

JAPAN FOODS HOLDING LTD.

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Japan Foods to focus on profit recovery and streamlining of restaurant network

- Revenue rose 1.1% to S\$43.4 million as restaurant network stood at 84 restaurants in HY2025.
- Bottomline impacted by higher overall operating expenses, leading to a loss of S\$1.6 million in HY2025.
- New franchised brands launched in HY2025 included “Tororitenshi no Warabi Mochi” and “Kumachan Onsen”, which are highly popular in Japan.

Financial Highlights (S\$' million)	Six months ended 30 Sep		Change (%)
	2024 ("HY2025")	2023 ("HY2024")	
Revenue	43.4	43.0	1.1
Gross profit	36.7	36.3	1.1
Gross profit margin (%)	84.5	84.4	0.1% pt
Net (loss) / profit attributable to equity holders of the Company	(1.6)	0.1	N.M.
Net asset value ("NAV") per share (Singapore cents) ⁽¹⁾	15.98 (as at 30 Sep 2024)	17.12 (as at 31 Mar 2024)	(6.7)

Note: All financial figures have been rounded.

¹ NAV was computed based on 173,686,200 shares as at 30 September 2024 and 173,806,200 shares as at 31 March 2024.

SINGAPORE, 14 November 2024 – Japan Foods Holding Ltd. (“Japan Foods” or the “Company” and together with its subsidiaries, the “Group”), has reported higher revenue of S\$43.4 million for the six months ended 30 September 2024 (“HY2025”) as compared to S\$43.0 million in the corresponding six months in 2023 (“HY2024”). The improvement in topline was attributed mainly to the strong performance of the Group’s Halal segment, partially offset by weaker revenue contribution from its non-Halal segment.

In Singapore, the Group operated 84 restaurants as at 30 September 2024 (30 September 2023: 72 restaurants). Its non-Halal segment comprised 12 brands across 39 restaurants as at 30 September 2023 compared to 16 brands across 47 restaurants as at 30 September

2024. Revenue contribution from this segment declined 9.3% year-on-year (“yoy”) to S\$21.4 million¹ in HY2025.

Although the number of Halal brands remained unchanged at nine², the number of restaurants rose from 33 restaurants as at 30 September 2023 to 37 as at 30 September 2024. This segment continued to achieve strong revenue performance with a 13.4% yoy increase to S\$22.0 million³ in HY2025.

In line with higher revenue, gross profit increased 1.1% yoy to S\$36.7 million in HY2025 with gross profit margin rising 0.1 percentage point to 84.5%.

The Group’s other income was up 389.8% yoy to S\$1.8 million in HY2025 mainly due to various government grants received and lease compensation for relocation of a restaurant within VivoCity. This was partially offset by foreign exchange losses of S\$24,000 in HY2025 (HY2024: foreign exchange gains of S\$8,000).

The Group’s share of profit from its associated companies decreased from \$266,000 in HY2024 to S\$214,000 in HY2025. As at 30 September 2024, these associated companies operated 15 restaurants in Hong Kong (9), China (4) and Indonesia (2). The lower profit was mainly due to weaker earnings from restaurants operating under the “Menya Musashi” brand in Hong Kong and Indonesia as well as from restaurants operating under the “Konjiki Hototogisu” brand in China. This was partially offset by higher profit from “Menya Musashi” brand restaurants in China.

Overall operating expenses increased 10.0% yoy in HY2025 in line with the growth of the Group’s operations. The increase was mainly attributable to higher selling and distribution expenses due to increases in depreciation charges of plant and equipment and right-of-use assets, manpower cost, and utilities, as well as an increase in other operating expenses mainly due to write-off of renovation costs upon rebranding of outlets. This was partially offset by lower administrative expenses due to lower bonuses and professional fees in HY2025.

In other operational updates, Japan Foods and Minor Food Group (Singapore) Pte. Ltd. have reached a mutual decision to wind down the business of their joint venture company

¹ Including revenue from “Fruit Paradise” brand restaurants in the month of September 2024.

² “Fruit Paradise” was part of the Halal segment up until 31 August 2024.

³ Excluding revenue from “Fruit Paradise” brand restaurants in the month of September 2024.

Dining Collective Pte Ltd (“**JVCo**”) after taking into consideration the weak performance of the restaurants operated by the JVCo and challenging market conditions. In light of this development, the Group has made a one-off provision of S\$680,000 for impairment loss on the loan provided to the JVCo.

As a result of the aforementioned, Japan Foods recorded a net loss attributable to equity holders of the Company of S\$1.6 million in HY2025.

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *“Looking ahead, we will focus on improving per-store performance and profit recovery. We will also intensify efforts to manage our costs through the streamlining of our restaurant network and our operations for greater efficiency.”*

Outlook & Prospects

Japan Foods expects the operating environment to remain challenging. Economic uncertainties and high inflation have curbed consumer spending. At the same time, the F&B industry continues to grapple with intense competition, manpower crunch and increasing costs of operations and raw materials.

The Group believes its healthy financial position with cash and bank balances of S\$10.1 million, and zero gearing, will enable it to weather through these challenges. It will continue to optimise per-store performance through its restaurant management strategy and tapping into its robust brand portfolio.

In HY2025, Japan Foods launched two new highly popular franchised brands. “Tororitenshi no Warabi Mochi” specialises in warabi mochi and has more than 140 stores across Japan, while “Kumachan Onsen” is a hotpot concept from Tokyo that is unique because of its teddy bear-shaped broth that melts into a rich collagen soup base. It has also started twin-concept stores with the first “Fruit Paradise X Tori Sanwa” restaurant at Jem in Jurong opening in September 2024. Another twin concept restaurant “Yamaya Kitchen X Ajisen Tanjiri” is expected to open at IMM in November 2024.

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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 2024, the Group operated 84 restaurants in Singapore under various self-developed brands and franchised brands such as “Ajisen Ramen”, “Osaka Ohsho”, “Menya Musashi”, and “Konjiki Hototogisu”. The Group is also active in the Halal market with brands including “Tokyo Shokudo” 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 recognised at the Singapore Corporate Awards for “Best Annual Report (Silver)”. The Group subsequently received more accolades from SIAS for its efforts in transparency and disclosure including “Most Transparent Company Award (Consumer Discretionary Category) at the SIAS Investors’ Choice Awards in 2022 when it was Runner Up and in 2023 and 2024 when it was named Winner for both years.

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*This news release has been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (“**Sponsor**”).*

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