

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' FY2017 revenue hits record high driven by performance of new brands

- Net profit attributable to equity holders of the Company surges 23.3% to S\$4.7 million.
- Proposes a final dividend of 1.25 Singapore cents per ordinary share, which together with the interim dividend of 0.75 Singapore cents, brings total dividend declared in FY2017 to 2.00 Singapore cents.
- Announces intention to raise the Group's target dividend payout ratio to at least 50%¹ of Japan Foods' audited consolidated net profits attributable to shareholders annually.

Financial Highlights (S\$' million)	Fourth quarter ended 31 Mar		Change (%)	Twelve (12) months ended 31 Mar		Change (%)
	2017	2016		2017	2016	
Revenue	15.2	15.7	(3.2)	65.5	62.8	4.2
Gross profit	12.9	13.3	(2.3)	55.6	52.9	5.1
Gross profit margin (%)	85.2	84.4	0.8% pts	84.9	84.2	0.7% pts
Profit before income tax	0.8	0.7	5.9	5.7	4.7	22.2
Net profit	0.6	0.5	20.2	4.7	3.8	23.3
Basic earnings per share ("EPS") (Singapore cents) ⁽¹⁾	0.32	0.27	18.5	2.68	2.17	23.5
Net asset value ("NAV") per share (Singapore cents) ⁽²⁾	18.29 (as at 31 Mar 2017)			17.74 (as at 31 Mar 2016)		

¹ EPS was computed based on the weighted average number of shares of 173,336,357 shares and 174,000,382 shares in 4Q2017 and 4Q2016 respectively; and 174,022,774 shares and 174,241,277 shares in FY2017 and FY2016 respectively.

² NAV was computed based on 173,043,500 shares as at 31 March 2017 and 173,936,000 shares as at 31 March 2016 respectively.

SINGAPORE, 26 May 2017 – Japan Foods Holding Ltd. ("Japan Foods" and together with its subsidiaries, the "Group"), a leading Japanese restaurant chain, has achieved record revenue of S\$65.5 million while net profit attributable to equity holders of the

¹ Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances

Company surged 23.3% year-on-year (“YOY”) to S\$4.7 million in the financial year ended 31 March 2017 (“FY2017”).

The stellar performance was driven mainly by its three newest brands, namely “New ManLee Bak Kut Teh”, “Dutch Baby Cafe” and “Ginza Kushi-Katsu” brands, which together contributed an increase in revenue of S\$4.9 million in FY2017 as compared to the preceding financial year ended 31 March 2016 (“FY2016”).

Throughout FY2017, the Group’s marketing activities to drive sales combined with its restaurant portfolio management and product pricing strategy as well as its operational efficiency and prudence enabled it to maintain its healthy gross profit margin, which rose 0.7 percentage points from 84.2% in FY2016 to 84.9% in FY2017.

Meanwhile on a quarterly basis, net profit attributable to equity holders of the Company grew 20.2% YOY to S\$0.6 million in the three months ended 31 March 2017 (“4Q2017”) despite a marginal 3.2% decline in revenue to S\$15.2 million. This was mainly due to lower one-time impairment charge on plant and equipment in relation to store closures as compared to the previous corresponding three months ended 31 March 2016 (“4Q2016”).

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *“The F&B sector in Singapore is extremely challenging. Not only do we face rising rental, raw materials and manpower costs every year, we also have to contend with new players and new concepts to try and stay ahead of the competition. I am pleased that we have done well as a Group despite such conditions and that our prudence and market strategies have continued to serve us well. We will continue to regularly review our restaurant and brand portfolios in order to achieve the most optimum combination.”*

Earnings per share was 2.68 Singapore cents per share for FY2017 as compared to 2.17 Singapore cents per share for FY2016. NAV per share as at 31 March 2017 was 18.29 Singapore cents as compared to 17.74 Singapore cents as at 31 March 2016. The Group’s financial position remains healthy with no borrowings. Cash and cash equivalents rose from S\$16.9 million as at 31 March 2016 to S\$20.2 million as at 31 March 2017.

Dividend

In line with the Group’s performance, the board of directors of Japan Foods is pleased to propose a final dividend of 1.25 Singapore cents per share to be paid in August 2017 if

approved at the upcoming annual general meeting, which together with the interim dividend of 0.75 Singapore cents per share which was paid in November 2016, brings total dividend declared in FY2017 to a total of 2.00 Singapore cents a share. This represents a dividend payout ratio of approximately 74.6% for the whole of FY2017.

Moving forward, the Board has recommended raising the Group's target dividend payout ratio to at least 50%² of Japan Foods' audited consolidated net profits attributable to shareholders annually. This is the second time the Group has raised its target dividend pay-out ratio since its listing in 2009. The last increase was announced three years ago in May 2014 when it was raised from 35% to 40%.

Mr Takahashi said: *"This decision reflects the confidence that the Board and management has in the future of Japan Foods and also rewards and encourages shareholders who have stood by us over the years."*

² Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances.

FY2017 Business Review

During the period under review, Japan Foods' restaurant portfolio in Singapore grew from 47 restaurants as at 31 March 2016 to 49 restaurants as at 31 March 2017. The number of food court outlets remained unchanged at one.

The following table gives a breakdown of the Group's portfolio in Singapore:

Restaurant Brands	As at 31 March 2017	As at 31 March 2016
Ajisen Ramen	18	15
Botejyu	1	1
Dutch Baby Cafe	1	-
Fruit Paradise	4	5
Ginza Kushi Katsu	1	1
Hanamidori	1	1
Japanese Gourmet Town	1	1
Kazokutei	2	3
Keika Ramen	1	2
Menya Musashi	7	8
Menzo Butao	1	1
New ManLee Bak Kut Teh	3	2
Osaka Ohsho ⁽¹⁾	7	6
Yonehachi	1	1
TOTAL RESTAURANTS	49	47
Food Court Outlet	As at 31 March 2017	As at 31 March 2016
Ajisen Ramen	1	1
TOTAL RESTAURANTS AND FOOD COURT OUTLET	50	48

¹ Includes 1 "Kotsujiru Nabe" brand restaurant, which are both extensions of the "Osaka Ohsho" brand.

The Group's flagship brand and main revenue generator "Ajisen Ramen" as well as its "Keika Ramen" brand recorded a net decrease in revenue of S\$1.0 million from S\$26.9 million in FY2016 to S\$25.9 million in FY2017 due to the closure of two restaurants located at Compass Point and Tiong Bahru Plaza in September 2015 and December 2015 respectively due to mall renovation works; the conversion of the "Ajisen Ramen" brand restaurant at Clementi Mall into a "New ManLee Bak Kut Teh" brand restaurant in December 2015; and, lower net sales generated by some existing restaurants. The fall in sales was partially offset by the revenue contribution from a restaurant at Bukit Panjang

Plaza following the conversion from “Osaka Osho” brand to “Ajisen Ramen” brand in October 2015; revenue contribution from the opening of two “Keika Ramen” brand restaurants at White Sands and Tiong Bahru Plaza in November 2015 and April 2016 respectively; and revenue contribution from the opening of a new “Ajisen Ramen” brand restaurant at Compass One in September 2016.

Japan Foods’ other flagship brand “Menya Musashi” generated a S\$0.8 million increase in revenue from S\$12.4 million in FY2016 to S\$13.2 million in FY2017 mainly because of contribution from a new restaurant at Waterway Point that opened in January 2016 as well as a net increase in sales from existing restaurants.

However its other flagship brand “Osaka Ohsho” suffered a marginal revenue decline of S\$0.6 million from S\$8.6 million in FY2016 to S\$8.0 million in FY2017 mainly due to the brand conversion of a restaurant at Bukit Panjang Plaza to “Ajisen Ramen” brand in October 2015; the conversion of a restaurant at AMK Hub to the “New ManLee Bak Kut Teh” brand; and, a net decrease in sales from existing restaurants. The decrease was partially offset by revenue contribution from a new restaurant at Waterway Point, which opened in January 2016.

The Group’s other brands generated a S\$3.5 million increase in revenue from S\$5.0 million in FY2016 to S\$9.3 million in FY2017. The top performers were its three newest brands – “New ManLee Bak Kut Teh”, “Dutch Baby Cafe” and “Ginza Kushi-Katsu” – which contributed a combined S\$4.9 million increase in sales in FY2017. This was partially offset by a S\$1.4 million decrease in revenue from restaurants operating under the “Hanamidori”, “Menzo Butao”, “Fruit Paradise”, “Kazokutei”, “Yonehachi” and “Botejyu” brands.

Overseas Network

Restaurant Brands	As at 31 March 2017	As at 31 March 2016
Ajisen Ramen (operated by sub-franchisees)		
• Malaysia	3	4
• Vietnam	2	2
Menya Musashi (interests via associated companies)		
• Hong Kong	7	8
• China	6	5
TOTAL RESTAURANTS	18	19

The Group's overseas network comprised 18 restaurants as at 31 March 2017 compared to 19 as at 31 March 2016. This was due to the closure of one "Ajisen Ramen" restaurant in Malaysia and two "Menya Musashi" brand restaurants in Hong Kong because of the expiry of leases. During FY2017, the Group through its associated companies also opened one restaurant each in Hong Kong and China.

Most recently, in the month of April 2017, the Group's associated companies opened 1 more restaurant each in Hong Kong and in the PRC.

Business Outlook

For the next 12 months, Japan Foods expects the operating environment in the local F&B scene to remain challenging due to the tight labour supply, stiff competition, rising business costs and uncertain economic outlook.

The Group will continue to explore opportunities to expand its presence in the ASEAN region by way of joint-ventures, acquisitions and/or sub-franchising of its brands. In addition, the Group will continue to explore opportunities in non-Japanese food and beverage. Barring unforeseen circumstances and subject to suitable opportunities, the Group also expects its associated companies to continue to expand the "Menya Musashi" brand restaurant network in Hong Kong and China.

Mr Takahashi said: *"While our focus remains on Singapore and we are keen to grow our market share here, we are at the same time looking for partners to expand our network*

overseas. We are very pleased with the business model we currently have in Hong Kong and China and we hope to be able to do the same in our target markets in the region.”

#

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 2017, the Group operates 49 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 31 March 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 7 restaurants in Hong Kong and 6 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 Investor Choice Awards in 2016.

August Consulting Pte Ltd

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

Wrisney Tan – wrisneytan@august.com.sg

Serene Chia – serenechia@august.com.sg

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.