Food Innovators Holdings Limited
6 Eu Tong Sen Street
#09-17 The Central
Singapore 059817

RESPONSES TO QUESTIONS RAISED BY THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS") IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025 ("FY2025")

The Board of Directors (the **"Board"**) of Food Innovators Holdings Limited (the **"Company"** and together with its subsidiaries, the **"Group"**) refers to the questions raised by the SIAS in relation to its Annual Report for FY2025, which was issued on 13 June 2025.

The Company has consolidated the questions submitted and has set out responses to the questions in **Annex A** of this announcement.

By Order of the Board
Food Innovators Holdings Limited

Kubota Yasuaki
Executive Director and CEO

27 June 2025

*Food Innovators Holdings Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 16 October 2024. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").*

This announcement has been reviewed by the Sponsor. It has not been examined or approved by the SGX-ST. 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.

The contact person for the Sponsor is Mr. Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

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ANNEX A

Question 1

For the financial year ended 28 February 2025, the group registered a net loss of $4.1 million. Management attributed this primarily to professional fees incurred in connection with the IPO. However, the IPO expenses amounted to just $2.94 million (Financial review, page 15 in the annual report.

(i) Can management clarify whether the group would have still reported a loss after adjusting for the one-off IPO-related expenses? If so, what were the underlying structural drivers of the loss?

Despite management stating that Singapore offers promising growth prospects, two of the group's restaurants in Singapore were closed during FY2025 (including one F&B consulting contract in Japan being terminated). According to media reports, more than 3,000 F&B establishments closed in 2024, the highest in nearly two decades. Operators have regularly cited rising operating costs and acute labour constraints.

(ii) Given the challenging environment in Singapore, what is management's strategy to scale up operations in this market? How does the group plan to allocate growth capital and operational focus between Singapore and Malaysia over the next 24 months?

Food Retail Business Performance At A Glance

Three restaurant operation models to drive growth

No.	Operation Model	Description	Revenue Model	Market	Note
1	Directly owned (including TMT directly owned restaurants)	Establish, operate and manage restaurant outlets owned by our Group	100% of profits retained by the Group	Japan, Singapore, Malaysia	B2C
2	Collaboration	Facilitate the international expansion of quality Japanese food brands	Profit-sharing	Singapore, Malaysia	B2C/B2B
3	F&B Consulting and Operation Management Services	Provide comprehensive end-to-end F&B services, ranging from leasing spaces to providing essential supporting services	Recurring management fees	Japan	B2B

(Source: company annual report)

(iii) With three existing operation models (as shown above), is management prioritising growth through collaborations in Singapore and Malaysia, in view of their lower capital intensity and potentially faster time-to-scale? Do the profit margins differ significantly under each operation model?

Company's Response

(i) The Group would still have reported a loss of S$ 0.4 million after adjusting for one-off IPO-related expenses. The main factors contributing to the loss include:

- Non-cash accounting adjustments, comprising mainly share option expense of approximately S$0.6 million associated with the Food Innovators Holdings Share Option Scheme, and an impairment loss on trademarks of around S$0.1 million.
- Operational loss of approximately S$0.4 million.

(ii) The closure of two restaurants in Singapore during FY2025 reflects our decision to keep only profitable outlets. This does not mean we are pulling out of the market. We remain committed to Singapore. We will continue to explore new opportunities where conditions are favourable.

In both Singapore and Malaysia, we use a collaboration model with Japanese F&B brands. This allows us to open new outlets more easily and with less capital. Presently, we are focusing more on Malaysia due to its strong growth. In particular, we are expanding our Kanbe brand, which has performed well. However, we are not reducing our interest in Singapore. Both markets are important, and we will continue to grow where we see good potential.

(iii) In the overseas market, the Group is prioritising growth through collaboration models, which are relatively asset-light and offer faster time-to-market. These partnerships with established Japanese restaurant operators allow us to scale efficiently while minimising upfront capital outlay and operational risks.

In terms of gross profit margins, the F&B Consulting and Operation Management Service model yields the highest gross margin, followed by directly owned outlets. The collaboration model, while slightly lower in margin, provides a more scalable and flexible path to growth.

Question 2

In the Restaurant Leasing and Subleasing Business ("RLSB") segment, which is carried out in Japan, the group leases restaurant premises from landlords and subleases them to restaurant tenants. As at the end of FY2025, the RLSB portfolio comprised 223 subleased restaurant properties.

(i) For the benefit of shareholders, can management clarify whether this model is specific to the Japanese market?

(ii) What percentage of total restaurant tenancy transactions in Japan follow the lease-sublease model, and how has this figure evolved over the past five years?

(iii) Does management have data on the total addressable market for the RLSB model in Japan? With a 14-year operating track record, what is the group's estimated market share? How does the group compare in scale and profitability against peers such as Tenpo Ryutsu Net, Tenpo Innovation, G Factory Co and ABC Tenpo?

Company's Response

(i) At present, the Group operates the restaurant leasing and subleasing business only in Japan, primarily focusing on major metropolitan areas such as Tokyo.

(ii) There are no such published data in Japan.

(iii) We refrain from providing market share estimates or profitability comparisons as such analysis is subjective and data is limited.

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Question 3

The company has outsourced its internal audit function to BDO Advisory Pte. Ltd.

(i) **What was the scope of the internal audit and what were the key findings and recommendations?**

(ii) **Were all operating subsidiaries in Japan, Malaysia and Singapore included in the internal audit?**

(iii) **Given the company's recent listing, how is the audit committee addressing any legacy control weaknesses from its time as a private company?**

(iv) **Beyond procedural checklists, how is the board ensuring that the organisation's culture and management mindset are aligned with the heightened expectations around disclosure, compliance, and investor accountability expected of public companies?**

Company's Response

(i) The internal audit covered the establishment of internal control procedures and assessed whether these controls were effectively implemented and operating as intended. Based on the internal audit, there are no material risks or findings identified by the Company's internal auditor. Although the internal auditor has identified some medium and low risks, the identified issues have since been resolved and further preventive measures have been implemented by the Company.

(ii) All operating subsidiaries in Japan, Malaysia, and Singapore were included within the scope of the internal audit.

(iii) Following the Group's listing, the Audit Committee, comprising three independent directors, has continued to provide independent oversight of the Group's internal controls and risk management framework. Based on works and reviews conducted by internal auditors, external auditors, and the management, the Audit Committee and the Board are of the opinion that the Group's internal control and risk management systems were adequate and effective for FY2025. (Source: Annual Report FY2025, page 54)

To date, no material legacy control weaknesses from the Group's time as a private company have been identified. Nonetheless, the Group remains committed to continuously reviewing and enhancing its internal control systems to align with the standards expected of a publicly listed company.

(iv) The Board recognises that good governance goes beyond formal compliance.

Since listing, the Group has strengthened oversight, provided regulatory training to directors, and reinforced a culture of transparency and accountability across the organisation.