

PRESS RELEASE

DIVERSIFIED REVENUE SOURCES MITIGATE REVENUE WEAKNESS FOR JUMBO'S KEY CONCEPTS IN SINGAPORE HEALTHY LIQUIDITY POSITION TO SUSTAIN OPERATIONS AND FUEL GROWTH PLANS

- *Acquired business, Kok Kee Wonton Noodle and newly created concept, HACK IT, picking up steam, while performance of overseas operations improved*
- *Added 3 outlets to our network since October 2020*
- *Reported positive EBITDA of \$5.8 million*

Singapore, 14 May 2021 – 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 half year ended 31 March 2021 (“1H FY2021”).

Period under review

Business environment in 1H FY2021 remained challenging, particularly for the Group’s key market, Singapore, as COVID-19 lingered on. Safe-distancing measures and default work-from-home arrangements continued to affect the Group’s Singapore operations due to limitations to restaurant capacity and dine-in footfall. In addition, borders stayed closed except for limited essential travels, which continued to affect food and beverage (“F&B”) players like the Group, which relied on tourists as one of its main sources of customer flow.

Furthermore, as the COVID-19 situation in Singapore only escalated after Chinese New Year in 2020, the Group’s performance for the half year ended 31 March 2020 (“1H FY2020”) was cushioned by the higher revenue arising from the pre-COVID-19 festive season, which further underscores the Group’s lower 1H FY2021 revenue as this year’s COVID-19 plagued Chinese New Year’s sales paled in comparison.

To diversify the Group’s concentration away from its main concepts, namely JUMBO Seafood and Zui Teochew Cuisine, and increase the wallet share from the local mass market, the Group introduced new proprietary and its first virtual concept, HACK IT, in November 2020 to capture the stay-home, small families, and younger audience. In December 2020, the Group executed its first acquisition post listing, bringing the well-known Kok Kee Wonton Noodle under the Group’s portfolio. The two strategic moves brought in incremental revenue, which marginally offset the weakness in revenue from the main concepts. Consequentially, revenue from Singapore dipped 51.6% to \$26.3 million in 1H FY2021.

In the People’s Republic of China (“PRC”), consumer sentiments and way-of-life in the first-tier cities where the Group operates have reverted to a level much closer to pre-COVID-19. Year-on-year (“YoY”), revenue for PRC improved by 66.9%. Including Taiwan, revenue outside Singapore amounted to \$19.1

million for 1H FY2021, an increase of 53.9% from 1H FY2020. This helped to partially offset the decrease in revenue from Singapore, resulting in an overall decline in the Group's revenue by 31.9% or \$21.3 million to \$45.4 million in 1H FY2021.

With the decrease in revenue, cost of sales fell by a slightly bigger magnitude of 32.1%, from \$25.0 million in 1H FY2020 to \$17.0 million in 1H FY2021, consequentially gross profit declined by 31.8% or \$13.2 million to \$28.5 million. Gross profit margin remained relatively stable at 62.7% in 1H FY2021 compared to 62.6% in 1H FY2020.

Other income fell by \$0.3 million or 8.4%, to \$3.3 million in 1H FY2021. This was primarily due to the lower grants received under the Jobs Support Scheme ("JSS") offered by the Singapore government due to the COVID-19 pandemic, as the government gradually tapered the level of grants provided to the F&B sector from the second half of calendar year 2020, coupled with the Group's decreasing eligible headcount throughout the year. Correspondingly, the JSS grants decreased by \$1.3 million to \$1.7 million in 1H FY2021. This was partially offset by rental rebates of \$0.5 million and fair value gain of \$0.2 million on investments at fair value through profit or loss, from a loss of \$0.5 million in 1H FY2020.

Employee benefits expense decreased by 23.0% or \$5.3 million, from \$22.8 million in 1H FY2020 to \$17.6 million in 1H FY2021, mainly attributed to the reduction in average headcount from 1,079 in 1H FY2020 to 916 in 1H FY2021 due to natural attrition without replacement, and cost saving measures undertaken by the Group due to the COVID-19 pandemic, including elimination of bonus, temporary pay reduction and lower overtime pay due to shorter operating hours.

Operating lease expenses decreased by 75.3% or \$1.9 million, from \$2.5 million in 1H FY2020 to \$0.6 million in 1H FY2021, mainly due to a decrease in variable lease component of \$0.9 million, in line with the lower level of revenue generated at the restaurants in Singapore, and the renewal of leases for three outlets in Taipei, Shanghai and Beijing, respectively, and the Group's PRC head office in Shanghai in 1H FY2021, which were capitalised and then depreciated across the lease term.

The Group's utilities expenses and other operating expenses fell by 19.9% and 26.5% to \$1.5 million and \$5.9 million, respectively, in 1H FY2021, mainly due to the lower business volume and shorter operating hours, coupled with cost rationalisation.

Depreciation and amortisation expense increased by 21.5% or \$1.7 million, to \$9.6 million in 1H FY2021. Incremental depreciation expense on property, plant and equipment of \$0.3 million was mainly attributed to the completion of renovation works at our central kitchen and JUMBO Seafood outlet at East Coast Seafood Centre in October 2020. Depreciation expense for right-of-use assets increased by 30.8% or \$1.4 million from \$4.6 million in 1H FY2020 to \$6.0 million in 1H FY2021, mainly due to the renewal of leases as explained above.

The share of loss in associates in 1H FY2021 of \$0.3 million was largely contributed by the under-performance of Ng Ah Sio Bak Kut Teh outlets in Taiwan and Singapore Seafood Republic outlet at Sentosa Singapore.

As a result of the above, loss attributable to owners of the Company for 1H FY2021 stood at \$4.3 million. However, after adjusting for non-cash items, the Group booked in a positive EBITDA of \$5.8 million for 1H FY2021.

Dividends

As the path to post-COVID normalcy remained volatile and uncertain, the Group prefers to err on the side of caution and conserve cash to support the Group's working capital requirements. Therefore, the board of directors of the Company will not be recommending any interim dividend for 1H FY2021.

Outlook

Since early May 2021, Singapore has tightened its COVID-19 control measures, after a sudden spike in locally transmitted cases. This was a clear demonstration that the journey to the recovery from this pandemic continues to be full of uncertainties as even Singapore, which topped Bloomberg's COVID-19 Resilience Ranking in April 2021, had to be on top of surveillance and react swiftly at any signs of deterioration of the pandemic situation.

Specifically in Singapore, the Group's key market, with no clear indication of when borders can re-open, and traveller flow rejuvenated, the Group recognised that business volumes at its JUMBO Seafood restaurants and Ng Ah Sio Bak Kut Teh ("NASBKT") outlets are unlikely to revert to levels anywhere near the pre-pandemic levels. To conserve resources and ensure sustainability, the Group had to rationalise our outlet network in Singapore. As at 14 May 2021, the Group had ceased operations of JUMBO Seafood outlet at Riverwalk, and the two NASBKT outlets situated in the tourist belt, namely Resort World Sentosa and Marina Bay Sands ("MBS").

For Zui Teochew Cuisine, business has been equally challenging despite them being more geared towards the local market, predominantly due to the default work-from-home arrangements, and restrictions placed on gatherings and events due to social-distancing measures. The Group does not expect revenue to pick up significantly until the safe distancing rules are eased substantially.

On the other hand, the Group is stepping up on the execution of our various plans to reposition and penetrate the mass market and deepen our presence in Singapore. For Kok Kee Wanton Noodle, after the centralisation of production and standardisation of business processes, the Group is now ready to scale up its operations. In the pipeline will be two new outlets, one replacing the NASBKT store in MBS and the other in the bustling heartland of Toa Payoh, both slated to commence operations by third quarter of FY2021. While the Group develops another new casual dining concept to cater to smaller families and groups, with a more affordable price point, the space at Riverwalk has been temporary converted to a pop-up store for our virtual brand HACK IT – to create more visibility and publicity for this brand, and to generate incremental revenue for the Group. The Group is also setting foot in the west side of the island, first time after more than a decade, with the scheduled opening of a Tsui Wah outlet at JEM in Jurong East in May 2021, and another outlet due to open in the east of Singapore towards the end of July 2021.

The Group is also on track to launch its new retail brand to house its cooking sauces and condiments and roll out a wider range of food and lifestyle products to appeal to a much wider and younger audience, allowing the Group's signature tastes and brands to achieve greater reach, beyond the brick-and-mortar F&B dine-in context.

Outside Singapore, the Group's joint venture in South Korea had to close the JUMBO Seafood restaurant in Ilsan due to frequent COVID-19 outbreaks which adversely affected customer footfall.

The Group's JUMBO Seafood franchisee in Thailand also had to delay the official opening of a second Bangkok outlet to May/June 2021.

However, the Group is cautiously optimistic of our growth potential in the PRC where its operations have largely returned to pre-COVID levels and achieved profitability. A second franchised JUMBO Seafood outlet in Fuzhou was added last December, and plans are also undergoing for one additional self-managed outlet to the Group's network in Beijing, details of which will be disclosed in due course. The Group is exploring to expand its presence to more cities in the PRC.

As major economies progress into different stages of their respective vaccination process, the Group believes that the business and financial performance of the Group would gradually recover, alongside probable measured re-opening of international borders as the pandemic situation stabilises. Nonetheless, the Group is realistic about the timeline of recovery, which will probably be protracted, given periodic community outbreaks in the countries which the Group operates in and are surrounded by, and these shall continue to adversely affect its business operations.

Meanwhile, the Group intends to continue strengthening its brand portfolio by actively seeking out partnerships and/or acquire Singapore heritage brands. The Group believes that a diversified brand portfolio which represents an authentic Singapore food culture and flavours will place the Group in a strong position to cater to the local mass market and tourists when international travels regain momentum post COVID-19. Besides intensifying its efforts to contain costs and improve operational efficiency through digitalisation and consolidation initiatives, the Group is also closely watching the health of its balance sheet and liquidity position and does not foresee any imminent challenges in meeting its working capital requirements.

Mr. Ang Kiam Meng (黄建铭), Group CEO and Executive Director of JUMBO, commented, "Although the situation in Singapore has improved from a year ago, we are definitely still far from getting out of the woods. We are cognizant of the urgency to explore new sources of revenue, optimise our resources and minimise costs to ensure the sustainability of our business. There have been and will continue to be various re-structuring within the Group, our business focus and brands to achieve these objectives.

In our home ground, we are determined to entrench ourselves in the daily lives of the local consumers, so you can expect to see more of our hawker and casual concepts at heartland locations. We will also continue to spread the wings of JUMBO Seafood overseas, to allow more food lovers to enjoy our signature flavours and solidify our brand name around the region.

This pandemic is a test of the adaptability and resilience for the Group. Undeniably, performance of the Group might stay soft for a while more, but we are focused on riding it through, sharpening our business strategies to adapt to the challenging operating environment."

About JUMBO Group Limited

JUMBO is one of Singapore's leading multi-dining concept F&B establishments. It has a portfolio of 7 F&B brands - JUMBO Seafood, HACK IT, NG AH SIO Bak Kut Teh, Zui Teochew Cuisine, Chao Ting Pao Fan, Kok Kee Wonton Noodle and XINYAO Hainanese Chicken Rice.

Fulfilling its philosophy of "Bonding People Through Food", JUMBO has 34 F&B outlets (including those of its associated companies and those under licensing arrangements) in 14 cities in Asia. It has presence in Singapore, Shanghai, Beijing, Xi'an, Fuzhou, Taipei, Taichung, Hsinchu, Taoyuan, Seoul, 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.

