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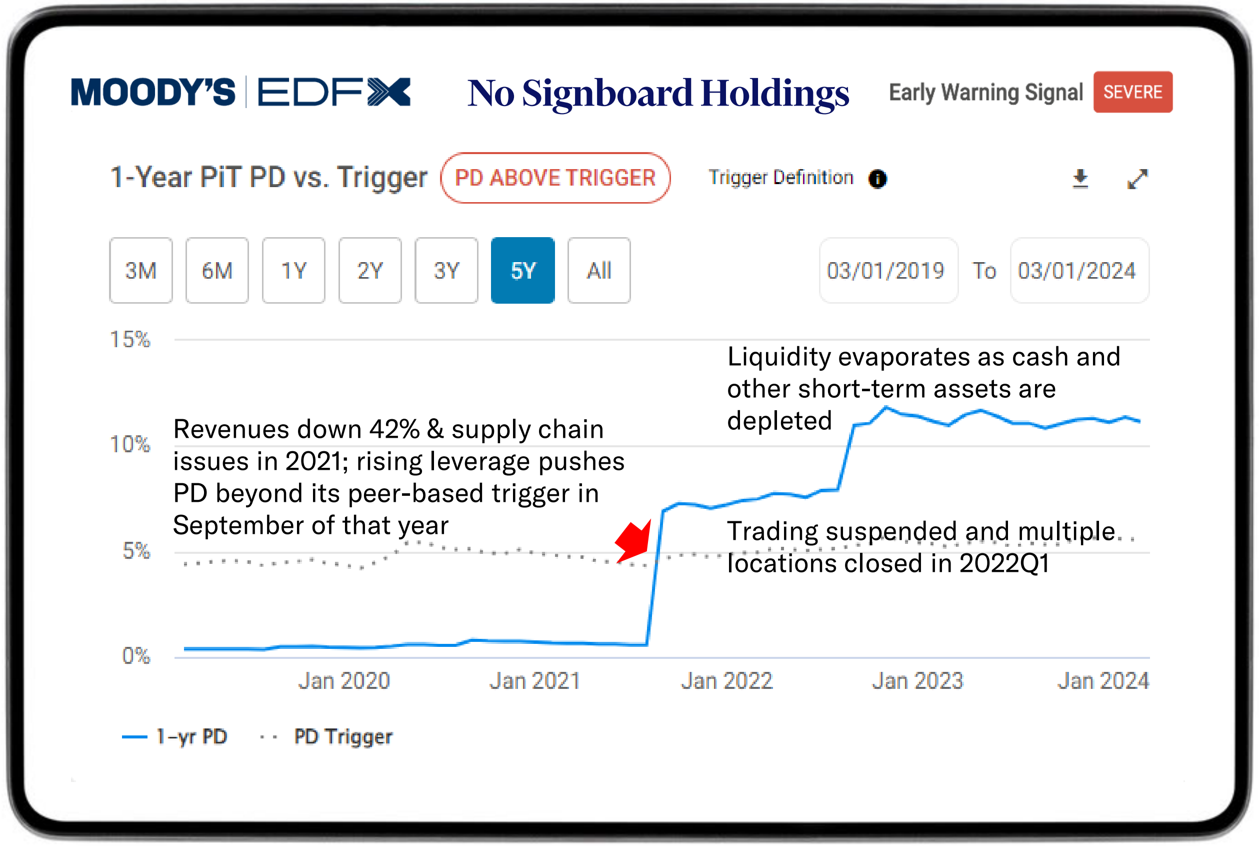
EDF-X CASE STUDY: NO SIGNBOARD HOLDINGS LIMITED

Cash flow challenges forced No Signboard Holdings to halt trading and close multiple locations, leaving the firm's near-term prospects in a tenuous position



Analysis

Falling demand and a difficult operating environment led No Signboard Holdings to close several locations in early 2022. Founded in 1981, the Singapore based firm is a leading high-end seafood restaurant chain, operating in three iconic Singapore locations, as well as managing its subsidiary beer business Danish Breweries. However, the company took on significant debts, and rising leverage led the EDF-X Early Warning System to identify it as an elevated credit risk in September 2021 after its PD breached its peer-group based trigger.

No Signboard Holdings was plagued by falling consumer demand and weak cash flows as the COVID-19 pandemic racked the local economy. Despite its reputation in the food and beverage industry, the firm saw revenues fall by nearly 42% in 2021 while also contending with supply chain disruptions. No Signboard Holdings tried to fill the operating gap by taking on debt, but this placed the firm under additional strain. Trading in its public shares was suspended on January 18, 2022, and by March 2022, it was forced to shutter two locations while the beer business was placed in voluntary creditors' liquidation.

No Signboard Holdings attempted to improve its cash position by securing an investment from Gazelle Ventures. However, for the fiscal year ending September 2022, the company remained underwater, reporting a net loss of $4.7 million. No Signboard Holdings balance sheet position worsened through 2023 and performance has yet to return to pre-pandemic levels.

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