

JAPAN FOODS HOLDING LTD.

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Japan Foods reported higher revenue in FY2024 due to network expansion

- Number of restaurants rose to 79 as at 31 March 2024 from 65 as at 31 March 2023, led by new brand launches and rapid growth of Halal-concept segment
- Bottomline affected by significantly higher expenses due to enlarged operations
- Intends to focus on improving profitability through network optimisation, same-store performance and overall cost control moving forward
- Proposes final dividend of 0.2 Singapore cent per share, which together with interim dividend of 0.3 Singapore cent per share, brings total dividend for FY2024 to 0.5 Singapore cents per share

Financial Highlights (S\$' million)	Twelve months ended 31 Mar		Change (%)
	2024	2023	
Revenue	86.4	78.5	10.0
Gross profit	73.1	66.4	10.1
Gross profit margin (%)	84.7	84.6	0.1% point
(Loss) / Profit before income tax	(0.6)	4.9	N.M.
Net (loss) / profit attributable to equity holders of the Company	(0.5)	4.1	N.M.
Net asset value ("NAV") per share (Singapore cents) ^	17.1	18.8	(9.0)

^ NAV was computed based on 173,806,200 shares as at 31 March 2024 and 174,394,200 shares as at 31 March 2023.

SINGAPORE, 24 May 2024 – Japan Foods Holding Ltd. ("Japan Foods" or the "Company" and together with its subsidiaries, the "Group"), one of Singapore's largest restaurant groups that specialises in Japanese cuisine, has reported higher revenue for the financial year ended 31 March 2024 ("FY2024"), surpassing its previous year's record.

Year-on-year ("yoy"), the Group's topline rose 10.0% to S\$86.4 million in FY2024, lifted mainly by the significant expansion of its restaurant network to 79 restaurants from 65 in the preceding financial year ended 31 March 2023 ("FY2023"). This was driven by the continued growth of its Halal-concept segment, which increased to 39 restaurants as at 31 March 2024 (as at 31 March 2023: 26 restaurants).

Rising in tandem with revenue, gross profit came in 10.1% higher yoy at S\$73.1 million with gross profit margin notching an uptick of 0.1 basis points to 84.7% due to adjustments in menu prices to reflect the higher cost of raw materials.

Despite the topline performance, the Group recorded a net loss of S\$0.5 million in FY2024 as compared to a net profit of S\$4.1 million in FY2023. This was mainly because of a 17.7% yoy increase in selling and distribution expenses due to higher manpower costs, utilities expenses, and depreciation charges of plant and equipment and right-of-use assets. In addition, the Group also incurred write-off of renovation costs due to the rebranding of outlets, impairment loss relating to certain non-performing stores and impairment loss on a loan provided to a joint venture company due to the cessation of the “Siam Smith” brand restaurant in Tokyo.

As at 31 March 2024, Japan Foods remained debt-free with cash and bank balances of S\$11.5 million.

FY2024 Network Updates

- **Directly operated by the Group**

In FY2024, the Group remained focused on its goal to build a robust brand portfolio for long term growth. The following table shows the number of restaurants operated by the Group under its franchised and self-developed brands:

Franchised brands	As at 31 March 2024	As at 31 March 2023
Ajisen Ramen	11	12
Afuri Ramen	1	2
Kageyama	1	-
Konjiki Hototogisu	11	7
Menya Musashi	3	4
Menzo Butao	1	1
Nakiryu	-	1
New ManLee Bak Kut Teh	1	1
Osaka Ohsho	1	3
Shitamachi Tendon Akimitsu	3	4
Tori Sanwa	3	-
Yonehachi	1	2
Self-developed restaurant brands		
Ajisen Shokudo*	-	1

BBQ Seoul Shokudo*	1	-
BBQ Tori Shokudo*	-	1
Edo Shokudo*	2	1
Fruit Paradise*	5	6 [#]
Godaime*	2	-
Ramen Ichiro	-	1
Kyoto Shokudo*	1	1
Milan Shokudo*	4	-
Milan Tei*	1	-
Romana Pizza & Pasta	1	-
Tokyo Shokudo*	12	8
Yakiniku Kai	1	-
Yakiniku Shokudo*	11	8
Yakiniku Taro	1	1
TOTAL RESTAURANTS	79	65

* Halal-concepts

Includes one restaurant operated under the franchised brand “Kagurazaka Saryo”, which had since ceased in January 2024.

The Group’s Halal-concept brands continued to generate strong revenue growth with the flagship “Tokyo Shokudo” brand and “Yakiniku Shokudo” brand contributing a combined S\$9.7 million increase in sales in FY2024. Sales from the “Konjiki Hototogisu” brand increased by S\$1.1 million mainly because four new restaurants were added under this brand.

Combined revenue from non-Halal flagship brands namely “Ajisen Ramen”, “Menya Musashi”, “Shitamachi Tendon” and “Osaka Ohsho” declined by S\$7.1 million mainly due to conversion of existing stores to other brands. The Others segment, which comprise all the remaining brands, saw revenue increase of S\$4.2 million due to new restaurant openings under various brands and sales growth from certain existing stores, but partially offset by the closure of a “Nakiryu” brand restaurant.

The Group’s JF Rewards programme in Singapore attracted new members in FY2024 and grew to 399,000 members as at 31 March 2024 compared to 363,000 members as at 31 March 2023. The Group intends to step up its marketing efforts by tapping into this loyalty

programme. Reward points earned by members amounted to S\$1.3 million in FY2024 (FY2023: S\$1.2 million), net of expired points of approximately S\$0.1 million.

- **Operated by associated companies and joint venture**

Elsewhere in the region, Japan Foods' overseas network operated by its associated companies remained unchanged at 17 restaurants as at 31 March 2024. They comprised six restaurants in Hong Kong, four restaurants in China and two restaurants in Indonesia under the "Menya Musashi" brand, as well as four restaurants in Hong Kong and one restaurant in Shanghai under the "Konjiki Hototogisu" brand.

The Group's joint venture company ("**JVC**") with Minor Food Group (Singapore) Pte. Ltd., Dining Collective Pte Ltd, operated one "Pizzakaya" brand restaurant and two "Extra Virgin Pizza" brand restaurants in Singapore as at 31 March 2024.

Share of results of associated companies and joint venture rose to S\$254,000 in FY2024 from S\$205,000 in FY2023 mainly due to higher profit generated by "Konjiki Hototogisu" brand restaurants in Hong Kong and partially offset by the loss incurred by associated companies operating the "Menya Musashi" brand restaurants in both Hong Kong and Indonesia. Meanwhile, the joint venture company incurred losses but no share of loss was captured in FY2024 as the accumulated loss had exceeded capital contribution of S\$100,000.

Revision in Dividend Policy

For financial resilience and prudence, amidst challenging and uncertain market conditions, the Board has adjusted the Company's dividend policy¹. From the current financial year ending 31 March 2025 onwards, the Company will target to distribute at least 50% of the audited consolidated net profit attributable to shareholders.

Notwithstanding that the Group had incurred a net attributable loss to equity holders of the Company in FY2024, the Board is proposing a final dividend of 0.2 Singapore cent per share, which together with the interim dividend of 0.3 Singapore cent per share, brings total dividend for FY2024 to 0.5 Singapore cents per share.

¹ *The targeted dividend payout ratio is subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances. The amount of dividends will depend on 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. The abovementioned statements are merely statements of the Board's present intention and do not constitute legally binding obligations on the Company in respect of payment of dividend.*

Outlook

The significant expansion in restaurant network and brand portfolio will contribute to the Group's future revenue growth, and the increase in the number of Halal concept restaurants will solidify Japan Foods' position in this segment of the market.

The Group expects the next 12 months to remain challenging due to prevailing market conditions. These include intense industry competition, the persistent manpower crunch and high raw material and operational costs arising from inflationary pressures.

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *"The significant expansion of our network in FY2024 was partly because there were opportunities to secure some good locations and we had assessed these taking into consideration expiring leases that we do not intend to renew because of low customer traffic.*

"Looking ahead, network expansion is likely to be at a more measured pace as we shift our focus to improving profitability by driving the performance of individual restaurants, while exercising financial prudence to manage our expenses. While we rejuvenate existing brands, we will also continue to innovate and whet the appetite of diners by delivering new offerings with refreshing ideas and concepts."

The latest addition to Japan Foods' brand family is "Katsuyoshi". This is the Group's first self-developed katsu concept brand. It features Japanese-style deep fried pork or chicken cutlet with free-flow of servings of shaved cabbage and steamed rice. The first store opened in Plaza Singapura in April 2024.

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Note:

This press release is to be read in conjunction with the SGXNet announcement released by the Company on the same date.

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 31 March 2024, the Group operated 79 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 with Halal-concept brands restaurants under its “Shokudo” brand umbrella.

Japan Foods 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)”. At the SIAS Investors Choice Awards 2022, Japan Foods was a Runner Up for the “Most Transparent Company Award – Consumer Discretionary” category.

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**Issued on behalf of Japan Foods Holding Ltd by
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*This news release has been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (“**Sponsor**”). This news release 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 news release, including the correctness of any of the 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.*