

PRESS RELEASE

RE&S Achieves Turnaround with Profit After Tax of S\$9.5 million for FY2021 Despite COVID-19 Pandemic

- Revenue increased by 12.0% to S\$123.9 million largely due to the easing of COVID-19 restrictions and growth in online delivery sales, partially offset by the implementation of Phase 2 Heightened Alert (“P2HA”).
- The Group proposed a final cash dividend of 0.85 Singapore cent per share, bringing the total dividend to 1.7 cents per share, representing about 60.0% payout of profit after tax for FY2021
- The Group will continue to revamp existing outlets, introduce new concepts and grow its presence in the Ready-to-Eat market.

Singapore, 25 August 2021 – 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 full year ended 30 June 2021 (“**FY2021**”).

Financial Highlights

S\$'000	FY2021	FY2020	Change (%)
Revenue	123,948	110,649	12.0
Other operating income	9,388	10,603	(11.5)
Operating expenses ⁽¹⁾	(118,106)	(120,179)	(1.7)
Other expenses – Non-Operating ⁽²⁾	(1,367)	(3,032)	(54.9)
Profit / (Loss) before tax	10,877	(5,620)	N.M
Profit / (Loss), net of tax	9,490	(5,346)	N.M

(1) Operating expenses as the summation of the Group's raw materials and consumables used, changes in inventories, employee benefits expense, operating lease expenses, utilities expenses, depreciation expenses and other operating expenses. Figures for FY2020 includes a non-recurring and non-cash expense of S\$2.6 million incurred as a result of the transfer of shares amongst three Board members of the Company.

(2) Figures for FY2020 included fixed assets written off expense of S\$1.0 million incurred as a result of the Group revamping of outlets in Jurong Point and Great World.

Revenue by Segment

S\$'000	FY2021	FY2020	Change (%)
Full-Service Restaurants (“FSR”)	74,475	72,202	3.1
Quick-Service Restaurants, Convenience & Others (“QSR”)	49,473	38,447	28.7
Total Revenue	123,948	110,649	12.0

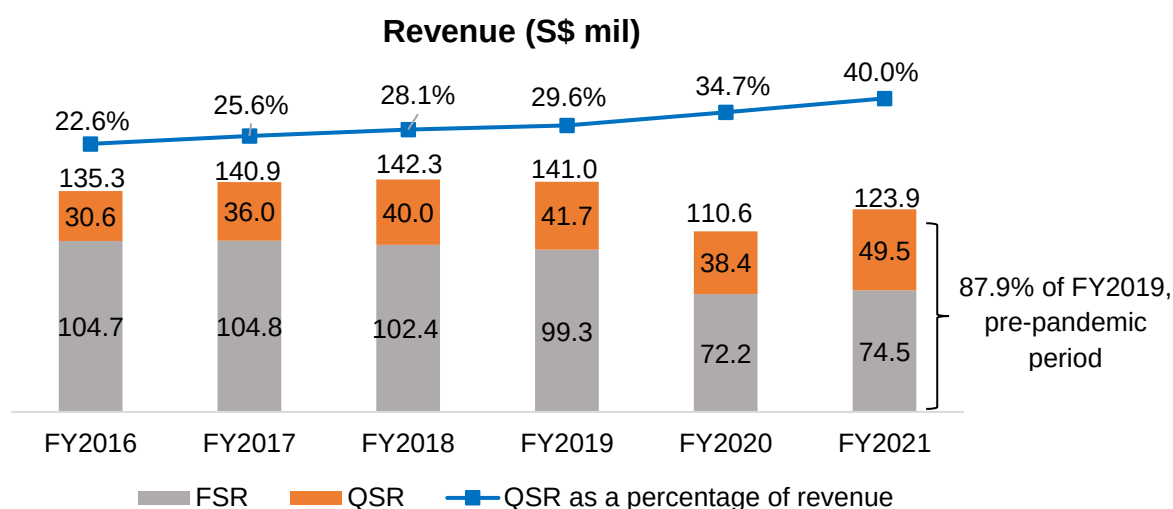


Figure 1: Revenue from FY2016 till FY2021

The Group recorded a revenue growth of 12.0% year-on-year (“**yoy**”) in FY2021 to S\$123.9 million from S\$110.6 million in FY2020, largely driven by a growth of 28.7% and 3.1% in QSR and FSR respectively. The increase in FSR and QSR revenue was mainly attributable to the relaxations of some COVID-19 restrictions where groups of five and eight were allowed to dine-in starting from 19 June 2020 and 28 December 2020 respectively and the growth in the Group’s online delivery business. With the Group’s swift move to onboard multiple brands onto online platforms, the Group registered a rise in delivery sales. This increase was partially offset by the reduction in seating capacity due to social distancing measures as well as the implementation of P2HA during 8 May 2021 till 20 June 2021 where dine-in was prohibited. The Group’s strategy to expand its brand presence in the QSR segment is gaining traction where the Group witnessed an increased revenue contribution of S\$11.0 million from QSR in FY2021.

Since IPO, the Group’s revenue has been growing but was impacted by the outbreak of COVID-19 in FY2020 arising from the prohibition of dine-services due to Circuit Breaker measures. Nevertheless, revenue in FY2021 has recovered to 87.9% of FY2019 pre-pandemic level, showcasing a resilient performance. This served as a testament to the strength of the Group’s brands and the Group’s agility to pivot the business swiftly. In addition, the revenue contribution from QSR has been growing over the years where QSR has accounted for 40% of total revenue in FY2021 as compared to 22.6% in FY2016.

Other operating income for FY2021 decreased mainly due to a decrease in landlords’ support amounting to S\$2.9 million which was partially offset by an increase in government support in relation to the COVID-19 pandemic, amounting to S\$2.0 million. The government grants and rental rebates provided by the landlords have helped to cushion the impact of COVID-19 on the Group.

Operating expenses decreased by 1.7% to S\$118.1 million largely due to well-executed cost control measures. The Group has undertaken labour optimization initiatives as there were no major renovations during this period and the full force of labour was engaged in the Group’s operations.

With the absence of plant and equipment written-off and professional fees which were incurred in FY2020 to revamp outlets in Jurong Point and Great World, other expenses – non-operating decreased by 54.9% to S\$1.4 million in FY2021.

The growth in revenue coupled with lower expenses have contributed to the Group’s successful turnaround in FY2021 with a profit after tax of S\$9.5 million from a loss of S\$5.4 million in FY2020.

The Group has proposed a final dividend of 0.85 cent per share subject to shareholders' approval at the forthcoming AGM to reward shareholders for their unwavering support. This, together with the aggregate interim and special dividends of 0.85 cent per share declared in February 2021, would take the Group's total dividend for FY2021 to 1.7 cents per share, representing about 60% payout of profit after tax with a dividend yield of 9.7% based on the closing share price of S\$0.176 as at 30 June 2021. The Board intends to declare and/or recommend a dividend payout ratio of at least 60.0% of the Group's profit after tax to the shareholders for each financial year going forward. The form, frequency and amount of any proposed dividend will take into consideration of the Group's operating results, financial position, committed capital expenditures and any other relevant considerations the Board of Directors may deem appropriate in the best interest of the Company.

RE&S Executive Director and Chief Executive Officer, Mr. Fenton Foo says, "We are pleased to conclude the year with a resilient performance during these times of uncertainty with the COVID-19 pandemic. We have put in efforts in adapting to the changing landscape and to grow through the expansion of our Quick Service Restaurant segment. We will continue to look for new business opportunities and improve profitability while staying vigilant and nimble to thrive in this challenging operating environment."

Outlook

The Food & Beverage industry has been severely impacted by the surge in local infections as the outbreak evolves over the course of the year. However, with the successful rollout of national vaccination programmes and the significant rise in the vaccination rate in Singapore, the market is expected to normalise gradually. Recently, the government has permitted dining-in to resume for fully vaccinated people, bringing positive light to the F&B industry. As the COVID-19 situation remains fluid, the Group will continue to monitor the situation closely and be prepared to react quickly to the evolving landscape.

COVID-19 pandemic has changed consumption patterns as consumers seek greater value and convenience with higher acceptance for online delivery. Thus, the Group remains committed to expand its QSR segment through addition of new concepts and/or expansion of existing concepts, as well as development of ready meals suitable for online delivery. Barring unforeseen circumstances, the Group is cautiously optimistic of achieving satisfactory financial performance for FY2022.

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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