

PRESS RELEASE

JUMBO LEVERAGES ON HEALTHY BALANCE SHEET AND LIQUIDITY POSITION TO REPOSITION ITSELF TO ADDRESS THE UNTAPPED MARKETS

- ***Added a total of 8 outlets, self-managed and franchised, to its network in FY2021. Focused on fast casual concepts, to entrench in the daily lives of Singaporeans.***
- ***Exploring new concepts to appeal to a younger crowd and food connoisseurs looking for finer taste and experience.***
- ***Registered positive EBITDA of \$5.7 million. Healthy balance sheet and liquidity position continue to support business operations and growth transformations.***

Singapore, 24 November 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 financial year ended 30 September 2021 (“FY2021”).

Period under review

With the COVID-19 pandemic looming over the global economy the whole of this financial year, the Group’s revenue declined 16.2% or \$15.8 million, from \$97.6 million for the financial year ended 30 September 2020 (“FY2020”) to \$81.8 million for the financial year ended 30 September 2021 (“FY2021”).

The Group had the benefit of pre-COVID revenue and profitability in the first quarter for FY2021, which helped in mitigating the financial performance for FY2020. For FY2021, particularly for Singapore, the Group’s biggest market, the operating environment remained tough and challenging. With the rise of the Delta variant, the country implemented “Phase 3 Heightened Alert” of COVID-19 re-opening measures on 8 May 2021, subsequently the country imposed additional restrictions under “Phase 2 Heightened Alert” from 16 May 2021, and rotated between the two phases which were existing as of end of FY2021. To the food and beverage (“F&B”) sector, it resulted in a repeated cycle of no dine-in and 2 pax dine-in cap, reducing the footfall and total spend per check and further worsening the negative impact brought about by the lowered capacity of outlets attributed to the existing safe distancing measures. Coupled with the tight border controls and the default work-from-home arrangements, which were still enforced as at end of FY2021, these naturally led to lacklustre business at the Group’s full-service restaurants.

With the apparent long-drawn journey to recovery, the Group had undertaken an exercise during this financial year to rationalise its network, to conserve its resources for growth in the future. In Singapore, the Group ceased operations for three outlets located in the tourist belt, namely JUMBO Seafood at The Riverwalk and both Ng Ah Sio Bak Kut Teh (“NASBKT”) and Singapore Seafood Republic at Resort World Sentosa. On a positive note, starting with the addition of the Kok Kee Wonton Noodle Foch Road outlet to the Group in December 2020, the brand’s footprint in Singapore has been steadily increasing. The NASBKT outlet at Marina Bay Sands was converted into a Kok Kee Wonton Noodle outlet in May 2021 and another new Kok Kee Wonton Noodle outlet was added in Toa Payoh in June 2021. The Group introduced the HACK IT virtual brand in December 2020 and added one Chao Ting

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Pao Fan stall at Bedok in January 2021. These initiatives demonstrated the Group's efforts in pivoting towards day-to-day fast casual concepts, catered to smaller groups with more affordable per head spend, away from the full-service communal dining concepts, which are less viable under such a restricted dining-out environment. Despite efforts to shift gears, the shortfall in revenue from the Group's key brands was too huge to be bridged. Consequentially, revenue from Singapore operations decreased by 36.5% or \$25.4 million to \$44.2 million in FY2021.

Outside Singapore, the PRC government had the pandemic under control and domestic spending has been healthy. The Group added a new JUMBO Seafood outlet within the much-anticipated Universal Beijing Resort in September 2021, and also saw revenue from the PRC operations improved by 50.1% or \$10.6 million to \$31.8 million in FY2021. Taiwan, on the other hand had a roller coaster ride. Relatively unscathed in the first half of FY2021, things went rapidly downhill from May 2021, when a sudden outbreak of COVID-19 led to dining restrictions in the last 5 months of FY2021, affecting the Group's operations there. Struggling with the sustained muted footfall for the Taichung JUMBO Seafood outlet, the Group ceased operations for this outlet when the lease ended in September 2021. As a result, business performance was significantly weaker in the second half of FY2021, leading to a year-on-year ("YoY") decline of 14.0% or \$0.9 million in revenue from Taiwan operations to \$5.8 million in FY2021.

Consequentially, cost of sales decreased by 16.3% or \$6.0 million, from \$36.8 million in FY2020 to \$30.8 million in FY2021, in-line with the decrease in revenue. Gross profit narrowed to \$51.0 million in FY2021, a decline of 16.1% or S\$9.8 million. However, gross profit margin improved slightly to 62.3% in FY2021 versus 62.2% in FY2020, as the Group stabilised its cost of purchases and marketing and promotional efforts.

Other income decreased by \$4.6 million, from \$10.6 million in FY2020 to \$6.0 million in FY2021. This was primarily attributed to the lower Jobs Support Scheme granted by the Singapore Government in view of the COVID-19 pandemic, which amounted to \$3.3 million in FY2021 versus \$6.2 million in FY2020. In addition, the Group received lower property tax rebates and rental rebates and concessions which amounted to \$1.5 million in FY2021 compared to \$2.5 million in FY2020. With the closure of non-performing outlets, namely Ng Ah Sio Bak Kut Teh outlet in Resort World Sentosa and JUMBO Seafood outlet in Taichung, the Group registered a loss of \$0.2 million on property, plant and equipment written off.

Employee benefits expenses fell by 9.3% from \$38.5 million in FY2020 to \$34.9 million in FY2021, mainly due to the reduction in headcount of approximately 46 staff on the back of natural attrition. Though consolidation efforts of outlets and manpower have been optimised, bench strength was much under-utilised due to COVID-19 oscillating regulations, which resulted in the less than proportionate decline in employee benefits expense, compared to the fall in revenue.

Operating lease expenses declined by 68.8% or \$2.4 million, from \$3.5 million in FY2020 to \$1.1 million in FY2021 as there were fewer short-term leases and minimal variable rent in FY2021.

Utilities expenses decreased by 8.0% or \$0.2 million, from \$3.1 million in FY2020 to \$2.9 million in FY2021, mainly due to lower utility usage during the no dine-in and restricted dine-in periods in FY2021.

Depreciation expense for property, plant and equipment for FY2021 remained relatively unchanged from FY2020 at \$6.7 million. Depreciation expense for right-of-use assets increased by 22.1% from \$10.4 million to \$12.7 million mainly attributable to the new lease on the new JUMBO Seafood outlet in UBR and the renewed lease for the JUMBO Seafood outlet in IFC Mall Shanghai.

Other operating expenses decreased by 16.9% or \$2.4 million to \$11.8 million in FY2021 mainly due to the lower professional fees and marketing expenses.

With the prolonged default work-from-home arrangement, our Zui Yu Xuan Teochew Cuisine outlet, located at the heart of Central Business District in Singapore, had suffered persistently low footfall. Similarly, the JUMBO Seafood outlet at L'Avenue mall in Shanghai also grappled with low footfall, and correspondingly, low revenue. Hence, the Group had recognised impairment loss of \$0.5 million on property, plant and equipment for both outlets, which was partially offset by a \$0.4 million writeback of impairment loss on property, plant and equipment recognised in FY2020 for the JUMBO Seafood outlet at Xi'an.

The share of loss in associates in FY2021 of \$0.4 million was largely attributed to the subdued performance and eventual closure of Singapore Seafood Republic outlet in Sentosa.

The \$3.7 million of income tax credit was mainly attributed to the recognition of deferred tax assets from tax losses incurred in subsidiaries. The Group has recognised a total of \$3.8 million of deferred tax assets as the Group foresees that future taxable profit will be available once the Singapore government starts to materialise its plans on the gradual reopening of borders and relaxation of social-distancing measures.

As a result of the above, loss attributable to owners of the Company stood at \$11.8 million for FY2021 compared to \$8.2 million in FY2020. However, after adjusting for non-cash items, the Group registered a positive EBITDA of \$5.7 million for FY2021 compared to \$8.0 million for FY2020.

Dividends

As the Group continued to incur losses due to the challenging operating environment, the board of directors of the Company will not be recommending any final dividend for FY2021. Liquidity will be conserved to support working capital requirements and carefully assessed growth investments and developments.

Outlook

Moving into FY2022, COVID-19 will undoubtedly continue to impose uncertainty on the Group's operating environment. Pressure on the bottom line will continue to persist, with the Singapore Government's support such as the Jobs Support Scheme tapering off, landlords' rental rebates declining, and meaningful cost optimisation efforts maximised.

However, the Group is cautiously optimistic that the situation might be bottoming out due to various bright spots:

- The Singapore Government's stance in differentiating vaccinated and unvaccinated individuals, which might signal a possibility of (i) normalisation of dining in conditions for the

vaccinated given the high vaccination rates of the Singapore population and (ii) the removal of work-from-home as the default for vaccinated individuals;

- The roll out of booster jabs in Singapore, which will further increase the immunity of our population against COVID-19 and thus allowing a faster pace of relaxation of COVID regulations and opening of the economy;
- With the introduction of the Vaccinated Travel Lane (“VTL”) scheme in Singapore and the steady expansion of countries under the scheme, a gradual return of tourist flow could be in the pipeline; and
- COVID-19 fatigue and the increasing need to restore the health of economies of other countries are accelerating the speed of them opening their borders, which should stimulate the recovery of tourism in Singapore

Meanwhile, the Group is cognizant that it will take time for the effects from the above to trickle down to a positive impact on its business. With existing social distancing measures and dine-in restrictions still in place, the Group acknowledges the limit of the upside potential of full-service restaurants. Hence, the Group has actively pivoted its focus towards concepts which are casual and fast moving and offering retail products suitable for stay home cooking and dining, which have proven to be more resilient under the current climate.

In FY2021, three Kok Kee Wonton Noodle outlets have been added to the Group’s network. Another was opened in October 2021, and the Group has concrete plans in the pipeline to further expand the number of outlets in the next couple of months. The Group also officially launched its retail products under a new lifestyle brand, Love, Afare in June 2021. With that, the Group onboarded its retail cooking sauces and condiments onto various major ecommerce platforms and modern trade distribution channels and will be adding new range of ready-to-eat products in FY2022. After adding two new Tsui Wah outlets in FY2021, the Group re-opened its outlet at The Heeren in November 2021, bringing the brand’s presence in Singapore to four outlets.

To expand its consumer base beyond the current anchor mass affluent seafood lovers, the Group is also working on a new innovative fusion concept which appeals to a younger audience or smaller families with more affordable per head spend. The hoarding board at Marina Bay Sands has also revealed the Group’s latest JUMBO Signatures brand, a fine dining concept, which targets food connoisseurs, by providing refined quality food coupled with a modern dining experience.

Separately, the Group’s next biggest market, the PRC has recovered to pre-COVID-19 norms, in terms of consumer sentiments and business volume. With the addition of the new outlet strategically located in Universal Beijing Resort, the Group is excited about gaining greater recognition and publicity amongst both locals and travellers. For Taiwan, the focus for FY2022 would be to improve the profitability of the JUMBO Seafood outlet in Taipei, as the Group consolidates its attention and resources back to the single outlet, while exploring to open a second outlet in the city to reap synergies and economies of scale.

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 the Group’s cuisines are well received by our fans around the region. In Bangkok, the franchisee has opened a second JUMBO Seafood at the popular Siam Paragon mall and while the Ho Chi Minh City franchisee is working towards opening a second JUMBO Seafood outlet in the city. The Group is also exploring franchise expansion in Vietnam, Cambodia, Dubai and second tier cities in the PRC.

Looking ahead, while the number of COVID-19 cases in Singapore might stay stubbornly high, it also reflects a progression towards herd immunity and the eventual state of living with COVID-19 as an endemic. The Group is convinced that once the Singapore Government starts to materialise its plans on gradual reopening of borders and relaxation of the social-distancing measures, footfall and sales volumes will return to the Group's key concepts. With its relatively healthy balance sheet and liquidity position, the Group is confident of sustaining all its business operations with no imminent challenges and will continue to pursue areas of growth opportunistically and cautiously to enhance its earnings and diversify its revenue streams.

Mr. Ang Kiam Meng (黄建铭), Group CEO and Executive Director of JUMBO, commented, "We started the year hoping that things would be more optimistic by year-end. Unfortunately, the delta variant got ahead of us, and we are hardly out of the woods yet. Nevertheless, I am heartened to say that the Group continued to evolve over the year, re-channeling our existing resources, enhancing our operational competencies and leveraging on our strong brand equity to address untapped local market.

To entrench ourselves in the daily lives of Singaporeans, we have, in just a span of a year, added 4 Kok Kee Wonton Noodle outlets in Singapore, opened two new Tsui Wah outlets in both the far West and East of the island, re-opened Tsui Wah outlet at Heeren and launched our lifestyle brand, Love, Afare to offer products that cater to the new norms of home-cooking and dining at home. These are clear demonstration of our intent to expand our target market beyond our current customer base. We are also excited about the upcoming opening of JUMBO Signatures at Marina Bay Sands, our first venture into the fine-dining space.

Internally, we have proactively beefed up our capabilities, from the replacement of the Enterprise Resource Planning (ERP) System to designing and onboarding a new learning and development programme and re-engineering various processes, all aimed to improve efficiencies, enhance data analytics for better business decision making, and to offer our customers a better dining experience.

Despite the external adversities, the Group will relentlessly continue to explore means to drive new revenue streams, while staying ahead in terms of our competency and relevance with the market. Backed by our healthy balance sheet, we are confident to ride through this uncertainty."

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, operates 4 Tsui Wah Hong Kong-style “Cha Chaan Teng” outlets as a franchisee in Singapore and co-owns the Singapore Seafood Republic brand which has three outlets, operated under the franchise model in Japan.

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 11 cities in Asia – Singapore, Shanghai, Beijing, Xi’an, Fuzhou, Taipei, Seoul, Ho Chi Minh, Bangkok, Tokyo and Osaka.

In June 2021, JUMBO launched a new lifestyle brand, Love, Afare and expanded the range of products under it to include packaged sauces and spice mixes for its signature dishes, tea and merchandise that are representative of Singapore authentic flavours and food culture.

JUMBO also has a catering arm and a Central Kitchen in Singapore, which helps 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 by Singapore Tatler in 2021 and 2020, Food Choice Awards 2020 by Klook, Diners’ Choice 2020 – Restaurant of the Year (Runner-up) and the Superbrands Award (Singapore’s Choice) in 2019. JUMBO Seafood outlet at Riverside Point received the Diner’s Choice 2021 – Singapore River Signatures awards, while JUMBO Seafood outlet at The Riverwalk was recommended as a “Must-Try Restaurant 2019” by Meituan-Dianping (美团点评). The Tasty Singapore Brand Ambassadors 2020/2021 award was another significant accolade for JUMBO Seafood and Ng Ah Sio Bak Kut Teh. JUMBO’s signature Chilli Crab was also highlighted by Lifestyle Asia as one of the best in Singapore in 2020. Separately, well-known Straits Times food critic, Wong Ah Yoke recommended JUMBO Seafood retail sambal sauce as one of the Top 5 sambal sauces fit for a queen. Packaged sauces and spice mixes of JUMBO Seafood and Ng Ah Sio Bak Kut Teh signature dishes are also awarded the “Made With Passion” mark in November 2020 – under a national initiative that celebrates local brands who bring to life the Singapore spirit of turning possibilities into reality.*

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)	Ringo Chew Marketing Director ringo.chew@jumbogroup.com.sg +65-626 JUMBO (+65-626 58626)

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The contact person for the Sponsor is Mr. David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

