

PRESS RELEASE

RE&S Registers a Profit After Tax of S\$3.4 million for 1HFY2022

- Revenue increased by 7.2% mainly attributable to higher contribution from Quick Service Restaurants, Convenience and Others (“**QSR**”) segment and rise in online delivery sales
- The Group remains resilient despite major disruptions from COVID-19, showcasing its adaptability with strong growth in QSR segment
- The Group declared an interim dividend of 0.85 Singapore cent, consistent with the total dividend paid for the period ended 31 December 2020 (1HFY2021)

Singapore, 9 February 2022 – 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 2021 (“**1HFY2022**”).

Financial Highlights

S\$'000	1HFY2022	1HFY2021	Change (%)
Revenue	68,606	64,020	7.2
Raw material net of changes in inventories	(19,654)	(16,787)	17.1
Other operating income	4,394	5,224	(15.9)
Operating expenses ⁽¹⁾	(46,789)	(41,703)	12.2
Other expenses – Non-Operating	(1,157)	(502)	130.5
Profit / (Loss) before tax	3,801	8,725	(56.4)
Profit / (Loss), net of tax	3,436	7,525	(54.3)

(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	1HFY2022	1HFY2021	Change (%)
Full-Service Restaurants	35,656	40,939	(12.9)
Quick-Service Restaurants, Convenience & Others	32,950	23,081	42.8
Total Revenue	68,606	64,020	7.2

Revenue generated was impacted by the re-introduction of dine-in restrictions (including a 2-pax group size limitation for most of 1HFY2022) to curb a new wave of COVID-19 community cases. Despite the Safe Management Measures implementation, revenue in 1HFY2022 increased by 7.2% to S\$68.6 million largely due to a revenue growth in QSR segment and higher online delivery sales. This was partially offset by a 12.9% decline in revenue contribution from Full-Service Restaurants (“**FSR**”) and a reclassification adjustment to offset commission from delivery platforms. Excluding the reclassification adjustment in 1HFY2022, revenue in 1HFY2022 would have been 11.2% higher compared to 1HFY2021 with a revenue of S\$64.0 million.

The Group’s strategy to expand its brand presence in the QSR segment continues to yield positive results as revenue contribution from QSR segment grew by 42.8% to S\$33.0 million. This was mainly due to the opening of new outlets and increase in retail sales.

The Group has been on track in its expansion of the QSR segment, opening more than 8 new outlets in 1HFY2022 despite a challenging business environment. Notably, Yakiniku-GO, a new Japanese grill

concept has received overwhelming response from the market. Tapping on its strong demand, the Group opened 4 Yakiniku-GO outlets in 1HFY2022, bringing the total of Yakiniku-Go outlets to 6 (including 2 opened in 2HFY2021).

In addition, the Group has also transformed its existing cluster of restaurant and retail outlets at NEX into an exciting new food street featuring 8 dining and retail concepts in a single location. The rebranded &JOY Japanese Food Street is the Group's third largest footprint within a mall after Great World and Jurong Point. The revamp at NEX was completed in November 2021. Despite its short operational period, the Group witnessed very encouraging performance from this cluster which has become one of the top revenue contributing outlets of the Group.



The cost of raw materials and consumables net of changes in inventories increased by 17.1% to S\$19.7 million mainly due to a general increase in the average prices of raw materials and consumables. Excluding the reclassification adjustment, the cost of raw materials and consumables taking into consideration of changes in inventories were 27.6% and 26.2% of total revenue for 1HFY2022 and 1HFY2021 respectively.

The Rental Waiver Framework (RWF) introduced by the Government helps to alleviate the economic impact on business due to the tightening of safe management measures imposed during Phase 2 (Heightened Alert) periods. As the Group does not meet the criteria under the RWF, it is not eligible for the rental assistance from the Government. Other operating income for 1HFY2022 decreased mainly due to lower direct rental support from the landlords and Jobs Support Scheme (JSS) grant in relation to the COVID-19 pandemic. The JSS received were S\$2.7 million and S\$3.4 million in 1HFY2022 and 1HFY2021 respectively.

Operating expenses increased by 12.2% to S\$46.8 million largely attributable to the opening of new outlets in 1HFY2022. In line with the opening of new outlets, employee benefit expenses increased by S\$3.6 million primarily attributed to both the increase in higher number of workers and pay adjustment across the board. Additionally, the increase in operating expenses was attributed to an increase in utilities expenses, operating lease expenses and depreciation expenses.

Other expenses - non-operating rose by S\$0.7 million, representing a 130.5% increase in 1HFY2022. This was largely due to an increase in professional fee arising from lease renewal, plant and equipment write-off in relation to outlets renovation and losses from foreign exchange and investment in quoted securities.

As a result of the above, the Group registered a profit after tax of S\$3.4 million in 1HFY2022, representing a decline of 54.3% from a profit after tax of S\$7.5 million in 1HFY2021.

The Group declared an interim cash dividend of 0.85 Singapore cent per share to extend its appreciation to shareholders for their continued support during this tough period. The amount per share is consistent with the total dividend paid for the period ended 31 December 2020 (1HFY2021).

RE&S Executive Director and Chief Executive Officer, Mr. Fenton Foo says, “Despite the challenges from COVID-19, we continue to enhance our adaptability to stay relevant and retain our competitive edge. Having laid the groundwork and a solid foundation in 2021 with new and revamped outlets, we are ready for a fruitful 2022. Moving ahead, the Group will stay committed to grow our QSR segment and revamp existing outlets while remaining alert to keep pace with the ever-evolving business climate.”

Outlook

The emergence of the Omicron variant has added further uncertainty and weakened the momentum of Singapore’s economic recovery. The F&B operating environment remains challenging as companies are expected to face sustained operating cost pressures brought about by manpower crunch and intense competition

The Group remains focused on QSR concepts that leverage on technology to improve operational efficiency; has scalable business model that facilitates rapid expansion; and draws on the central kitchen to support production volume. The Group is also taking a phased approach towards increasing the production of Ready Meals; the Group has partially completed the first phase of bakery capacity expansion while the expansion of the cold kitchen support line is still ongoing.

The Group will continue to monitor the COVID-19 situation and deliver on its growth strategies and productivity initiatives amidst the evolving landscape. Barring unforeseen circumstances, the Group is cautiously optimistic of achieving a stronger performance for the second half year ending 30 June 2022.

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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