

JAPAN FOODS HOLDING LTD.

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Japan Foods achieves 1Q2018 revenue of S\$16.2 million and net profit of S\$1.0 million

- Gross profit margin improves 0.5 percentage points to 85.0% in 1Q2018.
- Launches latest concept called “Shitamachi Tendon Akimitsu” specialising in Tempura Donburi in July 2017.

Financial Highlights (S\$' million)	Three (3) months ended 30 June		Change (%)
	2017	2016	
Revenue	16.2	16.8	(3.8)
Gross profit	13.8	14.2	(3.2)
Gross profit margin (%)	85.0	84.5	0.5% pts
Profit before income tax	1.3	1.6	(19.7)
Net profit	1.0	1.3	(19.9)
Basic earnings per share (“EPS”) (Singapore cents) ¹	0.60	0.75	(20.0)
Net asset value (“NAV”) per share (Singapore cents) ²	18.98 (as at 30 June 2017)	17.74 (as at 31 March 2017)	(7.0)

¹ EPS was computed based on the weighted average number of shares of 173,146,357 shares and 173,936,000 shares in 1Q2018 and 1Q2017 respectively.

² NAV was computed based on 173,563,500 shares and 173,043,500 shares as at 30 June 2017 and as at 31 March 2017 respectively.

SINGAPORE, 01 August 2017 – Japan Foods Holding Ltd. (“Japan Foods” and together with its subsidiaries, the “Group”), a leading Singapore-based Japanese restaurant chain, has achieved net profit of S\$1.0 million for the three months ended 30 June 2017 (“1Q2018”) on the back of S\$16.2 million in sales.

The performance in 1Q2018 had declined as compared to the previous corresponding period of three months ended 30 June 2016 (“1Q2017”) when revenue was S\$16.8 million and net profit was S\$1.3 million. This was mainly due to lower sales as a result of operating a smaller number of restaurants (as at 30 June 2017: 44 and as at 30 June 2016: 49).

Although there was a 3.2% decrease in gross profit from S\$14.2 million in 1Q2017 to S\$13.8 million in 1Q2018, gross profit margin improved 0.5 percentage points over the same period to 85.0% due to the

Group's product pricing strategy as well as its continuing cost control efforts including making bulk purchases, being prudent in controlling raw material costs and being efficient in material usage.

In 1Q2018, the Group was able to recognize its share of profit from Highly Yield Ltd, the associated company operating restaurants under the "Menya Musashi" brand in China as the franchise expenses have been fully amortised in FY2017.

NAV per share as at 30 June 2017 was 18.98 Singapore cents as compared to 17.74 Singapore cents as at 31 March 2017. The Group's cash position also strengthened with cash and cash equivalents rising from S\$20.2 million as at 31 March 2017 to S\$22.1 million as at 30 June 2017.

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *"I am pleased that our financial performance has been quite stable despite having fewer stalls. We will continue our marketing efforts so as to attract more diners to our restaurants."*

Most recently, Japan Foods launched its latest concept called "Shitamachi Tendon Akimitsu" at Plaza Singapura in July 2017. The restaurant specialises in traditional Tendon (or Tempura Donburi). "Shitamachi Tendon Akimitsu" originated in Asakusa in Tokyo, Japan, and was started by Chef Akimitsu Tanihara. He is a 5th generation successor of the "Dote no Iseya tempura" restaurant, also located in Asakusa, Tokyo, which was established by his family in 1889.

Mr Takahashi said: *"The response to 'Shitamachi Tendon Akimitsu' has been extremely encouraging. Many customers who are familiar with Chef Akimitsu's restaurant in Asakusa, Tokyo, have come down to satisfy their curiosity and I am confident that they were satisfied with the quality and taste of the sister restaurant here in Singapore."*

1Q2018 Business Review

Singapore Network

Restaurant Brands	As at 30 June 2017	As at 30 June 2016
Ajisen Ramen	18	15
Botejyu	-	1
Fruit Paradise	3	4
Dutch Baby Cafe	1	1
Ginza Kushi Katsu	1	1
Hanamidori	-	1
Japanese Gourmet Town	1	1
Kazokutei	1	3
Keika Ramen	1	3
Menya Musashi	8	8
Menzo Butao	1	1
New ManLee Bak Kut Teh	2	3
Osaka Ohsho	6	6
Yonehachi	1	1
TOTAL RESTAURANTS	44	49
Food Court Outlet	As at 30 June 2017	As at 30 June 2016
Ajisen Ramen	1	1
TOTAL RESTAURANTS AND FOOD COURT OUTLET	45	50

Japan Foods' flagship brand and main revenue generator "Ajisen Ramen" recorded a 9.7% increase in sales from S\$6.2 million in 1Q2017 to S\$6.8 million in 1Q2018 as a result of the opening of two restaurants at Compass Point and Bedok Mall in September 2016 and March 2017 respectively, as well as higher net sales generated from some of the existing restaurants. The increase was partially offset by the closure of the restaurant at Bedok Point in March 2017.

In 1Q2018, the Group's other flagship brands "Menya Musashi" and "Osaka Ohsho" also registered better sales with increases of S\$0.2 million to from S\$3.4 million in 1Q2017 to S\$3.6 million in 1Q2018 and S\$0.1 million from S\$2.0 million in 1Q2017 to S\$2.1 million in 1Q2018 respectively.

However, the increase in revenue by the three flagship brands was partially offset by a S\$1.5 million decrease in sales from S\$5.2 million in 1Q2017 to S\$3.7 million in 1Q2018 from the Group's other brands. The decline was caused by closure of stores upon expiry of leases namely under the "Botejyu", "New ManLee Bak Kut Teh", "Kazokutei" and "Hanamidori" brands, as well as lower revenue generated by restaurants operating under "Dutch Baby Cafe", "Ginza Kushi-Katsu, and "Fruit Paradise" brands.

Overseas Network

Restaurant Brands	As at 30 June 2017	As at 30 June 2016
Ajisen Ramen (operated by sub-franchisees)		
• Malaysia	3	4
• Vietnam	2	2
Menya Musashi (interests via associated companies)		
• Hong Kong	8	8
• China	7	5
TOTAL RESTAURANTS	20	19

The Group's overseas network increased from 19 restaurants in 1Q2017 to 20 restaurants in 1Q2018. Although there was a closure of one "Ajisen Ramen" brand restaurant in Malaysia, this was partially offset by the opening of two "Menya Musashi" brand restaurants in China. As at 30 June 2017, there were three "Ajisen Ramen" brand restaurants in Malaysia and two in Vietnam and there are eight "Menya Musashi" brand restaurants in Hong Kong and seven in China.

Business Outlook

The coming 12 months are expected to remain challenging for the local F&B scene due to intense competition, tight labour supply, rising business costs and uncertain economic outlook. To mitigate this, the Group will continue its dual strategies of operational efficiency and financial prudence.

At the same time, it will remain responsive to market demand and conditions by practicing good restaurant portfolio management and continue to explore new concepts to bring into its portfolio of brands.

At the same time, the Group will continue its efforts to seek opportunities to expand its presence in the ASEAN region by way of joint ventures, acquisitions and/or sub-franchising of its brands.

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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 June 2017, the Group operates 44 restaurants in Singapore under various brands, such as “Ajisen Ramen”, “Osaka Ohsho” and “Menya Musashi”, and 1 outlet located in a food court.

Over the years, Japan Foods has successfully expanded its restaurant network of the “Ajisen Ramen” brand and has also created its own “Dutch Baby Cafe”, “Fruit Paradise”, “Ginza Kushi Katsu” and “Japanese Gourmet Town” brands. The Group is focused on innovation and aims to continuously refresh the dining experience of its customers.

The Group has expanded beyond Singapore. As at 30 June 2017, there are 3 restaurants in Malaysia and 2 restaurants in Vietnam operated by the Group’s sub-franchisees under the “Ajisen Ramen” brand. The Group also has interests in 8 restaurants in Hong Kong and 7 restaurants in China operated by its associated companies under the “Menya Musashi” brand.

Japan Foods was named the Most Transparent Company (Catalist) at the 17th SIAS Investors’ Choice Awards in 2016.

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*This news release has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this news release. This news release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*