



LIFEBRANDZ LTD.

(Company Registration Number 200311348E)
(Incorporated in the Republic of Singapore)

UPDATE ON THE BUSINESS OPERATIONS IN LIGHT OF COVID-19

The Board of Directors (the “**Board**”) of LifeBrandz Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to update shareholders in respect of the Group’s business operations in light of the COVID-19 outbreak. Further to the Company’s announcements dated 9 April 2020 and 4 May 2020 in relation to updates on the Group’s business operations in light of COVID-19 (“**Announcements**”), the Board wishes to update shareholders that Sushi Nagai in San Francisco, the United States, (“**Sushi Nagai**”) operated by the Company’s 50%-owned subsidiary, LifeBrandz USA Inc., will be temporary closed with immediate effect (“**Temporary Closure**”).

The State of California had issued a stay home order (“**Order**”), except for the operations of, amongst other things, essential services. Under the Order, restaurants will only be allowed to provide take-away and delivery services and will be effective until further notice. Following the implementation of the Order, Sushi Nagai had been providing drop to go (i.e. take-away) services since 17 March 2020.

However, the business performance did not meet the expectation, and hence, the Company had decided on the temporary closure of Sushi Nagai due to the following:

- Poor response from take-away services, whether through its own website or via other delivery platforms; and
- Sales generated from take-away services are insufficient to cover the costs incurred.

Accordingly, Sushi Nagai will temporarily cease operations (including take-away services) and will be re-opened for operations, at such time when the Board has assessed the COVID-19 situation to have improved, and the operating environment has resumed to normal.

As a result of the Temporary Closure, together with the updates provided in the Announcements, it is contemplated that the foregoing will negatively impact the Group’s cash flows, financial position and earnings per share for the financial year ending 31 July 2020 (“**FY2020**”), while partially bolstered by the temporary relieves and supports from various governments.

In view of the fluidity of the COVID-19 pandemic globally, the extent of the impact on the Group’s financial performance and operations for FY2020 cannot be determined at this point in time. The Board would like to assure shareholders that steps are taken to focus on operational excellence, tighten cost controls, conserve the Group’s cash flow and manage the working capital during this period.

Barring any unforeseen circumstances, the Group will be able to meet its short-term obligations as and when they fall due and continue as a going concern with, *inter alia*, the ongoing financial supports from the controlling shareholder of the Company, Bounty Blue Capital Ltd, and the substantial shareholder of the Company, Capital Square Co., Ltd.. In addition, the Group is exploring other financing options to improve its liquidity, such as short-term debt financing, should the need arises.

The Group will continue to monitor its sales, governments' supports and the evolving situation of the COVID-19 pandemic closely. It will also continue to perform strategic review on the Group's business. The Company will make the necessary announcement(s) in relation to the impact of new government measurement/policies on the Group's business operations (if material).

By Order of the Board

Saito Hiroyuki
Executive Chairman and Chief Executive Officer
6 May 2020

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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