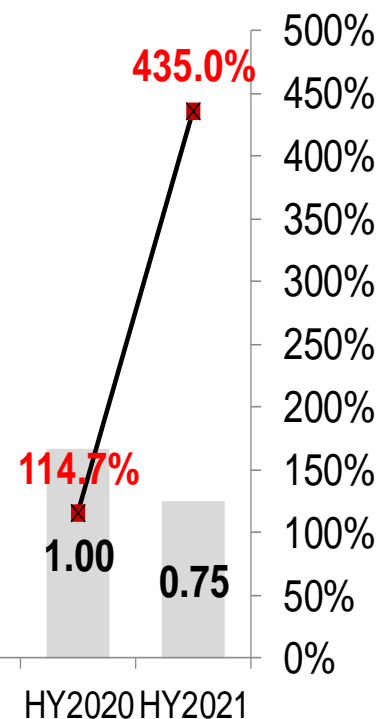
*Note: All financial figures have been rounded*

# Dividend History

Dividend Per Share  
(Singapore cents)



Dividend Payout Ratio (%)



*Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances, Japan Foods announced its intention in May 2017 to raise target dividend payout ratio to **at least 50%** of its audited consolidated net profits attributable to shareholders annually.*

# Peer Comparison

	Market Cap (S\$ 'm)	Price (S\$)	Net profit margin (%)	ROE (%)	Net Debt / Equity	P/E	Div yield (%)
<b>Japan Foods</b>	53.026	0.305	1.5	3.2	0.5	52.1	4.1
<b>ABR Holdings</b>	140.7	0.700	1.6	2.1	-	71.3	2.1
<b>Sakae Holdings</b>	17.2	0.123	-1.9	-	1.1	-	-
<b>Soup Restaurant</b>	23.7	0.085	1.8	7.7	0.5	31.3	2.4
<b>Tung Lok Restaurant</b>	30.2	0.110	-3.3	-	0.677	-	-
<b>Katrina</b>	37.3	0.161	-7.7	-	9.9	-	-
<b>Jumbo</b>	204.9	0.320	7.6	17.0	-	17.6	3.8
<b>RE&amp;S Holdings</b>	28.3	0.080	-4.7	-	2.5	-	5.6
<b>Kimly Limited</b>	326.9	0.275	9.6	22.8	-	16.3	4.9
<b>No Signboard Holdings</b>	13.9	0.030	-19.0	-	-	-	-

Source: ShareInvestor.com, data as at 9 Nov, 2.50pm

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

The image shows the cover of the 2020 Annual Report for Japan Foods Holding Ltd. The cover is dark grey with a textured, stone-like appearance. At the top center is a small gold flower logo. Below it, the title "REFINING OUR APPROACH" is written in red and white. Underneath the title, it says "Annual Report 2020" and "Japan Foods Holding Ltd." in small white text. The main visual is a top-down view of a blue-rimmed bowl of ramen, filled with noodles, broth, a soft-boiled egg, a piece of salmon, a piece of pork, green onions, and a piece of seaweed. A hand is visible on the left side, holding a small white garnish.

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**Thank You!**