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NEWS RELEASE

ST GROUP REMAINS RESILIENT AND PROFITABLE IN FY2020 AMID COVID-19

- *Revenue decreased 15.6% to A\$44.0 million as safe management measures affected the business operations of F&B outlets*
- *One-off expenses including IPO expenses of A\$0.4 million and store closure related costs of A\$0.6 million contributed to the lower PATMI*
- *Expanded its network of outlets by 10 to 116 outlets as at 30 June 2020*
- *Signed contracts to open another eight Group-owned, sub-franchised/sub-licensed and franchisee outlets across five brands by December 2020*

Singapore, 25 September 2020 – ST Group Food Industries Holdings Limited (the “**Company**”, and together with its subsidiaries, “**ST Group**” or the “**Group**”), an established food and beverage (“**F&B**”) group headquartered in Australia with a diversified portfolio of six internationally popular brands, namely, “PappaRich”, “NeNe Chicken”, “Gong Cha”, “Hokkaido Baked Cheese Tart”, “IPPUDO” and “iDarts”, two own brand concepts, “PAFU” and “KURIMU”, and also a franchisee of the “Go Noodle House” brand, today announced its financial results for the financial year ended 30 June 2020 (“**FY2020**”).

Financial Highlights	FY2020 (A\$m)	FY2019 (A\$m)	Change (%)
Revenue	44.0	52.1	(15.6)
Profit before tax	0.9	4.3	(79.9)
Profit attributable to equity holders of the Company	0.8	2.0	(56.6)
Basic and diluted earnings per share (AUD cents)	0.3	0.8	(62.5)

The COVID-19 pandemic has invariably affected the entire F&B sector, including the operations of the Group in FY2020. Safe social distancing and lockdown measures were implemented across the Group's key geographical markets. Despite the adversity, the Group has implemented new measures to successfully mitigate and manage the impact to its operations. As an essential service, the Group's outlets continue to operate and generate income under restrictions imposed by the various jurisdictions that the Group operates in. To expand its income streams, the Group has also introduced delivery services for its F&B offerings to regions significantly affected by the COVID-19 pandemic and where movement control measures are in place.

Mr. Saw Tatt Ghee (蘇達義), Executive Chairman and CEO of the Company, said, "The COVID-19 pandemic is an unprecedented crisis which will transform the business landscape of the world. Despite the ongoing challenges, we remain nimble and flexible in our operations, enabling us to see continued demand for our F&B products. Additionally, in our key geographical markets where restrictions have eased, our F&B outlets have benefited from pent-up consumer demand."

As the Group continues to focus on its strategy to strengthen its position in key geographical markets, the total number of outlets in the Group's network has increased by 10 from 106 outlets as at 30 June 2019 to 116 outlets as at 30 June 2020.

Over the past year, the Group made good progress into newer geographical markets of the United Kingdom (the “UK”) and experienced strong demand for its F&B products under the “Gong Cha” brand. The Group capitalised on the consumer trends and currently operates three Group-owned “Gong Cha” outlets in the UK as at 17 September 2020.

Financial Performance

The restrictions arising from the COVID-19 pandemic has affected F&B sales, in particular the dine-in establishments, across the Group’s key geographical markets, resulting in a 15.6% decrease in revenue to A\$44.0 million in FY2020, compared to A\$52.1 million in FY2019.

The F&B retail sales segment continues to be the major contributor to the Group’s total revenue, recording revenue of A\$33.1 million in FY2020, compared to A\$35.0 million in FY2019. During the year, the total number of Group-owned outlets increased by three from 41 outlets as at 30 June 2019 to 44 outlets as at 30 June 2020. The growing number of Group-owned outlets contributed additional revenue, partially mitigating the adverse impact of the COVID-19 pandemic.

Similarly, the Group’s supply chain sales segment, which mainly involves the sale of F&B ingredients and other supplies to its sub-franchisees and sub-licensees, was also impacted by the COVID-19 pandemic. Revenue from supply chain sales decreased by 35.7% from A\$9.5 million in FY2019 to A\$6.1 million in FY2020. This was partially mitigated by an increase in sub-franchised and sub-licensed outlets by seven, from 65 outlets as at 30 June 2019 to 72 outlets as at 30 June 2020.

Franchise revenue fell 37.7% to A\$4.4 million in FY2020 from A\$7.1 million in FY2019, due to a A\$2.4 million decrease in project income, attributable to the lower level of activity relating to the renovation and fitting-out of new outlets for sub-franchisees and sub-licensees.

During the year, the Group incurred one-off expenses including IPO expenses of A\$0.4 million and store closure related costs of A\$0.6 million, which affected the overall financial performance of the Group.

Overall, the Group generated an EBITDA of A\$4.1 million in FY2020, and its FY2020 profit attributable to equity holders of the Company decreased by 56.6% to A\$0.8 million from A\$2.0 million in FY2019.

Outlook & Future Strategies

On the Group's strategic direction ahead, Mr. Saw said, "The fundamentals of our business remain strong. Supported by our healthy net cash position and low gearing, we are confident in our ability to weather this crisis. We have adopted a cautious approach to our business expansion strategies during this period, while remaining on the lookout for potential opportunities to take advantage of, including favourable leases for potential new outlets."

The Group's "PappaRich" brand has fared well with its sub-franchisees in Australia and three additional sub-franchised outlets slated to open by December 2020. In total, ST Group targets to open eight outlets across five brands by December 2020, including its first franchisee outlet under the "Go Noodle House" brand.

As at 17 September 2020, ST Group had a network of 121 outlets comprising 44 Group-owned outlets and 77 outlets owned by its sub-franchisees and sub-licensees.

The Group's central kitchen in Australia continues to serve as the backbone of its network across Australia and New Zealand, enabling scalability while maintaining a high standard of consistency and food quality by leveraging on a reliable logistics system. ST Group will continue to invest in its central kitchen, including the adoption of new automation and technology, to sharpen its competitive edge in the industry and maintain the timely supply of key ingredients for the business operations across its network.

Amid the ongoing COVID-19 pandemic, the Group will continue to adopt a cautious stance and will take prudent measures to rein in its operating costs.

About ST Group Food Industries Holdings Limited

Founded in 2011, ST Group holds the exclusive franchise and licence rights to six internationally popular F&B brands, namely, “PappaRich”, “NeNe Chicken”, “Gong Cha”, “Hokkaido Baked Cheese Tart”, “IPPUDO” and “iDarts”, in various territories. It has also developed two of its own brand concepts, “PAFU” and “KURIMU”. ST Group is also a franchisee of the “Go Noodle House” brand.

ST Group operates in the key geographical markets of Australia, New Zealand, Malaysia and the United Kingdom through four main business segments - F&B retail sales under the various brands through outlets owned and operated by the Group, the sub-franchising and sub-licensing of brands to its sub-franchisees and sub-licensees, the sale of F&B ingredients and other supplies to its franchise network through its central kitchen, and receipt of machine income from electronic dart machines installed at sub-franchised “iDarts” outlets. In June 2019, the Group made headway into England, United Kingdom through the launch of its first “Gong Cha” outlet at City Tower, Manchester, England.

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For more information, please visit <http://stgroup.net.au/>

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This press release has been prepared by ST Group Food Industries Holdings Limited (the “Company”) 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 Catalist.

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