

PRESS RELEASE

RE&S registers 2.6% yoy growth in net profit for 1Q FY2019

- Revenue increased by 1.5% yoy to S\$35.2 million amidst a challenging operating environment; driven by higher sales across all the Group's business segments
- EBITDA⁽²⁾ was 7.4% higher compared to previous corresponding period
- Group to continue its focus on stores expansion going forward; increase contribution from QSR segment

Singapore, 5 November 2018 – 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 three months ended 30 September 2018 (“1Q FY2019”).

Financial Highlights

| S\$'000 | 1Q FY2019 | 1Q FY2018 | Change (%) |
|-----------------------------------|-----------|-----------|------------|
| Revenue | 35,246 | 34,713 | 1.5 |
| Operating expenses ⁽¹⁾ | (34,020) | (33,247) | 2.3 |
| Other expenses | (325) | (634) | (48.7) |
| EBITDA ⁽²⁾ | 3,306 | 3,078 | 7.4 |
| Profit before tax | 1,051 | 895 | 17.4 |
| Profit, net of tax | 704 | 686 | 2.6 |

(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.

(2) EBITDA as derived from the Group's Profit before income tax, after adding back depreciation expense and finance costs.

Revenue for 1Q FY2019 was S\$35.2 million, a year-on-year (“yoy”) increase of 1.5% compared with the S\$34.7 million revenue recorded in 1Q FY2018. This was attributable to sales growth in all of the Group's business segments. Specifically for the *Full-Service Restaurants* (“FSR”) segment, revenue grew by 0.5% yoy to S\$25.1 million, driven by stable contributions from the Group's key concepts such as Ichiban Sushi. For the *Quick-Service Restaurants, Convenience & Others* (“QSR”) segment, higher contribution by the Group's Japanese food alley concepts led to a 4.2% increase in revenue yoy.

Revenue by Segment

| S\$'000 | 1Q FY2019 | 1Q FY2018 | Change (%) |
|---|---------------|---------------|------------|
| Full-Service Restaurants | 25,090 | 24,968 | 0.5 |
| Quick-Service Restaurants, Convenience & Others | 10,156 | 9,745 | 4.2 |
| Total Revenue | 35,246 | 34,713 | 1.5 |

In-line with revenue growth and business expansion efforts of the Group, operating expenses⁽¹⁾ increased by 2.3% from S\$33.2 million in 1Q FY2018 to S\$34.0 million in 1Q FY2019. These were mainly due to an increase in employment related costs; rental and utilities payments for new outlets opened; as well as repair and maintenance works carried out for the Group's central kitchen and F&B outlets. This increase was partially offset by lower other expenses and finance costs. Accordingly, the Group reported a 17.4% growth in pre-tax profit to S\$1.1 million for 1Q FY2019.

Net profit grew by only 2.6% to S\$0.7 million due to higher tax expenses in 1Q FY2019, which resulted from higher non-tax deductible expenses and lesser capital allowance claimed during the period.

Commenting on the Group's results, Mr. John Yek (“**葉鴻烈**”), Executive Director and Chief Executive Officer of RE&S, said, “**The Group's performance has been encouraging despite a challenging environment. Going forward, we shall continue our efforts to grow our business organically in a sustainable manner, as well as through its continuous innovation, even as we seek new opportunities. For the full fiscal year and beyond, our team is working to enhance operational efficiencies to improve our overall performance.**”

Outlook

The F&B industry is expected to continue being challenging, driven by intensifying competition, manpower shortage and rising costs. Nonetheless, the Group remains committed in growing its businesses through selective stores opening and constant brands reinvigoration within the Group's two core retail segments; and continue its focus on increasing the contribution from QSR segment. Strategic partnerships, joint ventures as well as mergers and acquisitions shall also be actively explored.

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About RE&S Holdings Limited

Established in 1988, RE&S is a 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 a Central Kitchen in Tai Seng, a procurement office in Japan, and more than 70 F&B outlets. Its portfolio comprises 20 distinct brands which cover the full spectrum of the Japanese dining segment, 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.

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

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*This press release (“**Press Release**”) has been prepared by RE&S Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, DBS Bank Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Press Release.*

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