

PRESS RELEASE

RE&S Delivers Turnaround Performance with Profit Before Tax of S\$8.7 million for 1st Half of FY2021

- Net profit before tax was S\$8.7 million in 1H FY2021 compared with a net loss before tax of S\$3.6 million in the previous corresponding period.
- Revenue marginally decreased, notwithstanding the reduction in seating capacity by 35%, due to social distancing restrictions.
- The Group declared an interim cash dividend and special cash dividend of 0.50 Singapore cent per share and 0.35 Singapore cent per share respectively.

Singapore, 8 February 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 half year ended 31 December 2020 (“1H FY2021”).

Financial Highlights

S\$'000	1H FY2021	1H FY2020	Change (%)
Revenue	64,020	66,478	(3.7)
Other operating income	5,224	419	N.M.
Operating expenses ⁽¹⁾	(58,491)	(66,681)	(12.3%)
Other expenses – Non-Operating ⁽²⁾	(502)	(2,086)	(75.9%)
Profit / (Loss) before tax	8,725	(3,595)	N.M
Profit / (Loss), net of tax	7,525	(3,858)	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 1H 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 Group.

(2) Figures for 1H FY2020 included fixed assets written off expense of S\$0.9 million incurred as a result of the Group revamping certain food concepts at Jurong Point (see more below).

Revenue by Segment

S\$'000	1H FY2021	1H FY2020	Change (%)
Full-Service Restaurants	40,939	45,758	(10.5)
Quick-Service Restaurants, Convenience & Others	23,081	20,720	11.4
Total Revenue	64,020	66,478	(3.7)

Revenue for 1H FY2021 decreased slightly by 3.7% year-on-year (“yoy”) to S\$64.0 million from S\$66.5 million in 1H FY2020. This can largely be attributed to the S\$4.8 million or 10.5% decline in revenue for the *Full-Service Restaurants* (“FSR”) segment which saw a 35% reduction in seating capacity due to social distancing measures. The decline in revenue for the FSR segment was due to the reduction in footprint due to the closure of three FSR in Q4 FY2020 and the conversion of another three FSR outlets to *Quick-Service Restaurants, Convenience & Others* concepts (“QSR”).

The lower revenue generated from the FSR segment was offset by increased revenue contributed by the QSR segment. The growth reflects the Group's strategy in expanding its brand presence in the QSR segment.

Other operating income increased mainly due to an increase in government and landlords' support amounting to S\$3.4 million and S\$1.2 million respectively, in relation to the COVID-19 pandemic.

Operating expenses decreased significantly and this was primarily attributable to (i) the closure of some outlets towards the end of FY2020; and (ii) absence of 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 Group. Excluding the impact of this share-based payment, employee benefits expense represents 32.9% and 40.3% of total revenue for 1H FY2021 and 1H FY2020 million respectively. This decrease was mainly due to labour optimisation initiatives, as there were no major renovations during this period and the full force of labour was engaged in the Group's operations.

In FY2020, a major revamp of the Group's outlets at Jurong Point resulted in higher other expenses – non-operating, due to plant and equipment write-off as well as professional fees incurred. In view that there was no such revamp in 1H FY2021, other expenses – non-operating decreased.

Overall, the Group successfully delivered a turnaround performance reporting a profit before tax of S\$8.7 million in 1H FY2021. This contrasts with a loss of S\$3.6 million in 1H FY2020.

In view of the Group's positive performance and to show our appreciation for shareholders who have continued to support us during this trying period, RE&S has declared an interim cash dividend and special cash dividend of 0.50 Singapore cent and 0.35 Singapore cent per share respectively, for 1H FY2021.

RE&S Executive Director and Chief Executive Officer, Mr. Fenton Foo says, "Covid-19 has impacted the Singapore economy and presented challenges to the F&B operating environment. As a team, the Group has worked hard, exercised prudent cost control and quickly adjusted our businesses to adapt to the new norm. We are immensely heartened by the support of our loyal customers during this difficult period. We believe that our performance over the past few months has attested to the strength of our brands, and we will continue to focus on creating signature experiences and quality products through our portfolio of brands."

Outlook

The fight against Covid-19 is expected to be a long battle. While consumer confidence has largely increased in the wake of Phases 2 and 3 in Singapore, the Group remains cautiously optimistic and continues to enhance its preparedness in a climate of unknowns and fast-evolving situations.

While the Group expects government support for businesses to decrease in the ensuing months as the pandemic situation evolves, the Group reaffirms its commitment towards longer-term plans to grow its QSR segment. The Group will actively seeking opportunities to forge ahead with the expansion of its QSR concepts which offer a strong value proposition and serves the mid-range market segment.

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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