

## Empire Premium Food Berhad (EMPIRE)

### Building the Empire - Leading Malaysia's Sushi Revolution

- Empire Premium Food Berhad is the largest Malaysia-based multi-format sushi chain operator, principally engaged in the (i) operation of grab-and-go outlets, which strategically situated in high-traffic shopping centers, hypermarkets, and transit hubs for high-convenience takeaway and also (ii) provision of quick dine-in services, encompassing casual sit-down facilities and conveyor belt concepts.
- We project 3-year earnings CAGR of 13.6%, with core PATMI expected to reach RM42.9m-RM55.6m over the next three years. This growth is mainly supported by the upcoming expansion of new outlets nationwide.
- We assign a fair value of RM0.93 per share for EMPIRE, indicating a 32.9% upside from the IPO price of RM0.70. This valuation is based on a P/E multiple of 21.0x pegged to FY27f EPS of 4.42 sen.

### Investment highlights

**Leading market position in the Malaysian sushi chain segment.** The Group is the largest sushi chain operator in Malaysia by both revenue and outlet count. Supported by a network of 143 outlets as at the LPD, the Group achieved a robust revenue of RM235.6m for FY25, representing a two-year CAGR of 31.1%. Meanwhile, revenue also grew from RM113.8m in FPE25 to RM135.8m in FPE26, representing a 19.4% growth.

**Strategic presence in high-traffic retail hubs.** The Group benefits from a highly visible operational model with 100% of its owned outlets strategically located in shopping centres, hypermarkets, airport retail malls, and transit hubs nationwide. These urban and suburban locations provide immediate access to high foot traffic and consistent brand exposure across 13 states and two federal territories, which is critical for driving walk-in transactions and building consumer top-of-mind brand awareness.

**Aggressive outlets expansion.** The Group aims to establish 56 new outlets between FY27 and FY29, supported by its IPO proceeds of RM79.1m. Out of the RM79.1m, RM43.1m is allocated for initial set-up, RM21.9m for staff, and RM14.1m for rental, complemented by the recruitment of 460 additional service crew, continuing to target high-traffic retail hubs. Hence, despite having a market share of merely 0.2%, based on its FY25 revenue against the RM98.6bn estimated Malaysian market size for food away from home in 2024, we believe its market share will continue to expand given the management's aggressive outlet expansion plan over the next 3 years.

**Scalable and replicable business model.** The Group utilizes a simplified, replicable operational structure that facilitates rapid outlets expansion, as evidenced by the opening of 80 new outlets during the Financial Years Under Review and up to the LPD. Centralized procurement and supply chain management allow individual outlets to focus on final on-site preparation and efficient service delivery without the need for complex back-end cooking facilities at every site.

**Proven track record with a core Halal competitive moat.** Having pioneered the grab-and-go sushi concept since 2010, the group's market relevance is further fortified by its commitment to Halal compliance, with 92.3% (132 out of 143) of its outlets currently Halal-certified by JAKIM. This certification serves as a trusted reference that enables the Group to serve a broad segment of Malaysia's diverse consumer base.

**Short payback period to reduce gestation period.** The Group demonstrates strong capital efficiency by achieving an average payback period of approximately 9 months for grab-and-go outlets and 8 months for quick dine-in outlets. We view this as an

IPO Note – Not rated

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### Non-Rated

Share price	RM0.700
Target price	RM0.930
Previous TP	-
Capital upside	32.9%
Dividend return	1.9%
Total return	34.8%

### Company profile

Established in 2010, Empire Premium Food Berhad is the largest Malaysia-based multi-format sushi chain operator, principally involved in the (i) operation of grab-and-go outlets and (ii) provision of quick dine-in services.

### Stock information

Bursa Code	5351
Bloomberg ticker	EMPIRE MK
Listing market	MAIN
Share issued (m)	1100.0
Market Cap (m)	770.0
Shariah compliant	Yes
MITI allocation	Yes

### Major shareholders

Empire 11	67.0%
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### Earnings snapshot

FYE (Mar)	FY25	FY26f	FY27f
PATMI (m)	37.9	42.9	48.7
EPS (sen)	3.4	3.9	4.4
P/E (x)	20.3	17.9	15.8

### Timetable of IPO

Opening of application	25 March
Closing of application	31 March
Balloting of application	7 April
Allotment of the IPO shares	16 April
Listing on the MAIN market	17 April



investment merit, as the rapid capital recovery allow the Group to quickly recycle cash flow into further network expansion and also effectively shortening gestation periods.

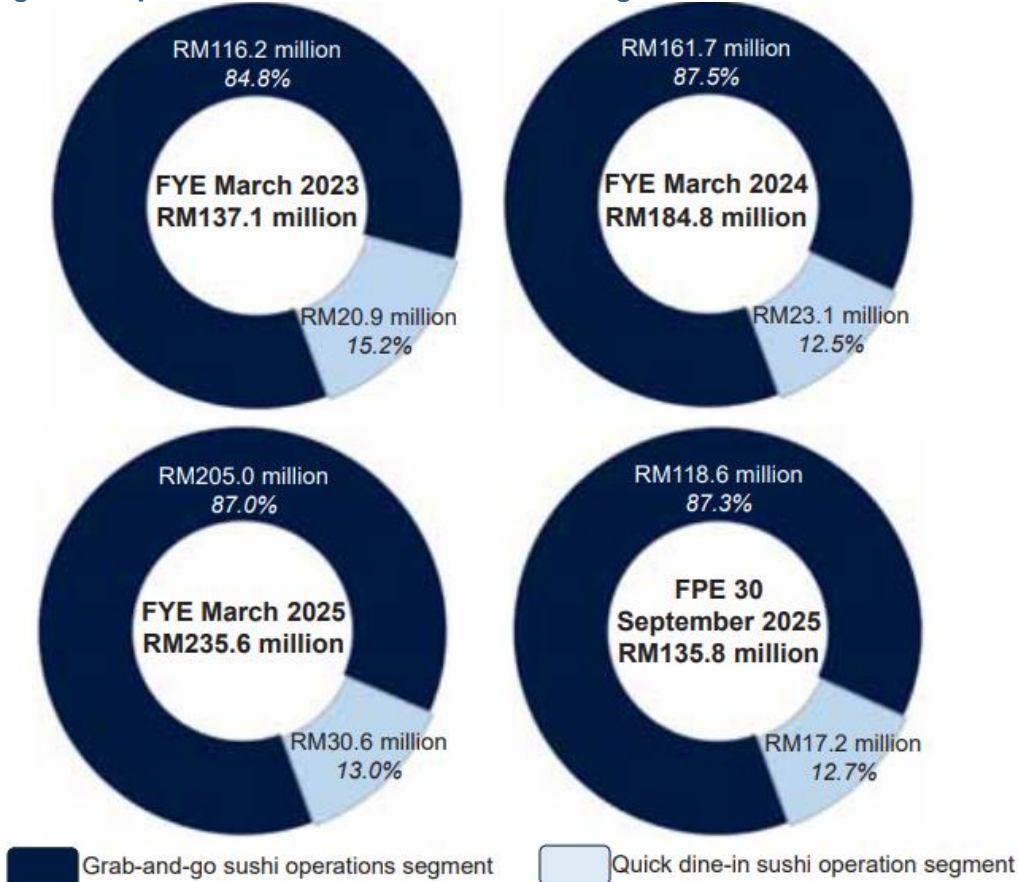
### Company background

Founded in 2010, Empire Premium Food Berhad has a 16-year track record as a multi-format sushi chain operator in Malaysia. The Group, through its sole subsidiary Empire Sushi Sdn Bhd, specializes in the quick-service sushi concept, offering localized, ready-to-eat Japanese-style sushi tailored to Malaysian taste profiles. The Group's business model focuses on high-traffic locations, with revenue generated through two main operational segments:

- i. **Grab-and-Go Outlets.** This format is designed for convenience and rapid turnover. As at LPD, the Group operates 127 grab-and-go outlets, which accounted for approximately 87.3% of total revenue in FPE26.
- ii. **Quick Dine-in Outlets.** This format provides limited seating for customers seeking a fast sit-down meal. The Group operates 16 quick dine-in outlets, including a conveyor belt concept, contributing approximately 12.7% of total revenue in FPE26.

As at the LPD, the Group has established a network of 143 outlets nationwide, with 92.3% (132 out of 143) of its outlets currently Halal-certified.

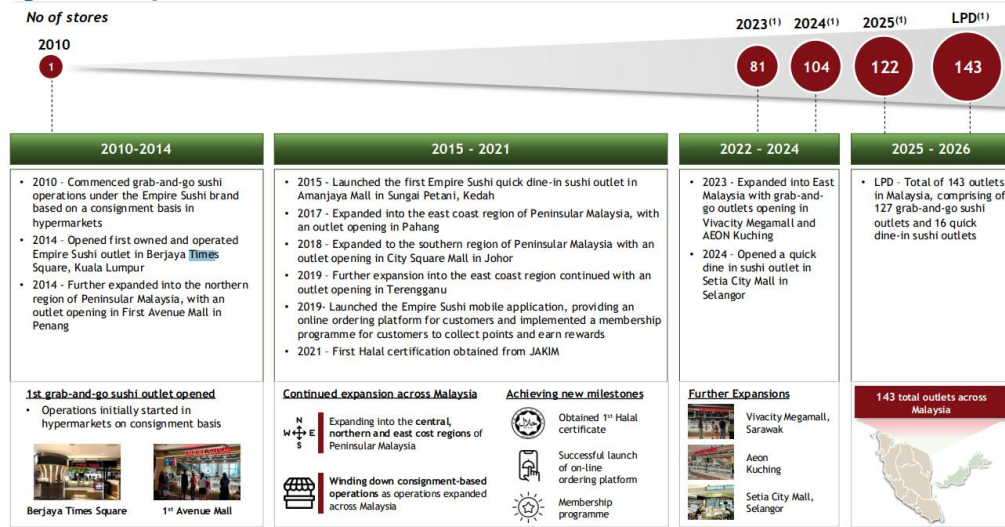
**Fig #1 Empire Premium Food Berhad's revenue segmentation**



Source: Empire Premium Food Berhad



**Fig #2 Corporate milestones**



Source: Empire Premium Food Berhad

## Substantial Shareholders and Key Management

### 1. Nicole Lim – Non-Independent Executive Director, CEO

As the co-founder and promoter of the Group, she has been involved in the business since the launch of the first "Empire Sushi" outlet in 2010. She is primarily responsible for the Group's overall strategic direction, corporate planning, and branding. Her professional recognitions include the EY Emerging Entrepreneur of the Year 2022 Malaysia, the SME Woman Entrepreneur Award 2019, and being named Young Entrepreneur of the Year by the Star Outstanding Business Awards (SOBA) in 2018, 2020, and 2023.

### 2. Jordan Tan – Non-Independent Executive Director, COO

As the co-founder and promoter of the Group, he possesses approximately 22 years of experience in the F&B industry, with 19 years specifically in sushi outlet operations. He is responsible for overseeing overall outlet operations and the Group's central kitchen. He leads menu innovation, focusing on the development of sushi offerings with localized Malaysian flavour profiles.

### 3. Lim Chung Liang – CFO

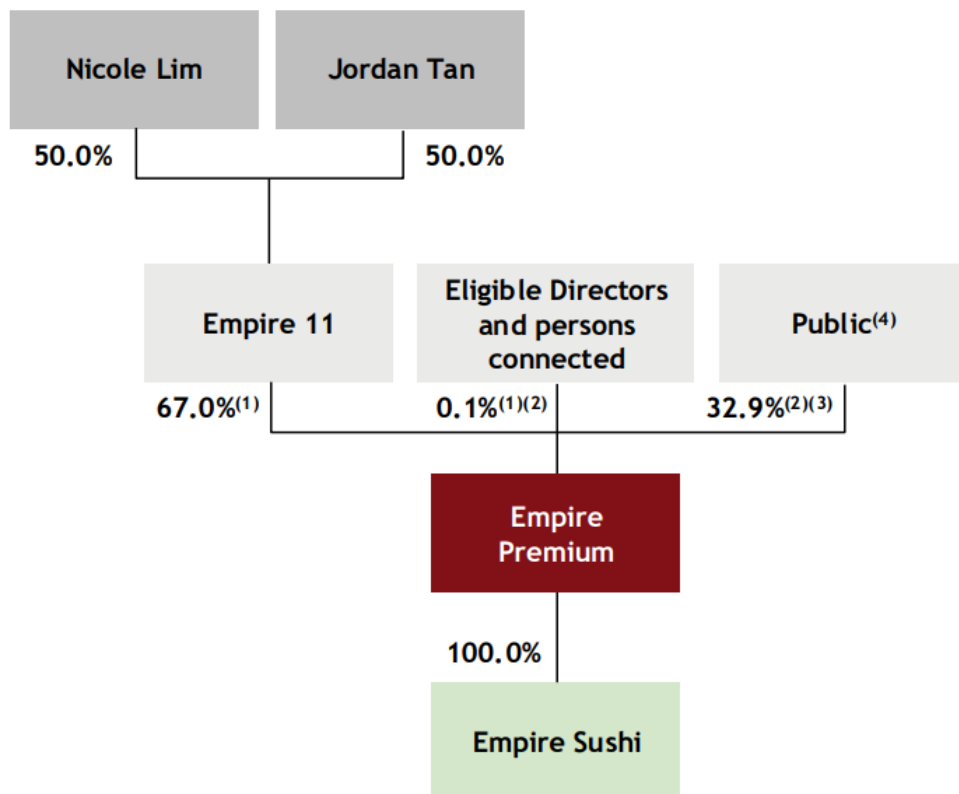
A member of the Malaysian Institute of Accountants with approximately 16 years of experience. He holds an MBA and professional certifications from the Institute of Public Accountants (Australia) and CPA Australia. He joined the Group in 2018 and oversees all financial management and internal controls.

### 4. Darren Khoo Yen Jen – Head of Marketing

He joined the Group in 2020 and is responsible for developing and executing marketing strategies and managing brand partnerships. During his tenure, the Group received multiple SOBA awards, including Gold for Best in Marketing (2023), Gold for Best in Customer Service (2021 and 2022), and Gold for Best in CSR (2023).



**Fig #3 Post-IPO structure**



Source: Empire Premium Food Berhad

**Fig #4 Use of proceeds**

Use of proceeds	RM'm	%	Estimated time frame
Expansion of outlets (grab-and-go and quick dine-in formats)	79.1	51.8	Within 36 months
Upgrading and refurbishment of existing outlets	12.6	8.3	Within 36 months
Working capital	52.1	34.1	Within 36 months
Defraying fees and estimated listing expenses	8.8	5.8	Within 1 month
<b>Total</b>	<b>152.6</b>	<b>100.0</b>	

Source: Empire Premium Food Berhad

## Business overview

### Grab-and-Go Sushi Operations (87.3% of FPE26 revenue)

The Group's primary revenue stream is derived from its grab-and-go sushi operations. This segment focuses on high-convenience, over-the-counter takeaway services without dine-in facilities. Outlets are strategically located in high-traffic areas such as shopping centers, hypermarkets, and transit hubs to capture heavy pedestrian flow. Customers select ready-to-eat sushi from enclosed chillers, which are then packed by on-site service crew. As at the LPD, the Group operates 127 such outlets, including one consignment outlet in Kedah. This consignment model operates as a chiller counter-within-a-store, where revenue is shared with the host retailer based on a percentage of products sold, while the Group remains responsible for equipment, staffing, and stock replenishment.

### Quick Dine-In Sushi Operations (12.7% of FPE26 revenue)

The remaining of the revenue is contributed by the quick dine-in sushi operations. This format is designed for customers seeking a fast, casual sit-down meal and features an expanded menu that includes hot foods such as ramen, udon, and donburi prepared on-site. In 2024, the Group further diversified this segment by introducing its first conveyor



belt concept, allowing for automated self-selection of sushi plates. As at the LPD, the Group operates 16 such outlets nationwide.

**Fig #5 Principal business activities and services provided**



Source: Empire Premium Food Berhad

**Fig #6 SWOT analysis of EMPIRE**

Strength	Weakness
<ul style="list-style-type: none"> <li>• Largest sushi chain operator in Malaysia based on both revenue and number of outlets</li> <li>• Easy to scale business model</li> <li>• Strategically located in high-traffic areas like shopping centres, supermarkets, airport and transit hubs nationwide</li> </ul>	<ul style="list-style-type: none"> <li>• Reducing SSSG over the years, from 12.2% in FY23 to merely 1.6% in FPE26</li> </ul>
Opportunity	Threat
<ul style="list-style-type: none"> <li>• Aggressive outlets expansion of 56 new outlets over the next 3 years</li> <li>• Visit Malaysia 2026</li> <li>• Adoption of mobile app for online ordering</li> </ul>	<ul style="list-style-type: none"> <li>• Intense market competition</li> <li>• Unhygienic raw materials like unfresh seafood</li> <li>• Vulnerability to mall performance</li> </ul>

Source: M+ Research

## Financials

**Revenue and income highlights.** The Group reported a revenue increase of RM22.0m (19.4% YoY), increasing from RM113.8m in FPE25 to RM135.8m in FPE26, mainly due to the opening of new outlets and positive same store sales growth (SSSG) of 1.6%. Revenue from the grab-and-go sushi outlets segment increased from RM99.1m in FPE25 to RM118.6m in FPE26, as the Group successfully commissioned 11 new grab-and-go sushi outlets. Similarly, the quick dine-in sushi outlet segment also increased from RM14.7m in FPE25 to RM17.2m in FPE26, as the Group expanded its network with one additional quick dine-in outlet. Following the increase in revenue, core PAT also saw an increase from RM18.1m to RM20.5m in the same period of time.

**Balance sheet.** Total assets moderated from RM120.3m in FY25 to RM118.0m in FPE26, mainly due to the decrease in cash and cash equivalents. Meanwhile, total liabilities saw an increase from RM48.4m to RM55.5m over the same period, largely due to the increase in trade and other payables, lease liabilities and tax payable. Total equity



reduced from RM72.0m in FY25 to RM62.5m in FPE26, no thanks to the reduction in retained earnings. The group was in a net cash position prior to listing.

**Cash flow.** Following the higher PBT, net cash from operating activities also increased from RM29.8m in FPE25 to RM35.5m in FPE26. Cash flow used in investing activities increased from RM1.5m in FPE25 to RM3.6m in FPE26, mainly due to the increase in property, plant and equipment. Cash flow used in financing activities recorded a surge from RM6.1m in FPE25 to RM37.4m in FPE26, as the group incurred a dividend paid of RM30.0m. Overall, the group generated a net outflow of RM5.6m in cash and cash equivalents in FPE26.

**Earnings forecasts.** Moving forward, we project a 3-year earnings CAGR of 13.6%, with core PATMI expected to reach RM42.9m, RM48.7m and RM55.6m over the next three years, mainly supported by the expansion of new outlets (both grab-and-go and quick dine-in) nationwide.

**Fig #7 Financial Highlights**

FYE Mar (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	184.8	235.6	280.2	314.0	354.6
EBITDA	35.7	51.1	58.3	65.3	73.6
EBIT	35.7	51.1	58.3	65.3	73.6
PBT	35.2	51.1	58.8	65.7	74.1
PAT	26.2	37.9	42.9	48.7	55.6
PATMI – Core	26.2	37.9	42.9	48.7	55.6
% change YoY – Core PATMI	79.8%	44.6%	13.2%	13.4%	14.2%
Core EPS (sen)	2.38	3.45	3.90	4.42	5.05
P/E (x)	29.4	20.3	17.9	15.8	13.9
EV/EBITDA (x)	14.7	10.3	9.7	8.7	7.7
DPS (sen)	-	3.4	1.2	1.3	1.5
Yield (%)	0.0%	4.8%	1.7%	1.9%	2.2%
BVPS (RM/share)	0.05	0.07	0.23	0.26	0.29
P/B (x)	13.7	10.7	3.1	2.7	2.4
ROE (%)	61.1%	59.2%	26.7%	18.2%	18.3%
Net Gearing (x)	CASH	CASH	CASH	CASH	CASH

M+ Research

## Valuations

**We assign a fair value of RM0.93 per share for EMPIRE, representing a 32.9% upside from the IPO price of RM0.70.** This valuation is based on a P/E multiple of 21.0x pegged to FY27f EPS of 4.42 sen.

We believe the assigned P/E multiple is fair, given that the peer average forward median P/E and historical median P/E stood between 20.0x to 25.6x.



**Fig #8 Peers comparison**

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
<b>Empire Premium Food Berhad</b>	<b>Main</b>	<b>Mar</b>	<b>0.70</b>	<b>770.0</b>	<b>*20.3</b>	<b>**15.8</b>	<b>*59.2</b>	<b>*16.1</b>
Oriental Kopi Holdings Bhd	ACE	Sep	1.06	2,120.0	32.6	25.2	35.0	13.5
Harvest Miracle Capital Bhd	ACE	Mar	0.14	287.9	21.9	N/A	1.9	6.0
Paramount Corp Bhd	MAIN	Dec	1.01	629.0	5.3	5.8	8.1	12.5
Texchem Resources Bhd	MAIN	Dec	0.77	89.4	25.6	5.5	1.9	0.3
Hextar Industries Bhd	MAIN	Dec	0.31	814.7	76.3	N/A	3.4	1.1
7-Eleven Malaysia Holdings Bhd	MAIN	Dec	1.99	2,207.0	69.1	37.5	9.3	1.0
QL Resources Bhd	MAIN	Mar	3.78	13,798.0	33.9	30.0	13.2	6.5
Mynews Holdings Bhd	MAIN	Oct	0.55	408.9	22.9	14.7	7.2	2.0
InNature Bhd	MAIN	Dec	0.18	127.1	16.5	N/A	5.8	5.5
<b>Avg ex-Empire Premium Food Berhad</b>				<b>2,275.8</b>	<b>33.8</b>	<b>19.8</b>	<b>9.5</b>	<b>5.4</b>
<b>Median ex-Empire Premium Food Berhad</b>				<b>629.0</b>	<b>25.6</b>	<b>20.0</b>	<b>7.2</b>	<b>5.5</b>

Source: M+ Research (\*FY25, \*\*FY27f)

## Investment risks

**Supply chain disruption and reliance on suppliers.** The Group relies on a limited number of third-party suppliers for its food ingredients and intermediate processed food products. Any disruptions in supply, food safety issues, or price fluctuations from these suppliers could adversely affect outlet operations and financial performance. Collectively, the top five suppliers accounted for 78.8% of total purchases in FPE26.

**Performance of external locations.** The Group's outlets are exclusively located in shopping centres, hypermarkets, and transit hubs. A decline in the popularity or foot traffic of these malls would directly impact the patronage and financial performance of the outlets.

**Tenancy risks.** All 143 sushi outlets operate on rented premises. The Group is susceptible to unfavourable changes in rental rates or tenancy terms when agreements are up for renewal.

**Dependency on key management.** Operations are heavily dependent on the leadership and experience of the CEO, COO, and key senior management. The loss of these individuals without timely replacements could negatively impact the Group's strategic direction and growth.

## Environmental, Social and Governance (ESG) Practices

### Environmental:

- Progressively implementing the use of biodegradable, compostable, and recyclable packaging materials for sushi products.
- Prioritizing the reduction of food waste through the use of a demand forecasting and wastage control system.
- Utilizing social media platforms to promote sustainability and encourage customers to reduce plastic consumption.
- Implementing efficiency measures, such as fitting outlets with LED lighting to reduce overall utility consumption.

### Social:

- Adhering to fair and ethical labour standards, including the provision of fair wages, benefits, and safe working conditions.
- Practicing a "zero-fee" recruitment approach for foreign workers and ensuring employees retain full access to their own passports.



- Managing workplace safety through a dedicated OSHA committee and providing mandatory food hygiene and safety training.
- Contributing to society through CSR activities, sponsorships, and the donation of healthy sushi options to charitable organizations.

### **Governance:**

- Maintaining transparency through the enforcement of Anti-Bribery and Corruption and Whistleblowing policies.
- Engaging with suppliers that demonstrate adherence to ethical labour and environmental standards.
- Protecting stakeholder information through a Data Disaster Recovery Plan and comprehensive Information Security policies.
- Supporting equal opportunities and promoting the representation of women in leadership roles within the Group.

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### **Stock recommendation guide**

<b>BUY</b>	The share price is expected to appreciate more than 10% over the next 12 months
<b>HOLD</b>	The stock price is expected to range between -10% and +10% over the next 12 months
<b>SELL</b>	The share price is expected to fall more than 10% over the next 12 months
<b>TRADING BUY</b>	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
<b>TRADING SELL</b>	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
<b>NOT RATED</b>	No recommendation is assigned

