

PRESS RELEASE

RE&S registers revenue of S\$66.5 million for 1H FY2020

- Revenue was 7.1% lower year-on-year, due to major enhancement works carried out at Jurong Point and Great World, which saw the interim closure of Group's multiple outlets
- Net loss after tax was S\$3.9 million as opposed to a net profit after tax of S\$2.2 million in the previous corresponding period. Excluding one-off impact of share-based expenses as well as plant and equipment written off, the Group's net loss after tax will be S\$0.3 million.
- Going forward, the Group will seek new service channels to secure its current market share and adopt relevant technologies for its Quick-Service Restaurants, Convenience & Others ("QSR") segment to reduce operational challenges

Singapore, 10 February 2020 – 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 2019 ("1H FY2020").

Financial Highlights

S\$'000	1H FY2020	1H FY2019	Change (%)	2Q FY2020	2Q FY2019	Change (%)
Revenue	66,478	71,883	(7.5)	34,038	36,637	(7.1)
Other operating income	419	1,222	(65.7)	140	1,000	(86.0)
Operating expenses ⁽¹⁾	(66,681)	(68,185)	(2.2)	(32,581)	(34,165)	(4.6)
Other expenses – Non-operating	(2,086)	(1,725)	20.9	(775)	(1,400)	(44.6)
Profit before tax	(3,595)	3,056	(217.6)	(48)	2,005	(102.4)
Profit, net of tax	(3,858)	2,151	(279.4)	(263)	1,447	(118.2)

(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.

The Group registered a revenue of S\$66.5 million for 1H FY2020, representing 7.5% or approximately S\$5.4 million decline, from S\$71.9 million in 1H FY2019. This was mainly attributable to the interim closure of the Group's outlets at Great World since FY2019 and rejuvenation works for selected outlets at Jurong Point which was completed in 2Q FY2020.

Revenue by Segment

S\$'000	1H FY2020	1H FY2019	Change (%)	2Q FY2020	2Q FY2019	Change (%)
Full-Service Restaurants	45,758	51,219	(10.7)	22,999	26,130	(12.0)
Quick-Service Restaurants, Convenience & Others	20,720	20,664	0.3	11,039	10,507	5.1
Total Revenue	66,478	71,883	(7.5)	34,038	36,637	(7.1)

Revenue from the QSR segment remained stable at approximately S\$20.7 million in 1H FY2020 and 1H FY2019 respectively. On the other hand, revenue from Full-Service Restaurants ("FSR") segment declined by 10.7% or S\$5.5 million. This was mainly attributable to i) the interim closure of the Group's outlets due to mall enhancement works at Great World since FY2019 and ii) rejuvenation works of FSR outlets in Jurong Point in 1Q FY2020 which were re-opened in 2Q FY2020 as outlets under the QSR segment.

Other operating income decreased from S\$1.2 million in 1H FY2019 to S\$0.4 million in 1H FY2020. The difference was mainly due to a one-off compensation (approximately S\$1.0 million) received from landlord in 1H FY2019 for the interim closure of outlets in relation to mall enhancement works of Great World.

Other non-operating expenses increased by approximately S\$0.4 million, from S\$1.7 million in 1H FY2019 to S\$2.1 million in 1H FY2020. This was mainly due to design costs in relation to revamped outlets at Jurong Point.

As a result of the foregoing, the Group recorded a loss after tax of S\$3.9 million in 1H FY2020.

On the Group's results, Mr Fenton Foo, Executive Director and Chief Executive Officer of RE&S, commented, **"Recently, we have introduced new concepts for our QSR segment and have also launched &JOY Dining Hall (multi-concept food hall) in Jurong Point in October 2019 and Great World in February 2020. However, we are now faced with the unexpected Coronavirus which is impacting diners' sentiments. We are mindful to take cautious measures to control our operational expenses and stay vigilant to mitigate the potential headwinds."**

Outlook

The changing dynamics of the F&B industry such as increasing consumers' demands for online food delivery services and stringent requirements on the recruitment of foreign labour are expected to strain F&B operators, negatively affecting the revenue of full-service restaurants, and also likely resulting in higher operational costs. Nonetheless, the Group remains committed in staying relevant to the industry by exploring new service channels to secure its current market share and adopting technologies for both FSR and QSR segments to mitigate the operational challenges.

In addition, unforeseen circumstances such as the 2019 Coronavirus would significantly impact our business in general. The Group will cautiously control the business operating costs and may consider re-evaluating its major project commitments. The Group has adopted measures by referencing to guidelines from Ministry of Health and other government agencies, to protect our employees and customers against the virus.

Following the changes in SGX Listing Rules, SGX will only apply quarterly reporting requirements for companies associated with higher risks. Under the new approach, a company will have to report its financials on a quarterly basis if:

- It has received a disclaimer of opinion, adverse opinion or qualified opinion from its auditors on its latest financial statements;
- Its auditors have expressed a material uncertainty relating to going concern on its latest financial statements; or
- SGX RegCo has regulatory concerns with the company, for example if it has had material disclosure breaches or where it faces issues that have material financial impact.

The Group is pleased that it does not fall into the above criteria to perform quarterly reporting. The Group will cease its quarterly reporting and adopt semi-annual reporting with effect from 1 July 2020 (Financial Year 2021) to focus on a long-term perspective on growth.

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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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*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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