

JAPAN FOODS HOLDING LTD.

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(Incorporated in the Republic of Singapore on 3 December 2007)
(Company Registration No. 200722314M)

1. FURTHER UPDATE ON OPERATIONS ARISING FROM THE COVID-19 MEASURES BY THE SINGAPORE GOVERNMENT
 2. PROFIT GUIDANCE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020
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1. FURTHER UPDATE ON OPERATIONS

The board of directors (the “**Board**”) of Japan Foods Holding Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 6 April 2020 (the “**Update Announcement**”) in relation to the impact of the Circuit Breaker Measures and would like to provide the Company’s shareholders with a further update on the Group’s operations.

- (i) In the month of April 2020, the Group had maintained a skeletal operational model and a maximum of 13 of its restaurants located within the malls in residential areas were kept open at various points in time for takeaways and deliveries with support from the Group’s central kitchen and headquarters.
- (ii) In the month of May 2020, in view of the extension of the Circuit Breaker Measures to 1 June 2020 and to sustain manpower expenses and other overheads, the Group has been progressively resuming the operations of more restaurants.
- (iii) As at the date of this announcement, 30 of the Group’s 59 restaurants have resumed operations to provide takeaways and deliveries.
- (iv) The Singapore Government announced on 19 May 2020 that the Circuit Breaker Measures will end on 1 June 2020 and Singapore will embark on a three-phased approach to resume activities safely. Although the Circuit Breaker Measures will end on 1 June 2020, dining-in at food & beverage outlets will still not be permitted for at least a few more weeks. The Group will continue to monitor sales and developments closely and may review and adjust the number of restaurants kept open from time to time as the COVID-19 situation evolves. Amidst the adverse impact of the COVID-19 pandemic, the Group has intensified its efforts to control costs and intends to keep its operations in Singapore lean.
- (v) Given the current grim prognosis of an economic downturn and significant uncertainties over industry prospects, the Group will prioritise its resources on tackling immediate challenges brought about by the COVID-19 pandemic and will adopt a cautious and prudent approach in managing its restaurants portfolio in Singapore and overseas in the near term and will negotiate best possible terms upon renewal and/or entering into new leases.

The Company and Minor Food Group (Singapore) Pte.Ltd. (“**MS**”) had established a joint venture to conduct the business of franchising and operating existing restaurant brands owned by the Company and MS in Japan, Thailand and China. The Company had announced on 10 February 2020 that the Company and MS were in the process of securing tenancy of two locations in Japan and had expected to open the new stores within the next 6 months. Since then, the COVID-19 pandemic has caused disruption in the progress of these store openings in Japan and commencement of business is expected to be delayed. The Group expects the joint venture to continue efforts in

developing markets in Japan, Thailand and China, albeit at a more cautious and slower pace due to the COVID-19 pandemic.

The COVID-19 measures are expected to adversely impact the Group's financial performance with reduced revenue in the months of April and May 2020 and until such time that dining-in at restaurants is permitted and demand resumes. While the support extended by the Singapore Government, in particular the Job Support Scheme and rental relief, will provide cushion to the fall in the Group's revenue, the effects of the COVID-19 pandemic will dampen the Group's prospects and curtail growth for the remaining part of the current financial year ending 31 March 2021.

With the government's mitigating measures and the Group's strong balance sheet and cash reserve accumulated through prudent capital management, the Board is confident that the Group will be able to overcome the challenges brought about by the COVID-19 pandemic.

Update on opening and closing of restaurants

Since the Company's announcement dated 10 February 2020, the Group has converted two "Karamen" restaurants located at 111 Somerset and Funan Mall to "Shoryu Ramen" restaurants on 17 February 2020 and 20 March 2020 respectively.

As at the date of this announcement, the Group has a total of 59 restaurants¹ comprising 16 "Ajisen Ramen" restaurants, 2 "Shoryu Ramen" restaurants, 7 "Akimitsu" restaurants, 2 "Fruit Paradise" restaurants, 7 "Konjiki Hototogisu" restaurants, 9 "Menya Musashi" restaurants, 2 "Menzo Butao" restaurants, 5 "Osaka Ohsho" restaurants, 2 "Kagurazaka Saryo" restaurants, 2 "Yonehachi" and 5 restaurants operating under various other brands, namely, "Afuri Ramen", "Curry is Drink", "Japanese Gourmet Town", "Kazokutei", and "New ManLee Bak Kut Teh".

2. PROFIT GUIDANCE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 ("FY2020")

On 12 May 2020, the Company announced that it had notified the Singapore Exchange Regulation of an extension of time in announcing the Group's unaudited full-year financial statements for FY2020.

Based on a preliminary review of the Group's unaudited management accounts, the Board expects the Group's revenue in FY2020 to be comparable to that achieved in the last financial year ended 31 March 2019 ("FY2019") but its net profit after tax in FY2020 to be lower than that in FY2019.

The Company is in the process of finalising the unaudited consolidated financial statements of the Group for FY2020. The aforementioned is only a preliminary assessment by the Board based on information currently available. Further details of the Group's financial performance will be disclosed when the Company announces its unaudited consolidated financial statements for FY2020 by 30 July 2020.

Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

¹ In the Company's announcement dated 6 April 2020, it was inadvertently stated that the Group operated 58 restaurants as at 31 March 2020. The correct number should have been 59 restaurants with the breakdown as described herein.

By Order of the Board

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TAKAHASHI KENICHI
Executive Chairman and CEO

20 May 2020

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This announcement has not been examined or approved by 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. 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.