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Creating Winning Business Solutions ®

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17 September 2025

The Board of Directors
Empire Premium Food Berhad
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Dear Sirs and Madams

Independent Assessment of the Food Service Industry in Malaysia

We are an independent business consulting and market research firm based in Malaysia, established in 1993. We offer consulting services, including business plans, opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market research. Since 1996, we have been involved in corporate exercises such as initial public offerings, reverse takeovers, chain listings, transfers to the Main Market, and business regularisations for publicly listed companies on Bursa Malaysia Securities Berhad (Bursa Securities). Our corporate exercise services encompass business overviews, independent industry assessments, management discussions and analyses, and business and industry risk assessments for prospectuses, shareholders' circulars and information memorandums.

We have been engaged to provide an independent assessment of the food service industry in Malaysia for inclusion in the prospectus of Empire Premium Food Berhad for its initial public offering and listing of its shares on the Main Market of Bursa Securities. This report has been prepared independently and objectively, with all reasonable due care taken to ensure its accuracy and completeness.

We believe the report provides a true and fair assessment of the industry, considering the limitations of timely and available information, and analyses based on secondary and primary market research as of the report date. However, it should be noted that our assessment pertains to the industry as a whole and may not reflect the performance of any specific company. We accept no responsibility for the decisions or actions of readers based on this document. This report should not be construed as a recommendation to buy, not buy, sell or not sell the securities of any company.

Please be aware that our report may include disclosures, assessments, opinions, and forward-looking statements that are subject to hitherto unknown or undisclosed information, uncertainties, and contingencies. These statements are based on secondary information and primary market research, and despite careful analysis, the industry is influenced by various known and unforeseen factors that could cause actual outcomes and future results to differ materially from these statements.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan holds a Bachelor of Science from the University of New South Wales and a Master of Business Administration from the University of Technology, Sydney. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders, Australia. With over 30 years of experience in business consulting and market research, he has also assisted companies in their initial public offerings and listings on Bursa Malaysia Securities Berhad.

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Date of Report: 17 September 2025

INDEPENDENT ASSESSMENT OF THE FOOD SERVICE INDUSTRY IN MALAYSIA

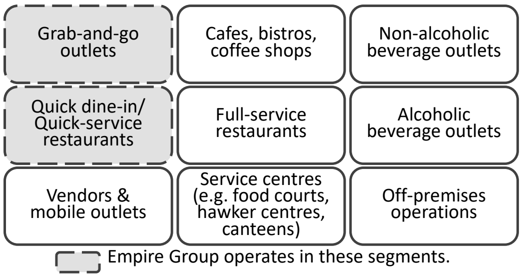
1. OVERVIEW OF EMPIRE SUSHI GROUP'S BUSINESS AND REPORT PARAMETERS

- Empire Premium Food Berhad and its subsidiaries (Empire Group) operate in the food service industry in Malaysia. It operates a chain of grab-and-go and quick dine-in sushi outlets, which will be the focus of this report. Grab-and-go outlets are compact and fixed premises that focus on takeaway services, with minimal on-site preparation and cooking facilities, often selling products that are fully prepared off-site. Quick dine-in outlets are structured for speed, affordability and convenience, offering limited service or self-service formats. In this report, food services include beverages. All information in this report refers to Malaysia, and food refers to food and beverages where relevant, unless otherwise stated.

2. INDUSTRY OVERVIEW

2.1 The Food Service Industry

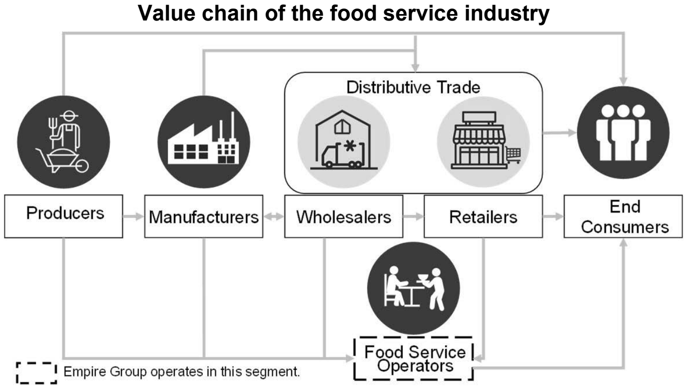
- The food service industry is defined as activities related to the preparation and provision of food and beverages (F&B) to customers for immediate consumption on-site, takeaway or delivered to another location. The food service industry operates using different formats, as depicted on the right.



- In addition to traditional food service formats, other alternatives such as supermarkets, convenience stores and more recently, vending machines are also popular in the takeaway food segment, including pre-packed sushi. While these operators are classified under retail trade rather than food services, they compete directly with grab-and-go outlets in terms of convenience, price points and accessibility, particularly in high-footfall locations such as commercial areas and shopping malls.

2.2 Value Chain of the Food Services Industry

Value chain of the food service industry



- The value chain of the food service industry begins with fresh food **producers**, such as farmers, fishermen, and harvesters. They sell their produce to manufacturers for processing or directly to wholesalers, retailers, food service operators, or end consumers.

- **Manufacturers** transform fresh produce into intermediate or finished goods. While manufacturers typically source materials directly from producers and other suppliers, some may also purchase from wholesalers.

- The **distributive trade** encompasses all intermediary activities that move goods for resale or direct use by manufacturers, food service operators, and end consumers. Wholesalers purchase in bulk from producers or manufacturers, and distribute to retailers, food service operators, or other manufacturers, with some operating their retail networks, including online platforms. Retailers, including hypermarkets, supermarkets, minimarkets, convenience stores, and online platforms, sell to food service operators and end consumers, sourcing their products mainly from wholesalers but sometimes directly from producers or manufacturers.

- **Food service operators** manage the entire process of procuring ingredients and preparing, presenting, serving and selling food to end consumers. Empire Group is a food service operator, directly serving end consumers.

3. REGULATIONS AND CERTIFICATIONS

- Under the **Food Hygiene Regulations 2009**, all food premises involved in the preparation, processing, storage or sale of food are required to be registered with the Ministry of Health (MoH). Registration is valid for three years and must be renewed every three years. Empire Group is registered with the MoH for its food premises.

- **Halal certification**, issued by the Department of Islamic Development Malaysia (JAKIM), is required to market food as halal. This certification ensures that ingredients and preparation processes comply with Islamic dietary laws and are free from prohibited (haram) substances or practices. It is valid for two years and is subject to renewal upon re-audit by JAKIM or its appointed body. Empire Group has obtained Halal certification for the vast majority of its outlets.

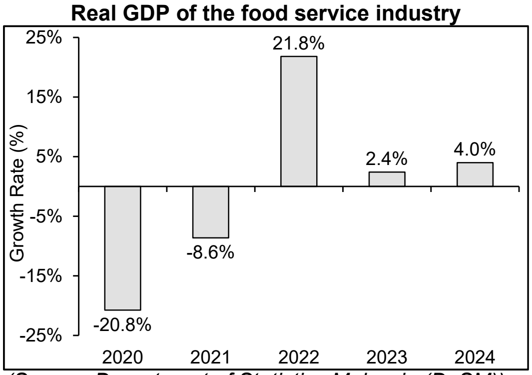
- The **"Clean, Safe and Healthy"** recognition is a voluntary programme introduced by the MoH to encourage food premises to uphold food safety, hygiene and nutrition standards. To qualify, operators must fulfil four core criteria, maintain a clean environment, provide safe food, offer healthy food options, and serve food in appropriate portion sizes.

4. PERFORMANCE OF THE FOOD SERVICE INDUSTRY

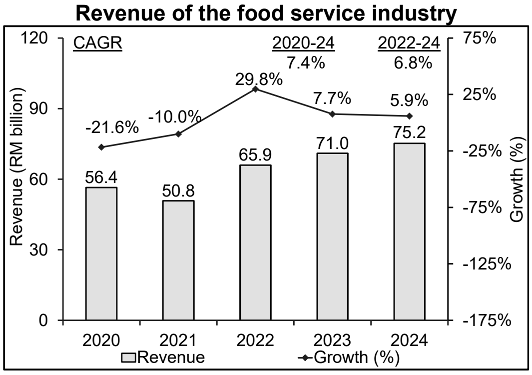
4.1 GDP and Revenue of the Food Service Industry

- Gross domestic product (GDP) measures the total value added to the production or output of goods and services in a country or sector during a specified period. **Real** GDP adjusts for changes in price levels (inflation or deflation). It reflects changes in the actual output of goods and services over time, providing a more accurate measure of economic growth. **Nominal** GDP is calculated using current market prices and does not account for inflation or deflation, reflecting both output and price changes.

Real GDP of the food service industry



Revenue of the food service industry



(Source: Department of Statistics Malaysia (DoSM))

- The real GDP of the food service industry expanded by 4.0% in 2024, following growth of 2.4% in 2023 and 21.8% in 2022. This reflects the normalisation of food service activities post-COVID-19 pandemic, supported by improved labour market conditions and a rebound in discretionary spending. In the first half (H1) of 2025, the industry's real GDP expanded by 6.5% compared to the same period in 2024, indicating ongoing domestic demand. Nominal F&B GDP per capita recorded a CAGR of 5.4% between 2022 and 2024, rising from RM1,394 to RM1,548 over the period. *(Source: DoSM, Vital Factor analysis)*

- The food service industry revenue trends similarly point to a resilient operating environment, with a revenue of RM75.2 billion in 2024, recording a CAGR of 6.8% from 2022. This steady performance carried through into H1 2025, with revenue of RM 40.3 billion, 8.5% higher than H1 2024. *(Source: DoSM)*

4.2 Gross Output Value

- Gross output value for restaurants and mobile food service activities rose from RM65.8 billion in 2021 to RM82.8 billion in 2022, representing a growth of 25.9%. This expansion is underpinned by demographic and lifestyle changes, including rising urbanisation and evolving consumption patterns. Within this category, standalone restaurants which include quick dine-in/quick-service restaurants, cafes, bistros, coffee shops, full-service restaurants and alcoholic beverage outlets, generated RM48.8 billion in 2022, representing 49.4% of total restaurants and mobile food service output. Fast-food restaurants including grab-and-go outlets and non-alcoholic beverage outlets, accounted for RM15.5 billion or 18.7%. This indicates that while fast-food formats remain a meaningful segment, standalone restaurants represented the largest share of the market. Together, they accounted for the bulk of gross output of restaurants and mobile food service in 2022. *(Source: DoSM)*

Gross output value of restaurants and mobile food service

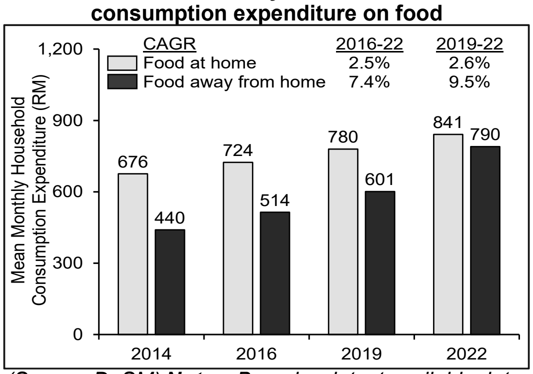
	RM million
2017	67,147
2021	65,795
2022	82,840
2017-22 CAGR	**4.3%**

(Source: DoSM)

4.3 Household Consumption Expenditure

- Over the past decade, preferences for food away from home in Malaysia have evolved alongside socio-demographic changes. Increased urbanisation, higher incomes, greater female workforce participation, and the rise of dual-income households have all contributed to a larger share of household food budgets being allocated to food away from home.

Mean monthly household consumption expenditure on food



(Source: DoSM) ***Notes****: Based on latest available data. Data for 2016 and 2019 were adjusted according to Malaysia Classification of Individual Consumption According to Purpose.*

- Between 2019 and 2022, the mean monthly household expenditure on food away from home rose at a CAGR of 9.5%, well above the 2.6% CAGR recorded for food at home. By 2022, the spending gap between the two narrowed (RM790 vs RM841), in contrast to 2014, when food at home expenditure led by RM236. This trend reflects a shift in consumer habits, with food away from home becoming a more prominent component of household budgets, as the share of food away from home rose to 48.4% of total household F&B expenditure in 2022, up from 43.5% in 2019 *(Source: DoSM)*.

Mean monthly household consumption expenditure on food away from home

RM/month	Malaysia	Kuala Lumpur	Selangor	Johor
2019	601	1,024	866	626
2022	790	1,333	1,238	691
2019-22 CAGR	**9.5%**	**9.2%**	**12.7%**	**3.4%**

(Source: DoSM) ***Note****: Based on latest available data.*

- Key urban markets such as Kuala Lumpur (KL) and Selangor, where Empire Group has its highest outlet concentration, recorded the highest average monthly household consumption expenditure on food away from home in 2022. Between 2019 and 2022, household expenditure in both KL and Selangor grew at a CAGR of 9.2% and 12.7%, respectively. In these relatively higher population density states, food away from home is a convenient and a lifestyle-driven activity. Johor, another state with notable Empire Group exposure, registered a slower CAGR of 3.4% over the same period, though still indicative of a positive consumption trend amid population growth and rising urbanisation.

- On the supply side, the number of food service establishments contracted at an annual rate of 2.9% from 167,490 in 2015 to 136,453 in 2022. *(Source: DoSM)* This decline reflects consolidation in the industry, likely driven by cost pressures, heightened competition and operational challenges faced by operators during and after the COVID-19 pandemic. This environment presents potential market share gains for scalable formats such as vendors, mobiles and grab-and-go models, which can be rapidly expanded across high-traffic locations with lower operational complexity and setup operational costs per outlet compared to more formal dine-in formats.

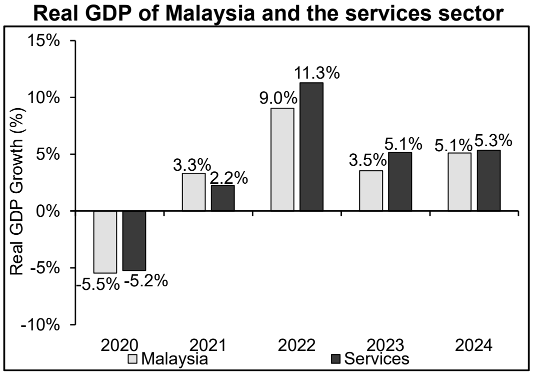
5. DEMAND DEPENDENCIES

- Macroeconomic indicators such as GDP growth, inflation and household income provide insights into consumer purchasing power, confidence, and expenditure patterns. These factors shape the operating landscape for food service operators, influencing both transaction volumes and average spend per visit. As such, economic conditions form a crucial backdrop for operators such as Empire Group's demand outlook.

5.1 Economic Conditions and Household Income

- The broader economic environment has remained supportive of the food services recovery, with real GDP rebounding post-COVID-19 pandemic and the services sector, which includes food services, consistently outpacing overall GDP growth. In H1 2025, the real GDP of Malaysia and the services sector expanded by 4.4% and 5.0% respectively, as compared to the same period in 2024. This underscores the service sector's role as a key driver of the post-pandemic recovery, alongside tourism and retail-related activities.

Real GDP of Malaysia and the services sector



(Source: DoSM)

- In tandem, household purchasing power has shown a gradual recovery. Mean monthly household disposable income rose from RM6,764 in 2019 to RM7,111 in 2022, representing a CAGR of 1.7% despite elevated price pressures. The modest but positive income growth suggests resilience in household spending capacity, even amid macro pressures. As of 2022, the highest mean monthly household disposable incomes were recorded in Putrajaya, KL, Selangor, and Johor *(Source: DoSM).* The table below focuses on the top three areas with the highest number of Empire Group's outlets.

Mean monthly household disposable income

RM	Malaysia	Kuala Lumpur	Selangor	Johor
2016	5,928	9,480	7,810	5,966
2019	6,764	11,102	8,826	6,923
2022	7,111	10,540	10,008	7,251
2016-22 CAGR	**3.1%**	**1.8%**	**4.2%**	**3.3%**
2019-22 CAGR	**1.7%**	**-1.7%**	**4.3%**	**1.6%**

(Source: DoSM) ***Note**: Based on latest available data.*

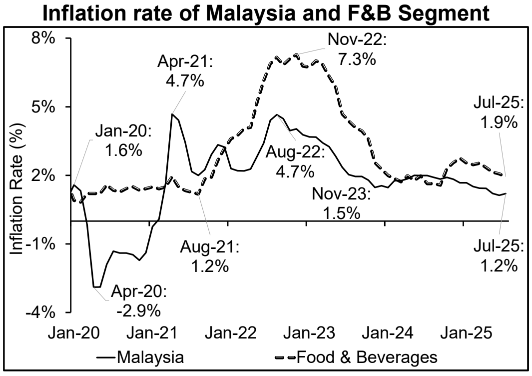
- Between 2019 and 2022, Selangor registered a CAGR of 4.3% in disposable income, the highest in Malaysia while Johor recorded a CAGR of 1.6% and KL experienced a decline at an annual rate of 1.7%, reflecting temporary softness in higher-income urban segments recovering from the pandemic.

- Improving labour market conditions have further supported household spending. Malaysia's unemployment rate, which peaked at 5.3% in May 2020, gradually improve to a 10-year low of 3.0% between April and July 2025 *(Source: DoSM)*. The improvement in employment and income stability reinforces the outlook for discretionary spending across food services. The 13th Malaysia Plan aims to lift household incomes through targeted wage growth, higher-value job creation and expanded social safety nets. Key measures include raising the average monthly household income target to RM12,000 by 2030, increasing the labour share of GDP, and generating over 1.2 million jobs in manufacturing and the digital economy. Complementary initiatives to ease cost-of-living pressures are expected to strengthen disposable income, bolstering private consumption and sustaining demand for the food service industry. *(Source: Ministry of Economy)*

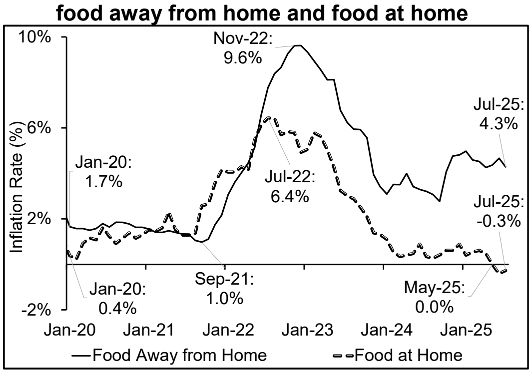
5.2 Inflation and Consumer Purchasing Power

- Inflation rate, as measured by the annual percentage change in the Consumer Price Index (CPI), may weigh on consumer spending. Higher inflation erodes consumers' purchasing power, leading to weaker consumer confidence and reduced discretionary spending.

Inflation rate of Malaysia and F&B Segment



Inflation rate of food away from home and food at home



(Source: DoSM)

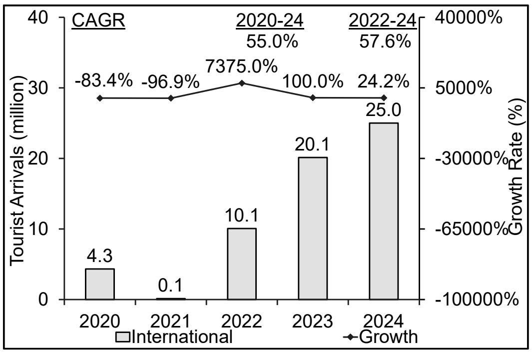
- Headline inflation, which reflects the total inflation across all goods and services, eased from 3.3% in 2022 to 1.8% in 2024. However, F&B inflation remained elevated at 5.8% in 2022 and 4.8% in 2023 before moderating to 2.0% in 2024, reflecting continued cost pressures across the food supply chain. Food away from home has consistently recorded higher inflation than food at home since June 2022. Inflation for food away from home peaked at 9.6% in November 2022 and remained elevated at 4.3% as of July 2025. In contrast, the inflation rate for food at home dropped to -0.3% in the same month after touching 0.0% in May 2025. *(Source: DoSM)*. Higher inflation for food away from home compared to food at home would put downward pressure on demand for the food service industry.

- The inflation rate gap between food away from home and food at home reflects greater cost pass-through in service-based channels, where expenses such as labour, rent, and utilities weigh more heavily on food service operators. This contrasts with food consumed at home, which is less affected by these costs. Higher inflation in food away from home can heighten price sensitivity, particularly in areas where dining out is common. Affordable formats for food away from home are well-positioned to attract cost-conscious consumers. Compared with premium or full-service establishments, vendors, mobile outlets, grab-and-go concepts, and quick dine-in formats are better equipped to mitigate the impact of higher inflation in this category.

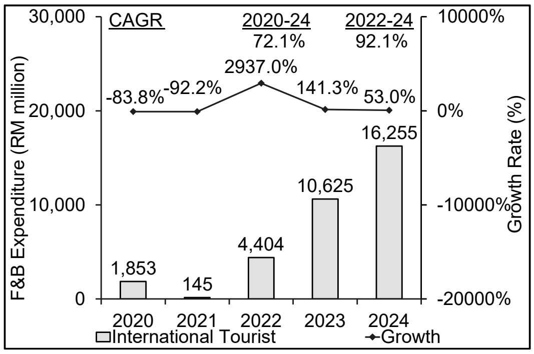
5.3 Tourism

- The tourism sector plays an important role in driving footfall to malls, transit hubs and city centres where food service operations are concentrated.

Number of international tourist arrivals



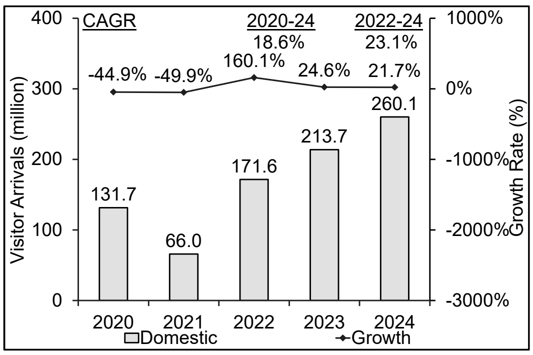
F&B expenditure by international tourists



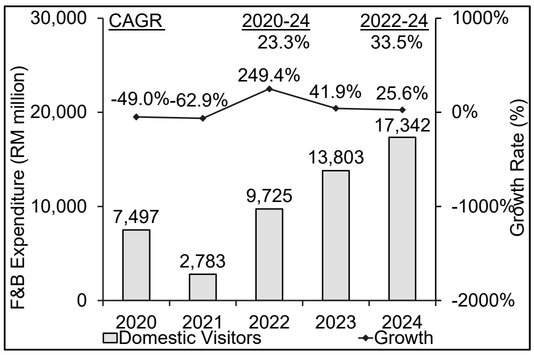
(Source: Ministry of Tourism, Arts and Culture (MoTAC)) ***Note**: Data of F&B expenditure by international tourists in 2021 includes accommodations as no further segmentation is available.*

- Following Malaysia's border reopening post-COVID-19 pandemic, tourist arrivals rebounded from 10.1 million in 2022 to 25.0 million in 2024, increasing at a CAGR of 57.6%. Correspondingly, international tourist expenditure on food services increased at a CAGR of 92.1% between 2022 and 2024. International tourist expenditure on food services rose from RM10.6 billion in 2023 to RM16.3 billion in 2024, marking a 53.0% increase. Over the same period, F&B's share of total tourist spending rose from 14.9% to 15.9%, indicating a higher proportional spend on F&B relative to other tourism components. *(Source: MoTAC, Tourism Malaysia)*

Number of domestic visitors



F&B expenditure by domestic visitors



(Source: DoSM)

- Similarly, domestic tourism activity also recovered from the impact of the COVID-19 pandemic. Between 2022 and 2024, the number of domestic visitors, including excursionists (same-day travellers), grew at a CAGR of 23.1% from 171.6 million in 2022 and 260.1 million in 2024. In terms of F&B expenditure, domestic visitors' spending on F&B services grew at a CAGR of 33.5% between 2022 and 2024. In 2024, domestic visitors' F&B expenditure represented 16.2% of the total expenditure, which amounted to RM17.3 billion. *(Source: DoSM)*

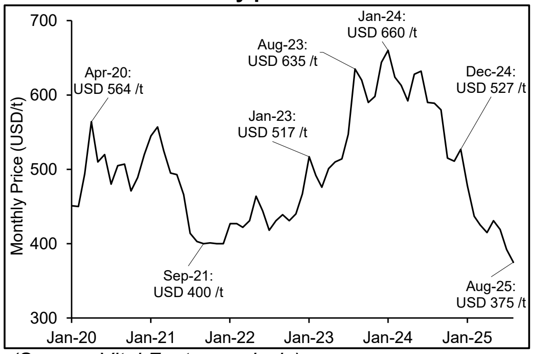
- This recovery highlights F&B's integral role in both international and domestic tourism. The upward trend, coupled with the upcoming Visit Malaysia 2026 campaign, is expected to drive further growth in tourism, supporting foot traffic across the food service sector.

6. SUPPLY DEPENDENCIES

6.1 Cost of Ingredients

- Rice is a key input in sushi preparation and a major component of Empire Group's overall cost structure. Similar to other operators in the food service industry, the Group is exposed to volatility in global rice prices. While domestic production meets around 70% of Malaysia's rice consumption, the remainder is imported, primarily from Thailand, Vietnam and India, linking domestic costs to international market dynamics *(Source: Padiberas Nasional Bhd (BERNAS))*.

Monthly price of rice

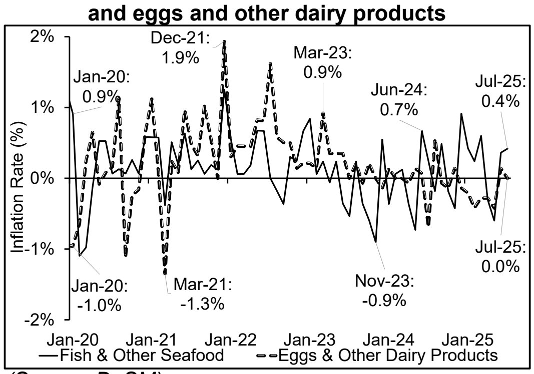


(Source: Vital Factor analysis)

- The export price of Thai 5% broken rice, a widely referenced benchmark for imported white rice, recorded a CAGR of 16.1% between 2022 and 2024, driven by a combination of adverse weather conditions and export restrictions in key supplier countries *(Source: Vital Factor analysis)*. Globally, rice prices peaked at USD660 per tonne (/t) in January 2024 before easing to USD375/t in August 2025, highlighting continued sensitivity to global supply chain disruptions and weather-related risks.

- In response to rising prices, the Malaysian government introduced a ceiling wholesale price of RM2,800/t for imported white rice in December 2024, later revised to RM2,600 in May 2025 *(Source: BERNAS)*. While these measures offered near-term relief, overall price stability remains dependent on the availability of imported supply and global market conditions.

Inflation rate of fish and other seafood, and eggs and other dairy products



(Source: DoSM)

- Seafood is a key input cost for Empire Group, given that its core product offerings rely heavily on fish and other seafood ingredients. However, the inflation rates have been volatile, with frequent reversals and fluctuations observed throughout the period *(Source: DoSM)*. These swings reflect seasonal harvesting patterns, upstream cost volatility and logistical constraints across the supply chain. This volatility poses uncertainty in sourcing decisions, particularly for operators that emphasise freshness and quality.

- Eggs and other dairy products are commonly used in selected menu items, including Tamago (egg-based) sushi and Japanese-style sauces. Inflation remained elevated through parts of 2023 and early 2024, before moderating in 2025. Earlier price pressures were primarily driven by global feed shortages and domestic supply tightness. Although government subsidies and import facilitation measures helped ease cost pressures, prices remain sensitive to external shocks.

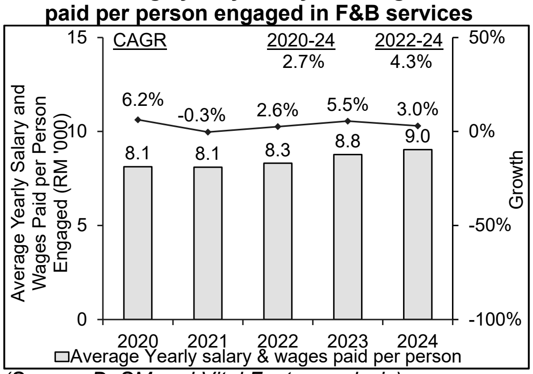
- Despite recent policy interventions, including price ceilings for rice and eggs, food service operators continue to face exposure to input cost fluctuations across key ingredients. While a simplified product range and a varying menu to take advantage of lower food ingredient costs may provide partial insulation, cost predictability remains a challenge for margin management and operational planning.

- Beyond commodity price movements, operators are also affected by fiscal policy shifts. The expansion of Malaysia's Sales and Service Tax (SST) regime, effective July 2025, introduces a 5% sales tax on certain imported ingredients, including select seafood and specialty items. Staples such as rice, poultry and eggs remain exempt, adding another layer of cost consideration for menu planning and procurement. *(Source: Royal Malaysian Customs Department)*

6.2 Labour Cost and Supply

- Labour represents a significant cost component for food service operators, with costs set to rise following the February 2025 increase in the national minimum wage from RM1,500 to RM1,700 per month for employers with five or more staff (effective August 2025 for employers with less than five staff). At the same time, a freeze on new foreign worker applications since March 2023 has tightened labour supply, limiting staffing flexibility and driving higher overtime and retention costs. Combined with elevated input prices, these constraints will continue to challenge operators. However, operators with lean formats, such as grab-and-go, efficient staffing, and flexible sourcing, may be better positioned to mitigate labour cost and staffing pressures without materially compromising service quality or price competitiveness.

Average yearly salary and wages paid per person engaged in F&B services



(Source: DoSM and Vital Factor analysis)

7. COMPETITIVE LANDSCAPE

- Malaysia's food service industry is highly fragmented, comprising both standalone outlets and multi-outlet chains. These operate across various formats, offering a variety of foods and cuisines at different price points. There is no official segmentation of the industry by cuisine type, and sushi-focused chain outlets represent a niche segment in the overall food service landscape.

- The companies listed below are for comparative financial analysis of companies with food services similar to or competing with Empire Group. The list comprises Japanese sushi chains with recent financial data. The list, sorted in descending order by revenue, is not exhaustive.

Company: ***Operating brand***	G	R	O	(1)No. outlets	FYE (2)	Rev(3) (RM '000)	PAT/(LAT)(3) (RM '000)	PAT/(LAT)(3) margin
Empire Group: *Empire Sushi*	√	√		**132**	**Mar-25**	**235,600**	**37,920**	**16.1%**
Subsidiaries of public listed companies								
Sushi King S/B(4): ***Sushi King***	√	√		120	Dec-24	174,258	3,377	1.9%
APEX-Pal (M) S/B(5): ***Sakae Sushi***		√		2	Jun-24	3,801	(2,989)	(78.6%)
Private company								
Super Sushi S/B: ***Sushi Zanmai***		√		37	Dec-23	128,134	10,574	8.3%
Izumida S/B: ***Sushi Mentai***		√		49	Mar-24	71,561	4,267	6.0%
Right Potential S/B(6): ***Azuma Sushi***		√	√	21	Dec-23	33,170	266	1.1%
Nippon Sushi (M) S/B: ***Nippon Sushi***		√		20	Jun-24	30,536	3,584	11.7%
Sushi Train (M) S/B(7): ***Senya, Tsukijiya, Sushi Deli, Toyosuya***	√	√	√	14	Dec-24	26,954	(1,186)	(4.4%)
JVT Sushi YA S/B: ***Sushi YA***		√		13	Sep-24	26,367	768	2.9%
Sushi Jiro S/B: ***Sushi Jiro***		√		14	Dec-24	24,166	1,779	7.4%
Genki Sushi (Malaysia) S/B: ***Genki Sushi***		√		6	Dec-23	12,761	(12,850)	(100.7%)
Exodus F&B 3 S/B: ***Sushi Hiro***		√		5	Jun-24	1,525	43	2.8%
Sushi Tei Malaysia S/B: ***Sushi Tei***		√		3	Dec-24	1,049	(654)	(62.4%)

G = Grab-and-Go Outlets; R = Conveyor Belt Sushi Restaurants and/or Quick-Service Restaurants; O = Other Formats; FYE = Financial Year Ended; FPE = Financial Period Ended; Rev = Revenue; GP = Gross Profit; PAT = Profit after Tax; LAT = Loss after Tax; S/B = Sendirian Berhad; n.a.= data not available.

(1) As at the date of this report. In Malaysia only.
(2) Latest audited financial data from the Companies Commission of Malaysia and Empire Group.
(3) It may include other business activities, products or services at the group or company level.
(4) A subsidiary of Texchem Resources Bhd, listed on Bursa Malaysia Securities Berhad.
(5) A subsidiary of Sakae Holdings Limited, listed on the Singapore Exchange Securities Trading Ltd.
(6) Right Potential S/B also operates Edo Ichi, Hachiban Izakaya, Ichi Zen, Sushi Zento, Aburi Sushi, Wa Q Yakiniku, Naysu Bar & Dining and Yu Village.
(7) Sushi Train (M) S/B also operates Hanaya, Sushiya, and Menya Mushashi.

- Other competitors such as Plus Group Sdn. Bhd. (Sushi Plus) and Sushi Village Enterprise (Sushi Go) also operate in formats similar to Empire Group's grab-and-go model. They are excluded from the list above as recent financial information is not publicly available. Competition also arises from non-food service operators such as supermarkets and convenience stores offering takeaway sushi displayed in chillers.

8. BARRIERS TO ENTRY

- The barriers to entry for the food service industry in Malaysia are **low**, as evidenced by the registration of 30,005 food service outlet premises in 2024 *(Source: MoH)*. This is mainly predicated on the relatively low capital investment required, especially for grab-and-go, takeaway and quick dine-in services. Higher capital investments are needed for more formal or elaborate dine-in formats and operations in shopping malls. Scaling operations across multiple outlets will also require additional capital for outlet setup, standardised processes, ICT systems, and reliable supply chains. While barriers to entry are low, new entrants must comply with food safety regulations, premises registration requirements and local authority licensing. For operators targeting the Muslim consumer segment, Halal certification from JAKIM is an advantage, adding procedural requirements for ingredient sourcing, food preparation, handling, hygiene and safety.

9. INDUSTRY SIZE AND SHARE

- The food service industry market size and market share of Empire Group are estimated as below:

Malaysia 2024 – Market Size	Estimated Market Size (a) (RM million) (1)	Empire Group	
		Revenue (RM million) (b) (2)	Market Share (%) (3)
Food away from home*	98,424	236	less than 1%

*Sources: (a) DoSM; (b) Empire Group. * No further segmentation available.*
(1) 2024 figure extrapolated from 2022 = (Average monthly household consumption expenditure on food away from home (RM790) x 12 months) x growth of the revenue of the food services industry between 2022 and 2024 (14.0%) x number of households in 2024 (9.10 million).
(2) Revenue for FYE 31 March 2025 was used as a proxy for the calendar year 2024.
(3) ((b) divided by (a)) x 100%.

10. INDUSTRY OUTLOOK AND PROSPECTS

Drivers of Growth and Opportunities

- Domestic consumption-led growth continues to support demand for food services. GDP is a key factor influencing the industry's outlook, as food away from home is a discretionary expense that depends on consumers' disposable income. GDP serves as an indicator of overall economic well-being, where higher GDP growth generally reflects stronger household and consumer purchasing power. In 2025, **Malaysia's GDP** is projected to expand by between **4.0% and 4.8%**, with the overall service sector expected to grow by 5.5%, supported by robust domestic expenditure. The food services segment is likely to benefit from rising household demand, particularly in urban and suburban centres. In H1 2025, Malaysia's real GDP expanded by 4.4% compared to the same period in 2024. Growth was mainly driven by the services sector on the supply side, and private consumption and investment on the demand side. *(Sources: Bank Negara Malaysia (BNM), Ministry of Finance, DoSM)*

- **F&B and accommodation subsector** is projected to grow by **6.2%** in 2025. The growth is underpinned by rising household demand in urban and suburban centres, as well as additional momentum from higher tourist arrivals. *(Source: MoF)*

- **Private consumption is expected to remain resilient**, underpinned by continued income growth and policy support. In 2025, household spending is projected to increase by 5.9%, following an estimated 5.5% expansion in 2024 *(Source: BNM)*. The outlook is supported by stable labour market conditions, salary adjustments under the Public Service Remuneration System, increases in the minimum wage and the continued rollout of targeted government assistance programmes, which are expected to sustain disposable income levels and support discretionary expenditure, including food away from home. The labour force participation rate improved from 69.8% (16.2 million employed persons) in January 2023 to 70.2% (16.5 million employed persons) in December 2023, and to 70.8% (17.4 million employed persons) in June 2025. *(Source: DoSM)*

- **Tourism** rebound boosts traffic in high-footfall food service outlets. In H1 2025, Malaysia recorded approximately **12.9 million international tourist arrivals**, an 8.8% increase compared to the same period in 2024. This growth reflects the sustained impact of visa-free entry for visitors from China and India. International tourist arrivals are projected to reach 35.6 million by 2026 and generate RM147.1 billion in receipts. Food service operators stand to benefit from rising volumes and the increasing share of F&B in overall tourist expenditure. *(Source: Tourism Malaysia)*

- Demographic and lifestyle shifts are accelerating demand for convenient dining. **Urbanisation**, a growing base of dual-income households and time-constrained lifestyles are fuelling demand for quick-service meals, takeaway options and mall-based dining experiences. Malaysia's urbanisation rate was 70.9% in 2010 and rose to 75.1% in 2020. In 2020, the urbanisation rate for KL, Selangor and Johor (Empire Group's top three markets) was estimated at 100.0%, 95.8% and 77.4% respectively. *(Source: DoSM).*

- The **rise of e-commerce and food delivery platforms** has broadened consumer access to food services, enabling all types of outlets to reach customers beyond their physical locations. Supported by online and mobile ordering, cashless payments and app-based loyalty programmes, food delivery has become an integral channel for revenue growth, customer retention and brand visibility across the industry. Food service e-commerce income rose from RM2.04 billion in 2015 to RM8.93 billion in 2022 (representing 337% growth for the period), and the overall e-commerce income at RM624.9 billion for the first half of 2025 *(Source: DoSM)*.

Threats and Challenges

- **Competition** is intense in the **food service industry** due to the highly fragmented and large number of players providing myriad consumer choices within the industry. Additionally, the industry is subject to changes in consumer behaviour, preferences, and trends, which are difficult to anticipate and react to promptly to stay relevant. The low barriers to entry contribute to the intense competition.

- **Inflationary pressures** may weigh on consumer sentiment and operating costs. The food service industry remains sensitive to changes in inflation, which affect both input costs and consumer spending behaviour. In 2024, Malaysia's headline inflation averaged 1.8%, supported by stable demand conditions and easing global cost pressures. Headline inflation is expected to average between 1.5% and 2.3% in 2025 due to contained global cost conditions and the absence of excessive demand pressures. However, the inflation outlook will remain dependent on risks from the external environment and domestic policy factors. Higher inflation may increase utility, premises rental and ingredient costs for food service operators while also constraining discretionary spending on food away from home. *(Source: BNM)*