

PRESS RELEASE

RE&S's Profit Before Tax Jumps 85.6% to S\$7.1 million, Despite the Absence of COVID-19 Support for 1HFY2023

- Revenue improved by 23.5% to S\$88.0 million, arising from the removal of social distancing restrictions.
- The Group declared an interim dividend of 0.90 Singapore cent per share
- The Group will remain focused on its long-term strategy of enlarging its presence in the FSR and QSR to drive growth and profitability.

Singapore, 10 February 2023 – RE&S Holdings Limited (“RE&S” or the “Company” and, together with its subsidiaries, the “Group”), a Japanese multi-brand food and beverage (“F&B”) operator, announced today its financial results for the half year ended 31 December 2022 (“1HFY2023”).

Financial Highlights

S\$'000	1HFY2023	1HFY2022	Change (%)
Revenue	87,982	71,212	23.5
Other operating income	620	4,394	(85.9)
Operating expenses ⁽¹⁾	(55,515)	(49,395)	12.4
Other expenses – Non-Operating	(1,246)	(1,157)	7.7
Profit before tax	7,056	3,801	85.6
Profit, net of tax	5,556	3,436	61.7

(1) Operating expenses as the summation of the Group's employee benefits expense, operating lease expenses, utilities expenses, depreciation expenses and other operating expenses

Revenue by Segment

S\$'000	1HFY2023	1HFY2022	Change (%)
Full-Service Restaurants	45,487	37,010	22.9
Quick-Service Restaurants, Convenience & Others	42,495	34,202	24.2
Total Revenue	87,982	71,212	23.5

The Group's revenue grew by 23.5% year-on-year (“**yoy**”) for 1FY2023 to S\$88.0 million from S\$71.2 million in 1HFY2022, primarily due to higher revenue contribution from both Full-Service Restaurants (FSR) and Quick-Service Restaurants, Convenience & Others (QSR) segment, arising from the removal of social distancing restrictions, which increased the number of seats for dine-in customers. The Group's revenue growth was also boosted by the opening of three new QSR outlets, Sushi-Go, Yaki Yaki Bo, and Tsukimi Hamburg. Revenue from FSR increased by 22.9% from S\$37.0 million in 1HFY2022 to S\$45.5 million in 1HFY2023 while QSR segment continues to grow as well with a revenue registered of S\$42.5 million in 1HFY2023, representing an increase of 24.2%.

The cost of raw materials and consumables net of changes in inventories increased by 8.1% to S\$22.7 million. The cost of raw materials and consumables taking into consideration of changes in inventories were 26.7% and 27.6% of total revenue for 1HFY2023 and 1HFY2022 respectively. This was mainly attributable to a decrease in packaging cost incurred and lower raw material cost for certain QSR concepts.

Other operating income registered a decrease of S\$3.8 million for 1HFY2023 largely due to the absence of rental support from the landlords and Jobs Support Scheme (JSS) grant in relation to the COVID-19 pandemic.

Operating expenses increased by 12.4% to S\$55.5 million largely attributable to the opening of new outlets. Employee benefit expenses increased by S\$4.4 million, and was largely due to the increase in number of workers which was in tandem with the opening of new outlets as well as pay adjustment across the board. The rise in operating expenses was also contributed by an increase in utilities expenses, operating lease expenses and depreciation expenses.

Other expenses – non-operating increased by 7.7% to S\$1.2 million for 1HFY2023, mainly due to an increase in professional fees arising from the revamp of certain outlets.

As a result of the above, the Group registered a profit after tax of S\$5.6 million for 1HFY2023, representing a rise of 61.7% from a profit after tax of S\$3.4 million for 1HFY2022.

The Group declared an interim cash dividend of 0.90 Singapore cent per share to express our gratitude to shareholders for their unwavering support.

RE&S Executive Director and Chief Executive Officer, Mr. Fenton Foo says, “We have continued to drive growth and profitability in our 1HFY2023. We witness growing demand for retail concepts like Kuriya Japanese Market and Gokoku Bakery outlets as well as FSR outlets. Thus, we plan to open more new outlets and place focus on expanding both our FSR and QSR segments. In addition, we continually strive to expand our product offerings to meet the ever-evolving needs of consumers where we are targeting to open Singapore’s first Mister Donut outlet in May 2023. Mister Donut is the largest donut chain in Japan and it is famous for its mochi-like donuts.”

Outlook

The Food & Beverage (F&B) industry is continuously faced with a shortage of manpower and difficulties in hiring locals as a result of a stricter foreign manpower policy. The Group anticipates ongoing pressure on operating costs due to the manpower shortage and heightened competition within the industry. As a result, the F&B industry is expected to struggle coping with the rising operating cost and challenging operating environment.

The Group will keep a close eye on the rapidly changing landscape and deliver on its growth strategies and productivity initiatives.

About RE&S Holdings Limited

Established in 1988, RE&S is a multi-concept owner and operator of F&B outlets in Singapore and Malaysia that provides customers with authentic Japanese cuisine and dining experience. Since its incorporation, RE&S has grown from a single Fiesta restaurant into a network comprising its Corporate Headquarters which houses more than 1,600 employees across the corporate office, a central kitchen in Tai Seng, a procurement office in Japan, and more than 70 F&B outlets. Staying true to the RE&S brand promise of “Food for Life”, its diverse portfolio comprising 20 distinct brands covers the full spectrum of varied market segments today; ranging from fine dining (Kuriya Dining) to family-style (Ichiban Boshi) and convenience (Kuriya Japanese Market). Supported by its ISO 22000:2005-certified Central Kitchen, RE&S is committed to maintaining a high standard of food consistency and quality for its customers alongside constant efforts in strategic innovation.

For more information, please visit <http://www.res.com.sg>

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