

PRESS RELEASE

JUMBO'S BALANCE SHEET AND LIQUIDITY POSITION REMAIN HEALTHY AMIDST CHALLENGING ENVIRONMENT

- **Registered positive EBITDA¹ of \$8.0 million. Healthy balance sheet and liquidity position continue to support business operations and growth transformations**
- **Added a total of 4 outlets, self-managed and franchised, to our network in FY2020**
- **One-off impairment cost of \$3.7 million, attributed to the write-off of property, plant and equipment of non-performing outlets and loans to associate**

Singapore, 26 November 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 its financial results for the financial year ended 30 September 2020 (“FY2020”).

Period under review

FY2020 started on an encouraging note, fuelled by strong expansion momentum with 4 new outlets of different concepts opening in South Korea, China and Taiwan over just 3 months. The Group opened its second franchised JUMBO Seafood restaurant in Ilsan, South Korea, and NG AH SIO Bak Kut Teh (“NASBKT”) franchised outlet in Taoyuan, Taiwan in October 2019. JUMBO’s first self-managed NASBKT outside Singapore was officially opened in Shanghai, China in December 2019, together with the launch of a new dining concept, XINYAO Hainanese Chicken Rice.

However, since the onset of the COVID-19 pandemic, the F&B sector has taken an adverse hit, leading to a slowdown of the Group’s growth plans. Restrictions imposed by the Chinese government in January 2020 marked the start of a challenging period for the Group. During Chinese New Year, one of the Group’s traditionally strongest performing periods, significantly underperformed compared to prior years, particularly in China. The Group also closed an under-performing JUMBO Kitchen outlet at Raffles City Mall, Shanghai, prior to the expiry of its lease, particularly with the much-reduced footfall in the mall during that period.

Negative impact hit Singapore shortly after the festive period and in early April 2020, when the Singapore government announced the circuit breaker (“CB”), which was only lifted in mid-June 2020. During the CB, dining-in was prohibited and only six out of our 16 outlets in Singapore were opened to cater for deliveries and takeaways only.

The Group’s outlets situated in tourist areas, namely the NG AH SIO Bak Kut Teh outlets in Marina Bay Sands and Resort World Sentosa remained closed till July 2020. Two of our highest revenue-generating JUMBO Seafood outlets at Riverside Point and The Riverwalk, also observed visibly lower footfall, as they were popular amongst tourists due to their strategic locations.

¹ Includes the impact of the adoption of SFRS(I) 16 – Leases from 1 October 2019.

Post-CB, the work-from-home mandate continued to be imposed by the Singapore government, lowering demand from working crowds and business gatherings. Social distancing measures also imposed a ceiling on the revenue-generating potential of the Group's other popular outlets. The regulation of limiting five persons to a table, and the reduced operating capacity to nearly half of the Group's norm, have also led to lower sales during peak hours.

As a result, revenue from the Group's China operations declined by 22.2% or \$6.0 million to \$21.2 million in FY2020, while revenue from the Group's Singapore operations decreased 44.9% or \$56.8 million to \$69.7 million in FY2020. This was partially offset by revenue from Taiwan, of \$6.7 million, due to the acquisition of the majority stake in the Group's Taiwan JUMBO Seafood operations in October 2019. Revenue for the Group for FY2020 was \$97.6 million, a 36.5% decline from FY2019, and the lowest in the last five financial years, clearly reflecting the impact of the COVID-19 pandemic.

Consequentially, cost of sales decreased by 33.8% or \$18.9 million, from \$55.7 million in the financial year ended 30 September 2019 ("**FY2019**") to \$36.8 million in FY2020, in-line with the decrease in revenue. With a less than proportionate decline in cost of sales, gross profit fell to \$60.7 million, a decrease of 38.0%. Gross profit margin was also lower at 62.2% in FY2020 versus 63.8% in FY2019, as the Group engaged in more promotion campaigns and offered greater discounts to attract customers.

Employee benefits expense for FY2020 was \$38.5 million, a decline of 18.4% from \$47.2 million in FY2019, mainly due to the reduction in headcount of approximately 83, on the back of natural attrition without replacement, and cost saving measures taken by the Group due to the COVID-19 pandemic, including elimination of bonus, unpaid leave, temporary pay reduction and lower overtime pay due to shorter operating hours.

With the adoption of Singapore Financial Reporting Standard (International) ("**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 \$10.6 million, from \$14.1 million in FY2019 to \$3.5 million in FY2020, while depreciation for right-of-use assets amounted to \$10.4 million.

Depreciation expense of property, plant and equipment increased by 23.3% or \$1.3 million, from \$5.4 million to \$6.7 million in FY2020, due to the addition of new restaurant outlets in Singapore, namely JUMBO Seafood ION outlet in December 2018 and JUMBO Seafood Jewel outlet in April 2019 as well as the takeovers of two JUMBO Seafood outlets in Taipei and Taichung from 1 October 2019.

The Group's other operating expenses fell by 4.3% or \$0.6 million, from \$14.9 million in FY2019 to \$14.3 million in FY2020, mainly due to the temporary closure of outlets during the CB as well as the shorter operating hours.

Other income increased by \$8.2 million, from \$2.4 million in FY2019 to \$10.6 million in FY2020. This was primarily contributed by the Jobs Support Scheme granted by the Singapore government in view of the COVID-19 pandemic, which amounted to \$6.3 million, for the periods from October to December 2019; and from February to September 2020. In addition, the Group received property tax rebate and rental rebates which amounted to \$2.5 million. The Group also recognised lower impairment on investments at fair value through profit or loss in FY2020 compared to FY2019.

With the much reduced footfall at certain outlets due to the COVID-19 pandemic, the Group recognised impairment loss of \$1.4 million on property, plant and equipment for those non-performing outlets, namely NG AH SIO Bak Kut Teh outlet at Resort World Sentosa in Singapore, and JUMBO Seafood outlets in Xi'An and Taichung.

The share of loss in associates in FY2020 of \$0.3 million was largely due to the under-performance of the two JUMBO Seafood outlets in Korea. The volatile pandemic situation in Korea coupled with waves of subsequent outbreaks have negatively impacted consumer sentiments and dine-in propensity. In addition, the Group, out of prudence, recognised an impairment to its loans of \$2.3 million to its associated company in Korea. This is shown as impairment loss recognised on financial assets in the profit or loss statement.

As a result of the above, loss attributable to owners of the Company for FY2020 stood at \$8.2 million. However, after adjusting for non-cash items, the Group registered a positive EBITDA of \$8.0 million for FY2020.

Dividends

The Group is committed to create long-term value for its shareholders and, prior to FY2020, has been consistent in issuing dividends to its shareholders as a demonstration of the Group's commitment to its shareholders. However, with significant uncertainties in assessing the duration of the pandemic and its impact, the Group continues to exercise prudence in conserving cash to support the Group's working capital requirements. Therefore, the board of directors of the Company will not be recommending any final dividend for FY2020.

Outlook

COVID-19 has a significantly pronounced and prolonged impact on the F&B sector. Though we have seen a gradual improvement in consumer sentiments and F&B dine-in post-CB in Singapore, footfall and revenue have yet to recover to pre-COVID-19 levels.

Border controls and safe distancing measures continue to pose challenges to the Group. Pipeline of both business and leisure travellers, who traditionally form a loyal customer base for JUMBO Seafood restaurants, remains weak due to the restrictive travel regulations. Dine-in crowds on weekdays, particularly in the central business district area, stay muted on the back of general guidelines encouraging work-from-home arrangements. Safe distancing arrangements and seating restrictions also limit restaurants' ability to generate optimal revenue, particularly during peak periods.

Though the pandemic situation in Singapore has shown signs of stabilisation, the above measures are likely to remain in-place for the near future.

The Group has reviewed and pivoted our growth strategy to leverage on our strong brand presence to enlarge our wallet share in the local market via with a multiple pronged approach such as introducing new concepts, which target new segments (for example, younger crowds, smaller families, takeaways and delivery market), and offering new products, including rolling out of high-tea concepts, to lengthen revenue generating hours. The Group's new virtual brand, HACK IT, scheduled to make its debut in December 2020, is an outcome of our innovation efforts; an initiative to expand the Group's

pool of customers with a different profile, by leveraging on the same amount of resources we currently have.

While the Group makes the best out of the situation in our home market, our overseas operations are showing signs of resilience. China has picked itself up from the pandemic, and the economy and consumer behaviour have recovered almost back to pre-COVID-19 levels. For Taiwan, since the Group has taken over the operations in October 2019, excluding the impact from the COVID-19 pandemic, we have seen encouraging trend in revenue levels compared to same period last year.

The Group's franchisees, particularly in Ho Chi Minh City, Bangkok and Fuzhou, are holding up well amidst the challenging macro backdrop, which is a reflection that our cuisines are well received by our fans around the region. The franchisees in Ho Chi Minh City, Bangkok and Fuzhou are on track for further expansion of their outlets network in FY2021.

Looking ahead, the prospect of intermittent lockdowns and rising unemployment may likely persist, which will continue to have a negative impact to the Group in terms of lower footfall at restaurants, weaker sales revenue and further drain on cashflows. Against this backdrop, the Group is looking to intensify its efforts to control costs, including negotiate lease terms and accelerate digitalisation efforts to improve operational efficiency.

With a relatively healthy balance sheet, the Group is confident of riding through this period of uncertainty. The Group will also opportunistically and cautiously pursue areas of growth which will help enhance our earnings or diversify our revenue streams.

Mr. Ang Kiam Meng (黄建铭), Group CEO and Executive Director of JUMBO, commented, "COVID-19 has resulted in an extraordinary and extremely difficult period for the retail and hospitality sector, particularly the F&B industry. We have never been further away from "Business-As-Usual" in FY2020, going through unprecedented situations such as temporarily closing majority of our outlets, replacing all dine-in with takeaways and deliveries which barely covered our variable operating costs and reinventing our menu to offer new products, such as value-for-money, high quality bento sets, to stay competitive in the market where everyone competes aggressively for the same small wallet share of consumers.

Although recovery, especially in Singapore after CB, has been slower than we would like it to be, we remain confident in our industry and our brands. F&B plays an irreplaceable role in our way of life and consumers yearn for an enjoyable in-restaurant dine-in experience. While takeaways and deliveries may inevitably continue to have an amplified role till economies fully open up, we believe the pent-up demand and urge to head to a restaurant with friends and family will be our key booster when borders eventually reopen and economies revert their norms.

Meanwhile, we will accelerate all efforts to stay top-of-mind, through innovation and introducing new concepts that thrive in the current landscape, those which are wallet-friendly, better suited for stay home dining, and for the younger crowds and smaller families. We are also cautiously optimistic regarding our overseas expansion via the franchising models. Internally, we strive to be lean, efficient and effective, leveraging on process re-engineering and technology, and stringent cost containment.

Whilst the sector outlook is uncertain and we are cognizant of existing and potential re-emergence of restrictions across the key countries we operate in, we believe our past performance and actions have placed us in a good position to capitalise on the significant opportunities that lie ahead while creating meaningful, long-term value for our shareholders."

About JUMBO Group Limited

JUMBO is one of Singapore’s leading multi-dining concept F&B establishments. It has a portfolio of 6 F&B brands - JUMBO Seafood, HACK IT, 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 37 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 Best Taste of Singapore Award 2020 presented to JUMBO Seafood by Singapore Tatler, the Franchising and Licensing Awards (FLA Awards) 2019 – International Franchisor of the Year, Franchisor of the Year and Customer Service Excellence for JUMBO Seafood, Promising Franchisor of the Year and Customer Service Excellence for NG AH SIO Bak Kut Teh, Excellent Service Award (since 2008), 5S Excellence Award by Restaurant Association of Singapore 2018, Asia Enterprise BRAND Awards 2018 – Gastronomy Excellence BRAND Award, TripAdvisor Certificate of Excellence 2017, Diners’ Choice 2018 – Best Seafood Platinum Winner, SIAS 17th Investors’ Choice Awards 2016 – Winner of Most Transparent Company Award for New Issues, the Singapore Business Awards 2016 – The Enterprise Award and Singapore Corporate Awards – Best Investor Relations Merit Award for First-Year Listed Companies (2016). 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.

For investor/analyst queries, please contact:	For media queries, please contact:
Wendy Wan Director, Corporate Affairs and Business Excellence ir@jumbogroup.com.sg +65-626 JUMBO (+65-626 58626)	Jamie Lim Manager, Marketing and Communications jamie.lim@jumbogroup.com.sg +65-626 JUMBO (+65-626 58626)

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.

The contact persons for the Sponsor are Mr. David Tham, Senior Director, Equity Capital Markets and Ms. Priscilla Ong, Vice President, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

