

PRESS RELEASE

JUMBO'S 1HFY20 STAYS PROFITABLE DESPITE SIGNIFICANT IMPACT FROM COVID-19

- ***Group's 1HFY20 revenue declined 13.1% to \$66.7 million on back of challenging operating environment in all key markets***
- ***Proactive measures kept bottom line positive, while healthy balance sheet and liquidity position sustained business operations and transformation***

Singapore, 14 May 2020 – JUMBO Group Limited (“JUMBO”, or the “Company” and together with its subsidiaries, the “Group”), one of Singapore’s leading multi-dining concept food and beverage (“F&B”) establishments, today announced revenue of \$66.7 million for the half-year ended 31 March 2020 (“1HFY20”).

Revenue was significantly impacted by the COVID-19 pandemic across our key markets in Singapore, China and Taiwan. In China, to curb the spread of the COVID-19 virus, the Chinese government began imposing various measures to restrict the movement of people in January 2020. As a result, footfall in malls, and correspondingly, our outlets in China located in those malls, fell significantly. With a muted topline for the period from January to March 2020, revenue from our China operations decreased by 35.5% or \$5.0 million, to \$9.0 million in 1HFY20. Similarly, in Taiwan, since the first domestic case was diagnosed in late January 2020, the authorities implemented precautionary measures, which included border controls prohibiting entry by anyone who had been in China or Hong Kong from 6 February, and by 19 March, ban was extended to nearly all foreigners without Taiwanese residence certifications. With heightened fear on spread of COVID-19, and uncertainties surrounding the development of the pandemic, consumer sentiment was largely dampened, which resulted in lower footfall at malls, leading to a decline in sales at our outlets.

For our Singapore operations, the number of customers dining at our outlets registered a decline during the Chinese New Year (“CNY”) period as the country started to report new COVID-19 cases. Topline trend worsened with the banning of new visitors from China, one of our key customer groups, from end-January 2020 and the stepping up of border controls in February and March 2020 which substantially reduced the number of tourists coming to Singapore. Restrictions placed on large-scale events and social distancing measures put in place since early February 2020 and the fear of the spread of COVID-19 further reduced the number of local dine-in customers. As a result, for the period of January to March 2020, our topline registered a significant decline, especially after the CNY season. For 1HFY20, revenue from our Singapore operations decreased by 13.5% or \$8.4 million, to \$54.3 million.

Correspondingly, cost of sales reduced by 9.1% or \$2.5 million, from \$27.5 million in the half-year ended 31 March 2019 (“1HFY19”) to \$25.0 million in 1HFY20, in-line with the decrease in revenue. However, with a larger magnitude of decline in revenue versus cost of sales, gross profit fell by 15.3% or \$7.5 million. To maintain market share and retain local customers, the Group launched more promotion campaigns and greater discounts in February and March, which led to a further compression in gross profit margin to 62.6% in 1HFY20, versus 64.2% in 1HFY19.

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Employee benefits expense decreased by 3.6% to \$22.8 million in 1HFY20, mainly due to the cost saving measures taken by the Group during the COVID-19 period, including non-bonus accruals, minimal use of casual labour, and lesser overtime hours due to shorter operating hours.

With the adoption of SFRS(I) 16 with effect from 1 October 2019, the Group capitalised leases with remaining terms of more than 12 months, and these capitalised leases are depreciated across their respective remaining lease terms. Correspondingly, operating lease expenses decreased by \$4.3 million, to \$2.5 million in 1HFY20, while depreciation for right-of-use assets amounted to \$4.6 million.

The Group's other operating expenses increased by \$1.0 million from 1HFY19 to \$8.0 million in 1HFY20 mainly a result of the increase in the number of restaurants in Singapore and the acquisition of majority stake in Jumbo Seafood operation in Taiwan.

Other income of \$3.6 million in 1HFY20 largely comprised credits from the Jobs Support Scheme granted by the Singapore government during the COVID-19 period, amounting to \$3.0 million, for the periods of October to December 2019, and February to March 2020, which mitigated the impact on our bottom line from the pandemic.

Share of loss of associates of \$0.2 million was mainly attributed to the performance of Jumbo Seafood outlets in Korea. Our two outlets commenced operations in July and October 2019 respectively, and shortly after, the business was affected by the COVID-19 pandemic.

As a result of the above, profit attributable to owners of the Company in 1HFY20 decreased to \$2.1 million.

Dividends

As there are significant uncertainties in assessing the duration of the pandemic and its impact, the Group's current key priority is to preserve cash to support our working capital requirements until the COVID-19 situation improves. The Board therefore will not be recommending any interim dividend for 1HFY20.

Outlook

With the implementation of the Circuit Breaker in Singapore on 7 April 2020, we have temporarily closed 10 of our 16 outlets. The 6 outlets that remained open could only cater to takeaways and deliveries. With less than 40% of our outlets operating, coupled with smaller order sales and lower volume of takeaways and delivery orders compared to dine-ins, we expect our topline during the Circuit Breaker period to be substantially lower compared to the same period last year. Though revenue has shown gradual improvement compared to the first week of the Circuit Breaker, and the majority of our landlords are providing varying amounts of rental rebates for April and May, which would help to defray some of our rental expenses, bottom line is expected to be significantly lower compared to same period last year based on preliminary assessment.

In Taiwan and China, pandemic situations have stabilised and internal travel restrictions have been lifted substantially. However, consumer sentiments have remained visibly muted. As at the date of this announcement, footfall in our outlets have not recovered to pre-COVID-19 levels.

Since the onset of the COVID-19 pandemic, our management team have been proactive in monitoring the rapidly evolving developments and implemented swift and coordinated responses across our local and regional operations to ensure the well-being and safety of our customers and employees and business continuity. Adapting to such operating environment changes and restrictions, we have intensified our digital and online presence, and offered a wider range of products and services, such as bento sets and deliveries via multiple platforms to capture a larger customer base in a very competitive market. All operating expenses are closely monitored and managed, especially labour costs and rental.

As there is little visibility on the duration and severity of this pandemic and uncertainty as to when normalcy can return, we expect the business environment to remain challenging in the second half year of FY20.

The Group will continue to remain nimble in navigating the uncertainties and manage the financials and operations of the Group in the best interests of our stakeholders. Nonetheless, the Group continues to maintain a healthy balance sheet, with minimal borrowings and an adequate level of liquidity.

Mr. Ang Kiam Meng (黄建铭), Group CEO and Executive Director of JUMBO, commented, “The last few months have proved to be the most challenging periods for JUMBO since the Group was established 33 years ago.

We are fortunate that our prudent management in the past have helped us build up a strong balance sheet which allowed us to weather this period of uncertainty. Having said that, this pandemic has reminded us that we need to constantly evolve and be nimble in the ever-changing environment to keep ourselves relevant, especially in the new digital era, where options are abundant.

We will continue to safeguard our business viability via disciplined cost management and deepening local market presence. We are actively enhancing and accelerating our strategy in the digital space as consumption patterns shift markedly. We are also developing new concepts that cater to younger crowds and smaller families to diversify our target market and revenue sources.”

About JUMBO Group Limited

JUMBO is one of Singapore’s leading multi-dining concept F&B establishments. It has a portfolio of 6 restaurant brands - JUMBO Seafood, JUMBO Kitchen, NG AH SIO Bak Kut Teh, Zui Teochew Cuisine, Chao Ting Pao Fan and XINYAO Hainanese Chicken Rice.

Fulfilling its philosophy of “Bonding People Through Food”, JUMBO has 38 F&B outlets (including those of its associated companies and those under licensing arrangements) in 15 cities in Asia. It has presence in Singapore, Shanghai, Beijing, Xi’an, Fuzhou, Taipei, Taichung, Hsinchu, Taoyuan, Seoul, Ilsan, Ho Chi Minh, Bangkok, Tokyo and Osaka.

JUMBO also provides catering services for customers in Singapore, and sells packaged sauces and spice mixes for some of its signature dishes in its outlets, selected stores, supermarkets, travel agencies and online via the JUMBO eShop.

It has a Central Kitchen in Singapore to maintain stringent quality standards and the consistency in the taste of its signature dishes, increase productivity and lower costs. JUMBO’s Research and Development Kitchen facilitates the creation of new dishes and improvement of food preparation processes.

It has received many awards, accolades and notable mentions in prestigious publications for the high quality of food and service offered under its F&B brands.

Some of JUMBO’s more recent awards and accolades include *the International Franchisor of the Year, Franchisor of the Year, Promising Franchisor of the Year and Customer Service Excellence at the Franchising & Licensing Awards (2019); the Excellent Service Award (2019), 5S Excellence Award by Restaurant Association of Singapore (2018), Asia Enterprise BRAND Awards – Special Award – Gastronomy Excellence Brand Award 2018/2019, Diners’ Choice – Best Seafood Platinum Winner 2018, SIAS 17th Investors’ Choice Awards – Winner of Most Transparent Company Award for New Issues (2016), Singapore Business Awards – The Enterprise Award (2016), Singapore Corporate Awards – Best Investor Relations Merit Award for First-Year Listed Companies (2016), People Excellence Award (2015), HRM Awards – SME Employer of the Year (2015), Influential Brands Award – Top Brand for Seafood Category (2015), Singapore Prestige Brand Award – Established Brand Category (2012) and Heritage Category (2012), and the Enterprise 50 Award (2nd place in 2015)*. JUMBO Seafood was also featured amongst the “Top 50 most iconic places in Singapore to visit” list compiled by TripAdvisor in 2015 in conjunction with the SG50 celebrations.

For more information, please visit www.jumbogroup.sg.

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Important Notice

This press release has been prepared by Jumbo Group Limited (the “Company” and together with its subsidiaries, the “Group”) and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst.

This press release has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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