

JAPAN FOODS HOLDING LTD.

(Company Registration No.: 200722314M)
420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727
Tel: (65) 6333 9781 Fax: (65) 6333 9782

Japan Foods' achieves S\$68.1 million in sales and net attributable profit of S\$3.3 million in FY2019

- As at 31 March 2019, the Group's restaurant network grew to 55 restaurants as compared to 50 restaurants as at 31 March 2018.
- New brands introduced during FY2019 include "Kagurazaka Saryo", "Konjiki Hototogisu" and "Kara-men".
- Proposes final tax exempt one-tier dividend of 1.10 Singapore cents per ordinary share, which together with the interim dividend of 0.80 Singapore cents brings total dividend per share for FY2019 to 1.90 Singapore cents.

Financial Highlights (S\$' million)	Three months ended 31 Mar		Change (%)	Twelve months ended 31 Mar		Change (%)
	2019	2018		2019	2018	
Revenue	17.3	16.2	6.8	68.1	67.8	0.3
Gross profit	14.6	13.7	6.4	57.5	57.7	(0.3)
Gross profit margin (%)	84.4	84.6	(0.2) pt	84.5	85.0	(0.5) pt
Profit before income tax	0.7	1.0	(29.5)	4.1	7.0	(41.1)
Net profit attributable to equity holders of the Company	0.5	0.9	(43.6)	3.3	5.8	(42.3)
Basic earnings per share ("EPS") (Singapore cents) ⁽¹⁾	0.30	0.54	(44.4)	1.92	3.33	(42.3)
Net asset value ("NAV") per share (Singapore cents) ⁽²⁾	19.48 (as at 31 Mar 2019)			19.63 (as at 31 Mar 2018)		

¹ EPS was computed based on the weighted average number of shares of 173,604,150 shares and 173,387,900 shares in 4Q2019 and 4Q2018 respectively; and 173,750,246 shares and 173,511,662 shares in FY2019 and FY2018 respectively.

² NAV was computed based on 173,602,900 shares as at 31 March 2019 and 173,387,900 shares as at 31 March 2018 respectively.

SINGAPORE, 14 May 2019 – Japan Foods Holding Ltd. ("Japan Foods" and together with its subsidiaries, the "Group"), a leading Japanese restaurant chain, has achieved a modest 0.3% year-on-year ("YOY") increase in sales to S\$68.1 million for the financial year ended 31 March 2019 ("FY2019") attributable mainly to encouraging sales from restaurants operating under the newly launched brands.

Net profit attributable to equity holders of the company came in at S\$3.3 million in FY2019, as compared to S\$5.8 million achieved in the previous financial year ending 31 March 2018 (“FY2018”). The weaker bottom-line was mainly due to higher selling and distribution expenses as well as administrative expenses in relation to the Group’s expanded restaurant network which grew from 50 restaurants as at 31 March 2018 to 55 restaurants as at 31 March 2019.

During FY2019, Japan Foods’ gross profit margin declined 0.5% points to 84.5% due to its “JFH Rewards” customer loyalty programme, which offers its members rebates for dining at the Group’s restaurants. The impact of this was partially offset by the Group’s ongoing cost control efforts for raw material purchases.

Likewise, on a quarterly basis, revenue was boosted by newly launched brands while bottom-line was impacted by expenses related to the expanded restaurant network. For the three months ended 31 March 2019 (“4Q2019”), sales rose 6.8% YOY while net profit attributable to equity holders of the Company declined 42.3% YOY to S\$3.3 million.

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *“FY2019 was a very exciting year for our Group because we launched our very first One-Michelin star ramen brand, which represents our maiden move into the higher-end ramen market. This means that we now have brands that cater to different budgets and different tastes for a wide spectrum of customers from students to families to working professionals. I believe this entrenches us as one of the leading players in the highly competitive ramen space. Although our FY2019 bottom-line was impacted by expenses related to a larger number of stores under the new brands we have brought in, I believe we have positioned our business well for a sustainable future.”*

Earnings per share was 1.92 Singapore cents per share for FY2019 as compared to 3.33 Singapore cents per share for FY2018. NAV per share as at 31 March 2019 was 19.48 Singapore cents as compared to 19.63 Singapore cents as at 31 March 2018. The Group’s financial position remains healthy with no borrowings. Cash and cash equivalents rose from S\$21.9 million as at 31 March 2018 to S\$22.1 million as at 31 March 2019.

Dividend

In line with the Group’s performance, the board of directors of Japan Foods is pleased to propose a final dividend of 1.10 Singapore cents per share to be paid on 16 August 2019

if approved at the upcoming annual general meeting, which together with the interim dividend of 0.80 Singapore cents per share which was paid in December 2018, brings total dividend declared in FY2019 to a total of 1.90 Singapore cents a share. This represents a dividend payout ratio of approximately 98.9% for FY2019.

BUSINESS REVIEW

Singapore Network

Restaurant Brands	As at 31 March 2019	As at 31 March 2018
Ajisen Ramen ^(a)	18	18
Curry is Drink	1	1
Dutch Baby Cafe	-	1
Fruit Paradise	2	2
Ginza Kushi Katsu	-	1
Japanese Gourmet Town	1	1
Kagurazaka Saryo	2	-
Kazokutei	1	1
Konjiki Hototogisu	3	-
Menya Musashi	11	10
Menzo Butao	2	1
New ManLee Bak Kut Teh	1	2
Osaka Ohsho ^(b)	5	5
Shitamachi Tendon Akimitsu	7	6
Yonehachi	1	1
TOTAL RESTAURANTS	55	50

a) Includes 5 "Den by Ajisen Ramen" and 1 "Kara-Men" brands restaurants.

b) Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand.

In FY2019, revenue from restaurants operating under Japan Foods' flagship brands, namely "Ajisen Ramen", "Osaka Osho" and "Menya Musashi", decreased by a total of S\$4.4 million YOY due to various reasons including permanent and temporary store closures, restaurant conversions to other brands within the Group's portfolio and lower same-store sales achieved by some existing restaurants.

However, the weaker performance of the flagship brands was partially offset by a S\$4.6 million increase in sales from restaurants operating under the Group's other brands,

driven mainly by new brands, namely “Konjiki Hototogisu”, “Shitamachi Tendon Akimitsu”, “Menzo Butao”, “Kagurazaka Saryo” and “Curry is Drink”.

Mr Kenichi said: *“To create excitement and attract new customers, we will continue to introduce new brands that we believe will enhance our brand portfolio. In January 2019, we secured a new franchise brand, ‘Afuri Ramen’, from Kanagawa Japan, which is known for its yuzu-flavoured broth. We will launch this brand as well as ‘Kara-Men by Ajisen’, which is a brand extension of ‘Ajisen Ramen’ over the next 12 months.”*

Overseas Network

Restaurant Brands	As at 31 March 2019	As at 31 March 2018
Ajisen Ramen (operated by sub-franchisees) • Malaysia • Vietnam	 1 0	 1 2
Menya Musashi (interests via associated companies) • Indonesia • Hong Kong • China	 1 7 12	 - 8 10
TOTAL RESTAURANTS	21	21

The Group’s overseas network remained at 21 restaurants as at 31 March 2019, including one “Menya Musashi” brand restaurant operated by an associated company in Jakarta, which is a new market for the Group.

In FY2019, share of profit of associated companies declined 72.2% YOY to S\$0.1 million mainly due to lower profit from the associated company in China as a result of intense competition, weak economic conditions, high initial set-up costs of three new restaurants in December 2018 and January 2019 and the closure of a restaurant in November 2018. The Group’s associated company in Hong Kong also experienced keen competition, while the Group’s associated company in Indonesia experienced a small loss.

OUTLOOK

Japan Foods will continue to focus its efforts in controlling raw material costs, improving operational efficiency via streamlining of work processes and technology and practising good restaurant portfolio management taking into account market demand and individual restaurant's profitability. The Group believes that it is imperative to continuously innovate and introduce new food concepts and brands in the food and beverage industry.

In December 2018, Japan Foods announced a binding Memorandum of Understanding ("**MOU**") with Minor Food Group (Singapore) Pte. Ltd. ("**Minor Singapore**") to expand the geographical reach of their respective brands.

The parties had on 29 January 2019 formed a 50-50 joint venture company in Singapore named "Dining Collective Pte. Ltd." ("**Dining Collective**"), which will conduct the business of franchising and operating existing restaurant brands owned by Japan Foods and Minor Singapore in Thailand, Japan and the People's Republic of China. The parties are actively planning and making preparation to set up restaurant operations in Japan.

#

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 31 March 2019, the Group operates 55 restaurants in Singapore under various brands, such as "Ajisen Ramen", "Osaka Ohsho" and "Menya Musashi".

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", "Curry Is Drink" 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 31 March 2019, there is 1 restaurant in Malaysia operated by the Group's sub-franchisees under the "Ajisen Ramen" brand. The Group also has interests in 7 restaurants in Hong Kong, 12 restaurants in China and 1 in Indonesia operated by its associated companies under the "Menya Musashi" brand.

For its efforts in corporate governance, Japan Foods 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 July 2018, the Group received the “Best Managed Board Award (Gold)” at the Singapore Corporate Awards 2018 and in September 2018, it was named Runner-Up in the “Most Transparent Company – Hotel / Restaurant” award category at the 19th SIAS Investors’ Choice Awards 2018.

#

**Issued on behalf of Japan Foods Holding Ltd by
August Consulting Pte Ltd**

Tel: (65) 6733 8873 Fax: (65) 6733 9913

Wrisney Tan – wrisneytan@august.com.sg

Avril Lim – avrillim@august.com.sg

This news release has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“Sponsor”) in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist. This news release has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.