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PRESS RELEASE

RE&S registers S$110.6 Million in Revenue for FY2020

- Revenue decreased by 21.5% from S$141.0 million in FY2019 to S$110.6 million in FY2020; *Quick-Service Restaurants, Convenience & Others* ("**QSR**") segment declined by 7.9% and *Full-Service Restaurants* ("**FSR**") segment fell by 27.3% heavily impacted by COVID-19
- Group registers net loss of S$5.3 million for FY2020
- The Company was able to generate a positive EBITDA for FY2020 despite facing a tough year

Singapore, 27 August 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 twelve months ended 30 June 2020 ("**FY2020**").

Financial Highlights

S$'000	FY2020	FY2019	Change (%)
Revenue	110,649	141,004	(21.5)
Other operating income	10,603	2,751	285.4
Operating expenses (1)	(120,179)	(135,024)	(11.0)
Other expenses (Non-operating)	(3,032)	(3,099)	(2.2)
Loss/Profit before tax	(5,620)	5,344	N.M
Loss/Profit, net of tax	(5,346)	3,979	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.
N.M: Not Meaningful

For FY2020, the Group reported S$110.6 million for its overall revenue. Compared to FY2019, there was a decline of 21.5% or approximately S$30.4 million. The decline in revenue was mainly attributed to:

i) interim closure of Great World outlets due to the mall enhancement works since FY2019 and revamping of certain food concepts at Jurong Point in 1Q FY2020 (the revamped outlets in Great World and Jurong Point have since re-opened in February 2020 and October 2019 respectively);
ii) closure of 8 outlets comprising of 3 FSR outlets and 5 QSR outlets during the year; and
iii) prohibition of dine-services due to Circuit Breaker measures from 7 April 2020 to 18 June 2020, which resulted in a temporary closure of 32 outlets across all concepts. The outlets progressively re-opened over the period of 9 April 2020 to 22 June 2020.

Revenue by Segment

S$'000	FY2020	FY2019	Change (%)
Full-Service Restaurants	72,202	99,259	(27.3)
Quick-Service Restaurants, Convenience & Others	38,447	41,745	(7.9)
Total Revenue	110,649	141,004	(21.5)

Impacted by the above reasons, total revenue consequently declined by 21.5% or approximately S$30.4 million. Specifically, revenue from the Group's *Full-Service Restaurants* ("**FSR**") segment decreased by

27.3% from S$99.3 million in FY2019 to S$72.2 million in FY2020. Comparatively, the decline in revenue from the *Quick-Service Restaurants, Convenience & Others* ("**QSR**") segment was less; a 7.9% or approximately S$3.3 million, from S$41.7 million in FY2019 to S$38.4 million in FY2020. The difference was mainly attributed to the fact that most of the Group's QSR concepts such as retail grocery brand Kuriya Japanese Market and Quick-Service brands including Ichiban Bento could remain open for takeaway sales during the Circuit Breaker period from early April 2020 to mid-June 2020 while FSR had to stop all dine-in services.

Other operating income increased significantly from S$2.8 million in FY2019 to S$10.6 million in FY2020. This was mainly due to an increase in grants and reliefs from government and landlords amounting to S$8.9 million, in relation to COVID-19 pandemic.

Operating expenses[(1)] fell by 11.0% from S$135.0 million in FY2019 to S$120.2 million in FY2020 mainly as a result of adopting SFRS(I)16 where operating leases are accounted for as a "Right-of-use asset" and depreciated accordingly, with the expenses recognised as "Depreciation expense". Other expenses – non-operating decreased by 2.2%, or approximately S$67,000, from S$3.1 million in FY2019 to S$3.0 million in FY2020. This was mainly attributed to a decrease in plant and equipment written off of approximately S$0.6 million, offset by an increase in professional fees of approximately S$0.3 million, of which were in relation to the revamping of outlets at Jurong Point and Great World.

Despite the significant increase in other operating income and decrease in expenses, the loss of revenue impacted by COVID-19 pandemic was not fully offset. As a result, the Group recorded a loss after tax of S$5.3 million in FY2020.

On the Group's performance for the fiscal year, Mr. Fenton Foo, Executive Director and Chief Executive Officer of RE&S, commented, **"FY2020 was a challenging year especially in the second half that was met with the outbreak of COVID-19. In the same financial year, we launched two multi-concept food halls under the name *&JOY Dining Hall* in October 2019 and February 2020. Due to the multiple safety measures such as social distancing, we swiftly diversified our revenue channels to include more online sales and started to look into the expansion of other businesses in the QSR segment. With dine-in services resuming in Phase Two since 19 June 2020, we are encouraged by the return of crowds at our restaurants and hope to see further improvements in the subsequent months."**

Dividend

Due to the Company's loss position for FY 2020 and in view of a challenging economic situation, the Board has taken a prudent stance to conserve its cash for operational use and has not recommended dividend for FY2020. The Board would like to thank shareholders for their faith and patience in the Company.

The Board would be willing to consider making an interim dividend payment for FY2021 should its financial situation improves.

Outlook

Amidst the common high cost pressures posed by tight labour and rental market, the food and beverage ("**F&B**") industry is expected to face even greater challenges, intensified by the uncertainties of the COVID-19 situation which may include a sudden surge in community cases and consequently the implementation of new measures that may affect dine-in services and impact market sentiment. Nonetheless, with the increased efforts to conserve cash coupled with various forms of support from the government such as the Jobs Support Scheme, the Group remains committed to overcome the challenges through cautious and strategic expansions and further improve labour shortage issues by optimising the use of its Central Kitchen function.

The Group seeks to improve its performance by building on its online sales channels and new 'Ready-to-Eat' products while continuing to explore new market opportunities for the current climate. On the cost front, the management remains dedicated towards enhancing labour productivity via means of workflow improvements amidst labour shortages. The Group also seeks to explore further cost reduction through less reliance on frontline labour and further optimisation in the use of its Central Kitchen function.

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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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