

PRESS RELEASE

## RE&S Registers a Profit Before Tax of S\$9.9 million for FY2023, declares 0.90 cent final dividend

- Revenue increased by 12.4% to S\$174.1 million largely due to the opening of new outlets
- Combining with the interim dividends of 0.90 cent per share, bringing the total dividend to 1.8 cents per share
- The Group will continue to grow its QSR segment

**Singapore, 23 August 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 its financial results for the full year ended 30 June 2023 (“FY2023”) today.

### Financial Highlights

S\$'000	FY2023	FY2022	Change (%)
Revenue	174,057	154,835	12.4
Other operating income	3,730	7,205	(48.2)
Operating expenses <sup>(1)</sup>	(114,917)	(101,247)	13.5
Other expenses – Non-Operating	(2,899)	(2,964)	(2.2)
Profit before tax	9,898	11,303	(12.4)
Profit, net of tax	7,645	9,451	(19.1)

(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	FY2023	FY2022	Change (%)
Full-Service Restaurants	89,994	81,216	10.8
Quick-Service Restaurants, Convenience & Others	84,063	73,619	14.2
<b>Total Revenue</b>	<b>174,057</b>	<b>154,835</b>	<b>12.4</b>

Growth in both Full-Service Restaurants (FSR) and Quick-Service Restaurants, Convenience & Others (QSR) segments have contributed to the rise in the Group's total revenue. QSR segment sustained its growth trajectory, achieving a notable 14.2% increase in revenue, reaching S\$84.1 million in FY2023. The growth was fuelled by the opening of 7 new outlets and revamp of &Joy Japanese Food Street located in Jurong Point in August 2022. Meanwhile, FSR increased by 10.8% from S\$81.2 million in FY2022 to S\$90.0 million in FY2023.

Other operating income for FY2023 dropped by S\$3.5 million to S\$3.7 million in FY2023 primarily due to the absence of government and landlords' support in relation to COVID-19 pandemic in FY2022.

Raw materials and consumables net of changes in inventories were 27.3% and 28.1% of total revenue for FY2023 and FY2022 respectively. The decrease was mainly due to lower food cost associated with certain QSR concepts.

Operating expenses increased by 13.5% to S\$114.9 million in FY2023 respectively mainly due to the opening of new outlets. Employee benefit expenses increased by 17.5% to S\$60.7 million in FY2023 and it accounted 34.9% and 33.3% of total revenue for FY2023 and FY2022 respectively. The uptick

was attributed to increase in hiring of workers due to the opening of new outlets, pay adjustment across the board and staff welfare initiatives such as the provision of meals. The increase in utilities expenses, operating lease expenses and depreciation expenses have also contributed to the rise in operating expenses.

Other expenses – non-operating declined slightly by 2.2% to S\$2.9 million in FY2023, largely due to the absence of unrealised loss in investments at fair value through profit or loss (“FVTPL”). Excluding this loss in FY2022, other expenses – non operating increased S\$0.8 million in FY2023 compared to FY2022 mainly due to an increase in professional fees incurred in opening new outlets.

As a result of the above, the Group’s profit after tax decreased by S\$1.8 million from S\$9.5 million in FY2022 to S\$7.6 million in FY2023.

The Group has recommended a final dividend of 0.90 cent per share, which is subject to shareholders' approval at the upcoming AGM to express our gratitude for their unwavering support. Taking into account the interim dividends of 0.90 cent per share announced in February 2023, the total distribution for FY2023 amounts to 1.8 cents per share. This represents approximately 81.8% of the profit after tax, resulting in a dividend yield of 6.5% based on the closing share price of S\$0.275 as of 30 June 2023.

The Group is also pleased to announce that it has opened its inaugural Mister Donut outlet at Bishan’s Junction 8 under a master franchise, making it the very first Mister Donut outlet in Singapore. The famous Japanese doughnut chain has received overwhelming responses and the Group swiftly launched another Mister Donut outlet at Velocity@Novena Square in July 2023.

**RE&S Executive Director and Chief Executive Officer, Mr. Fenton Foo says,** “The F&B business landscape has been challenging and is expected to remain tough due to escalating costs driven by inflationary pressure. Manpower shortages and difficulty in hiring workers have further intensified the challenges. Our dedication to enhancing both revenue and profitability remains unchanged where we continue to open more QSR outlets like Gokoku, Yakiniku-GO, and Mister Donut during the year which offer compelling value proposition to the customers and at the same time enable the Group to reduce reliance on manpower. Moving ahead, the Group will remain focused on growing our brand presence in the QSR segment.”

## Outlook

Competition within the F&B industry is anticipated to remain fierce, presenting a challenging landscape for businesses. The sector faces significant hurdles in the form of elevated operating costs, primarily stemming from an ongoing manpower crunch due to the tightening of foreigner manpower policies and difficulties in recruiting local talents to fill vacant positions. In addition to the manpower constraints, inflationary pressures are further exacerbating the challenges faced by F&B businesses where the operators have to deal with rising costs of operations and raw materials.

The Group will stay vigilant in the face of rapidly evolving business landscapes and will take necessary steps to fine tune the growth strategies and productivity initiatives accordingly.

## 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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