

Annual General Meeting

26 October 2022



RE&S

IMPORTANT NOTICE

RE&S HOLDINGS LIMITED ANNUAL GENERAL MEETING

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Positioned for Growth

Yap Fang Ling
Chief Financial Officer

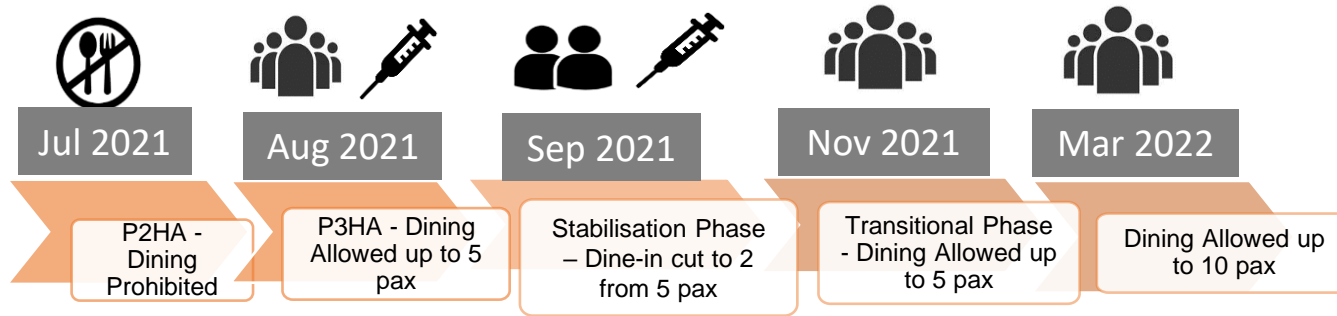


AGENDA

- Impact of Social Management Measures (SMM) on Business
- Our Financial Performance
- Review & Outlook

Covid-19 Events in FY2022

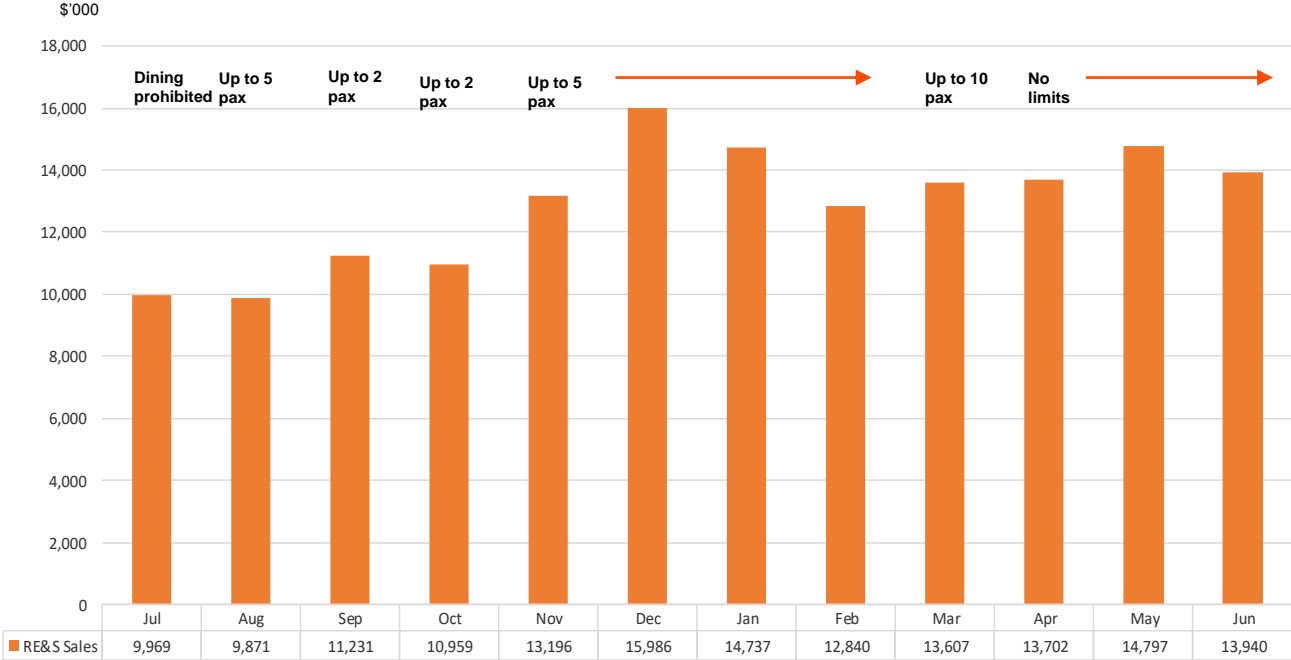
Jul 2021 – Apr 2022: Business Operate under SMM restriction



Apr 2022 onwards: Business Operate without SMM restriction



COVID 19 Overview – FY2022 GROUP SALES



\$'000 1H FY2022
RE&S Sales 71,212

\$'000 2H FY2022
RE&S Sales 83,623



AGENDA

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Consolidated Statements of P&L

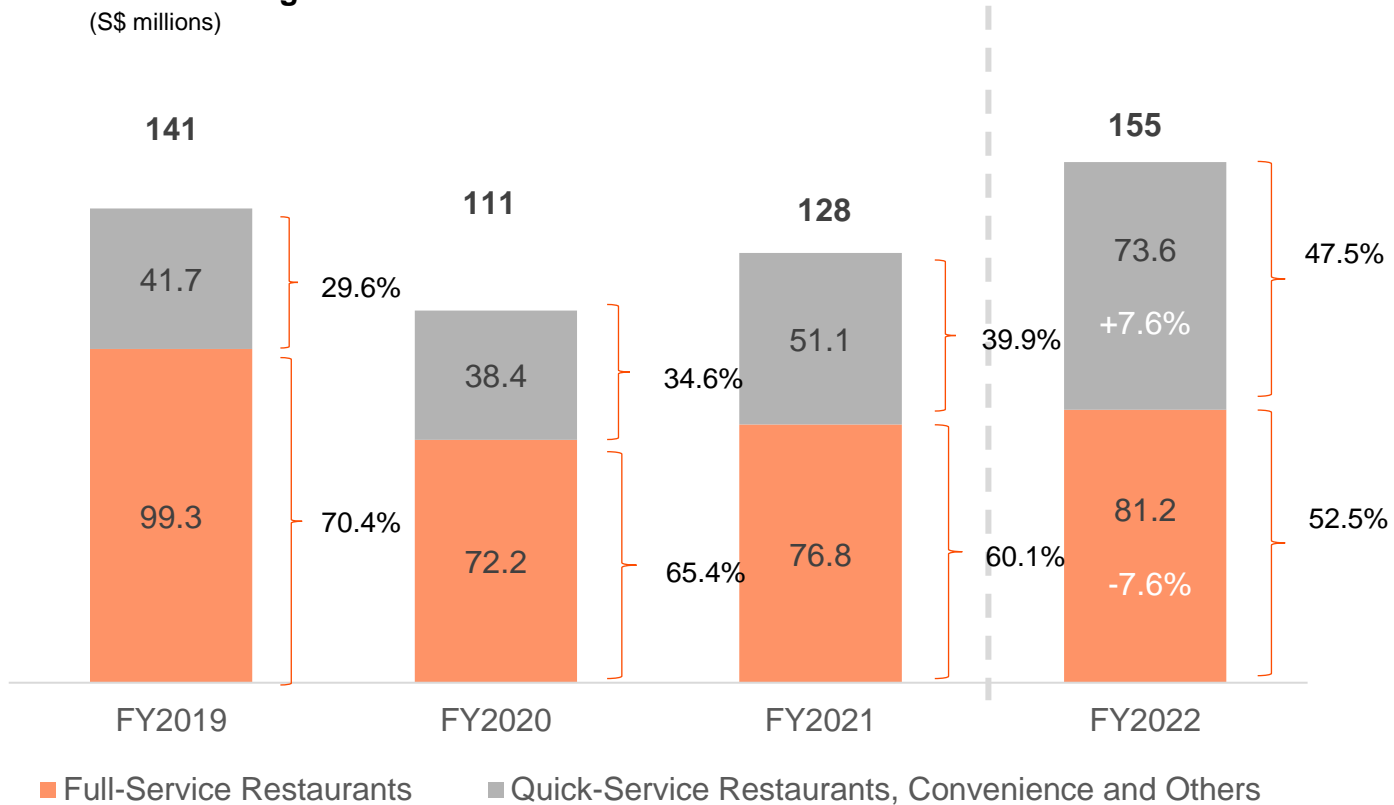
	Group		
	FY2022	FY2021	<i>Increase / (decrease)</i>
	S\$'000	S\$'000	%
Revenue	↑ 154,835	127,833	21.1%
Raw materials and consumables used	(42,990)	(34,097)	26.1%
Changes in inventories of finished goods	(548)	(294)	86.4%
Other operating income	↓ 7,205	9,388	-23.3%
Employee benefits expense	(51,613)	(44,455)	16.1%
Operating lease expenses	(1,921)	(1,712)	12.2%
Utilities expenses	(4,846)	(3,437)	41.0%
Depreciation of property, plant and equipment	(6,336)	(5,899)	7.4%
Depreciation of right-of-use assets	(20,369)	(19,646)	3.7%
Other operating expenses	(16,162)	(12,451)	29.8%
Other expenses – Non-operating	(2,964)	(1,367)	116.8%
Finance costs	(2,988)	(2,986)	0.1%
Profit before income tax	11,303	10,877	3.9%
Income tax expense	(1,852)	(1,387)	33.5%
Profit, net of income tax	9,451	9,490	-0.4%



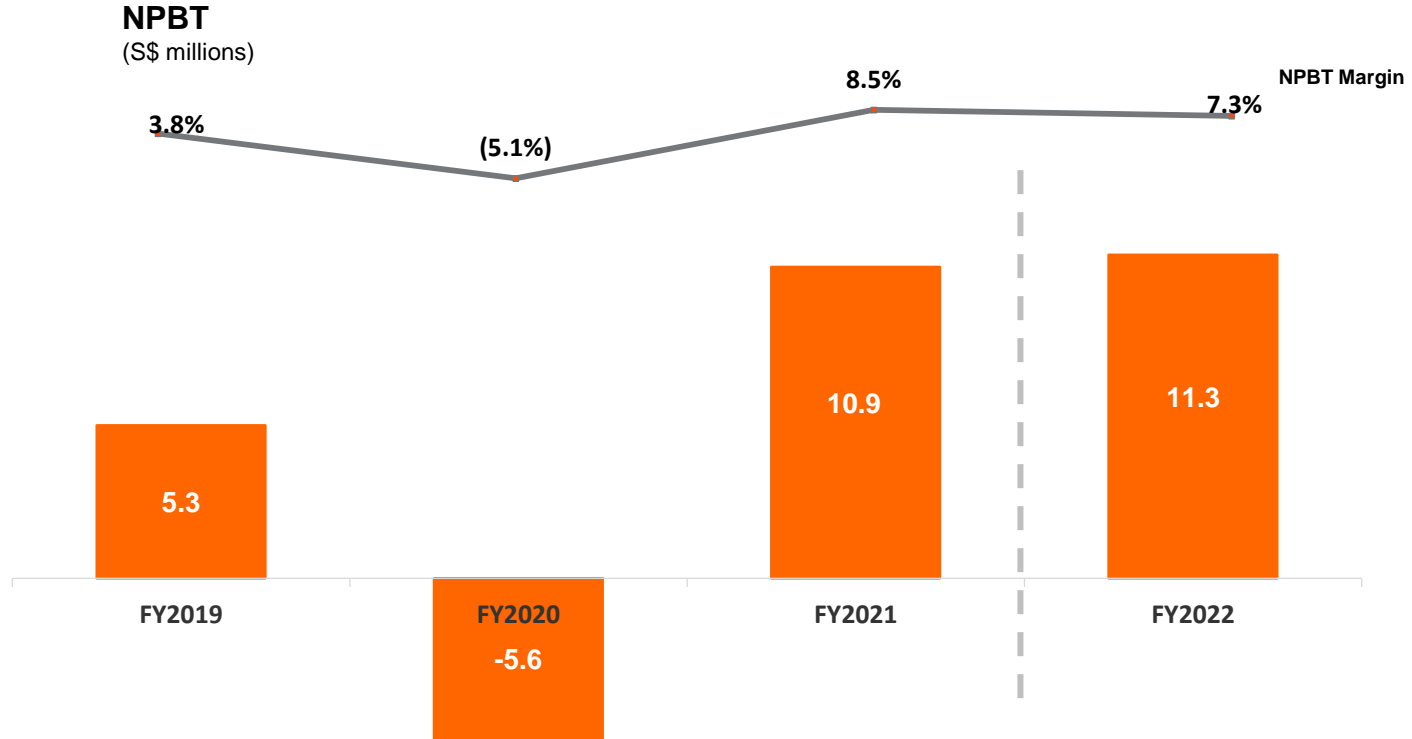
Our Revenue Breakdown

Business Segments

(S\$ millions)



Our Profitability



FY2022 profitability is inclusive of a JSS grant amounting to \$4.3m (FY2021: \$6.2m)



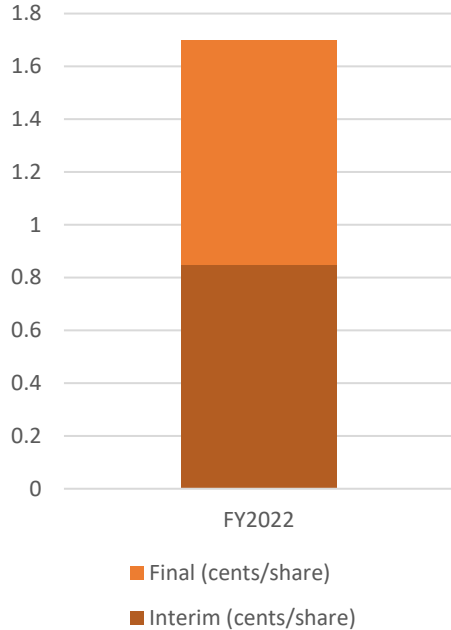
Statement of Financial Position of Our Group

	As at 30-Jun-22 <u>S\$'000</u>		As at 30-Jun-22 <u>S\$'000</u>
Non-current assets		Equity and liabilities	
Property, plant and equipment	32,200	Share capital	32,307
Right-of-use assets	58,398	Merger reserve	-18,149
Investment in subsidiaries	–	Retained earnings	25,695
Other receivables, non-current	–	Foreign currency translation reserve	-141
Other non-financial assets, non-current	4,532	Total equity	<u>39,712</u>
Deferred tax assets	92		
Total non-current assets	<u>95,222</u>	Non-current liabilities	
		Deferred tax liabilities	1,293
Current assets		Provisions, non-current	1,521
Inventories	3,820	Other financial liabilities, non-current	6,529
Trade and other receivables, current	1,786	Lease liabilities, non-current	44,765
Other financial assets, current	4,178	Total non-current liabilities	<u>54,108</u>
Other non-financial assets, current	3,106		
Cash and cash equivalents	<u>24,595</u>	Current liabilities	
Total current assets	<u>37,485</u>	Income tax payable	1,244
		Trade and other payables	17,329
Total assets	<u><u>132,707</u></u>	Other financial liabilities, current	940
		Other non-financial liabilities	46
		Lease liabilities, current	19,328
		Total current liabilities	<u>38,887</u>
		Total liabilities	<u>92,995</u>
		Total equity and liabilities	<u>132,707</u>



Dividend Payout

Cents / share



Payout: Nov 2022

Payout: Feb 2022

63.7%

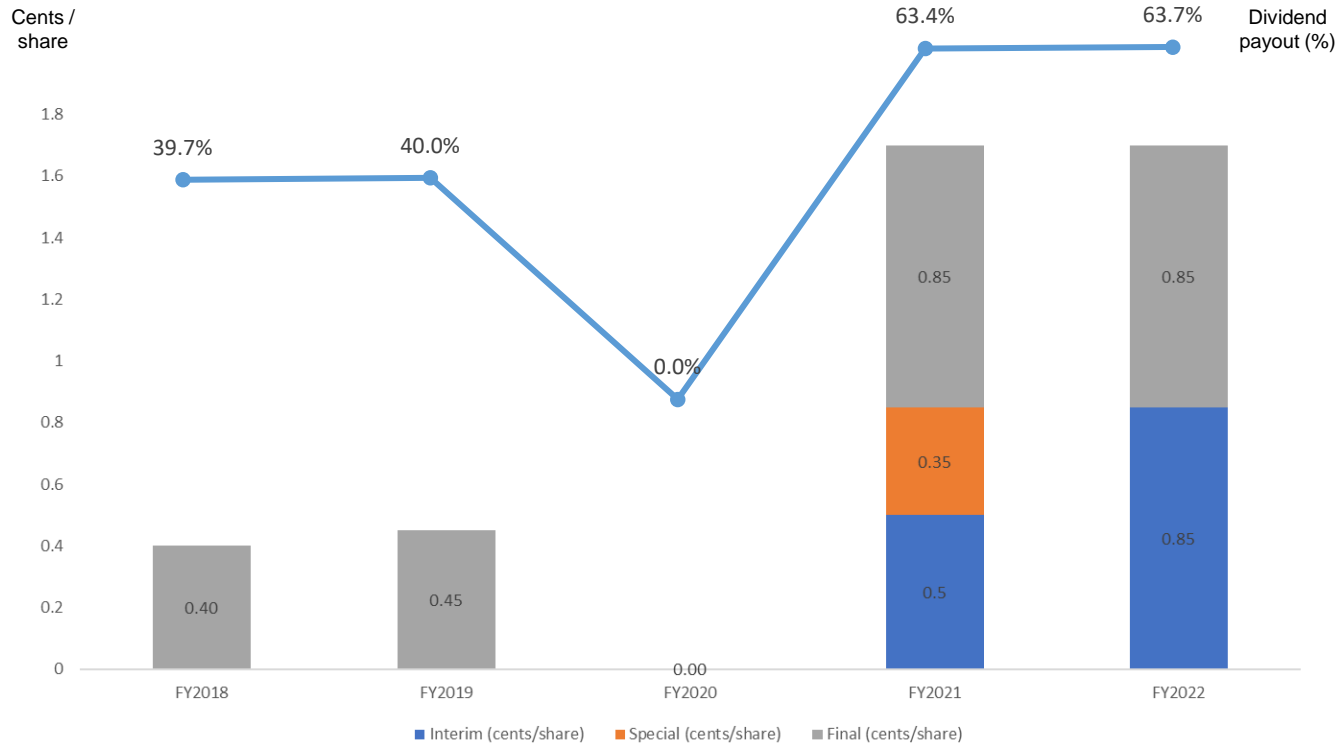
Dividend Payout Ratio

1.7 cents

Dividend Per Share



Dividend Payout



AGENDA

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Review & Outlook

Fenton Foo

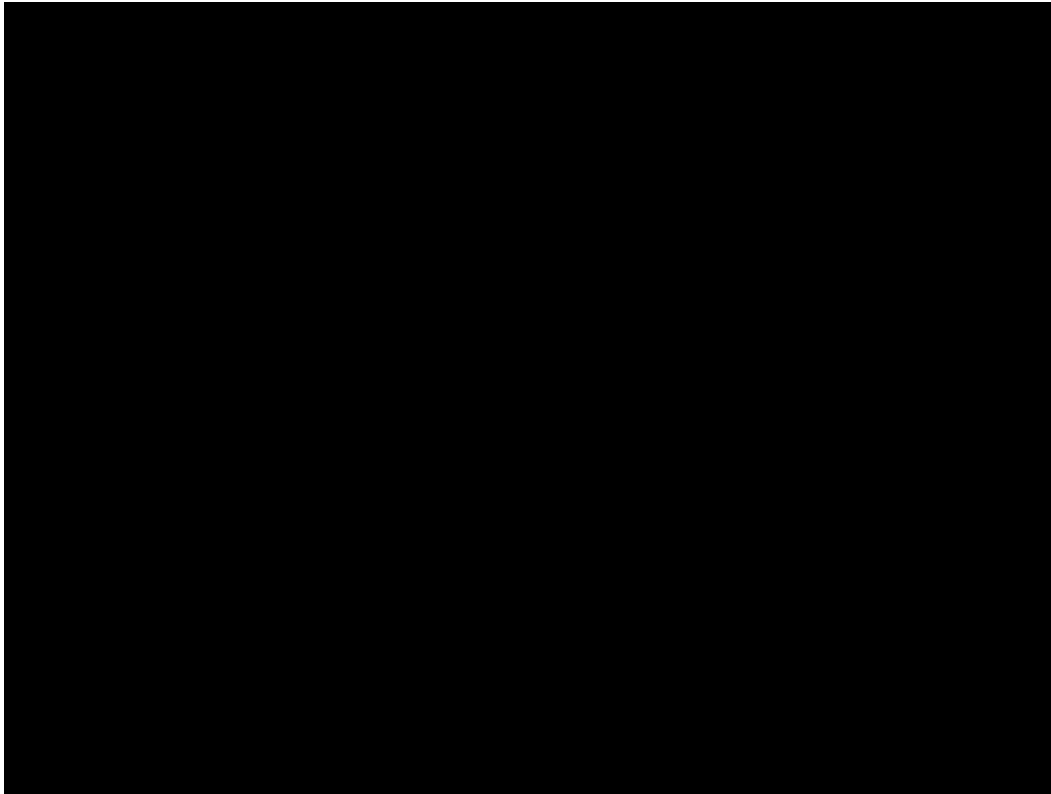
Chief Executive Officer



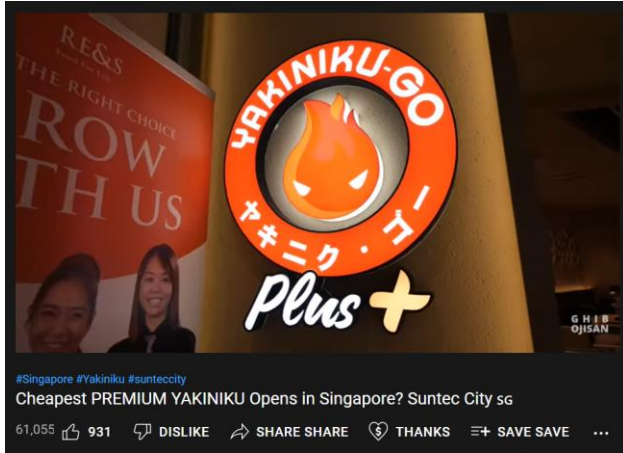
And the queue goes on and on.....



&JOY Nex Revamped



Yakiniku-GO – Media Coverage



Where to find the most affordable A5 Miyazaki Wagyu beef in Singapore



Sushi-GO @AMK – Media Coverage



30 - 31 JULY **OPENING SPECIAL**

オープニングスペシャル

\$1 SUSHI*

UNLIMITED ALL DAY

*Valid for 30 sushi selections (U.P. \$1.80 - \$3)

Exclusively at
Sushi-GO @ AMK Hub #04-02

SUSHI-GO

Instagram icons and social media handles.



Hamburg – Media Coverage



TSUKIMI
HAMBURG

THE STRAITS TIMES

Sunday Sep 04, 2022

NEWLY OPENED FOR DINING



New Casual Hamburg Eatery In Jurong Has Raclette Cheese & Foie Gras Set Meals Under \$20



Money Digest
4 h · 🌟

Seriously.. you need to try this. We bet you will come back for more! 🤤



Our Parenting World
2 d · 🌟

Get ready to sizzle as RE&S' Latest Concept, Tsukimi Hamburg located along the &JOY Dining Hall at Jurong Point brings Japanese trending H... See more

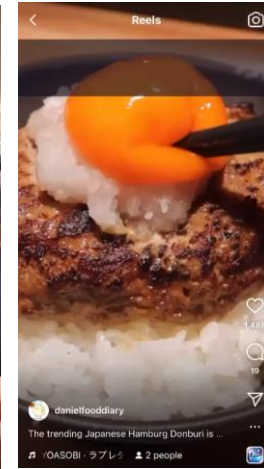


ourparentingworld.com
RE&S' Latest Concept, Tsukimi Hamburg, Brings The Popular Japanese Food Trend Hamburg Tam...

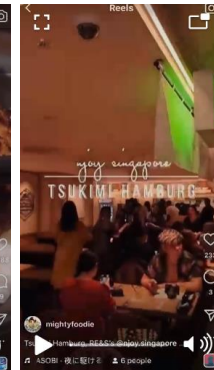
29



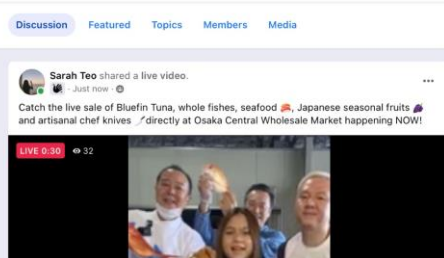
What's better than being between two buris is the party over hot Japanese rice.



The trending Japanese Hamburg Donburi is ...

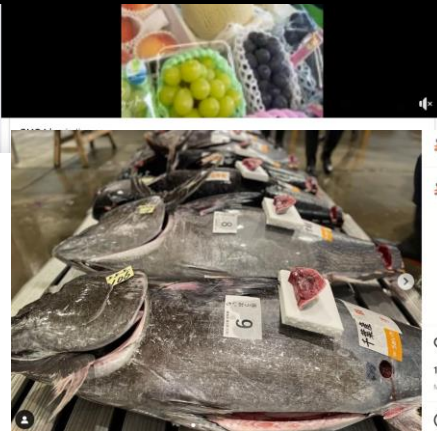


Livestream from Japan



First-ever livestream from bustling Osaka Central Wholesale Market: Get the freshest, Omakase-quality seafood and fruits from one of Japan's largest wholesale markets air flown directly to your doorstep

top premium meat without breaking your piggy banks! 🐷🍖
More updates happening soon! 🔥 Stay tuned!



Ichiban Boshi



sgfoodfinder • Following
YUYUA EGASHIRA • Tsuriyokadesuyo No Theme

sgfoodfinder There's everything to love about the grand menu launch of @ichibanboshi.sg. Check out the flaming dishes my personal favourite is the Truffle Tori Zousui (Japanese Rice Soup sweetened with chicken, assorted mushrooms and truffle paste. It's ultra satisfying!

Ichiban Boshi
Serangoon
NEX, 23 Serangoon Central#B1-04, Singapore S56083
#IchibanBoshi #WhatIsToday #JapaneseFood #sgfoodies #Sgfood

优1周 U-Weekly
19 h ·
Ichiban Boshi 餐馆推出全新菜单，多达 40 种新美食等你尝味！亮点包括火炙 A5 宫崎和牛卷松露芝士锅、鲑鱼子丼、味噌银鳕鱼蔬菜锅，以及各色新... See more



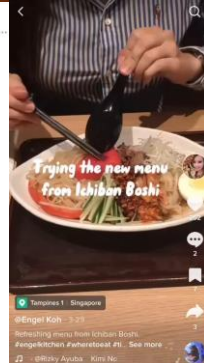
Ichiban Boshi Unveils a New Grand Menu



Muti Share Good Things
May 11 at 12:00 PM
You don't have to wait till June 2022 to get a taste of the many flavours of Japan as Ichiban Boshi has unveiled a new menu featuring a selection of over 40 novel items to choose from. Delivering modern Japanese cuisine that will entice and excite your tastebuds, look forward to a selection of flaming specials, kobore sushi and the delicious Miyazaki A5 Wagyu!...
<https://msgt.com.sg/40-new-items-now-available-across-/>



40+ New Items Now Available Across All Ichiban Boshi Outlets



burgple • Following
This just in! @ichibanboshi.sg has unveiled a grand menu of over 40 new items including the Kaisen (\$5.50) & Roast Beef Kobore Sushi (\$7.50) and the Flaming Aburi Truffle Salmon Cheese Roll (\$29.90).
Let's not forget the comforting Truffle Tori Zousui (\$12.90) and the crispy Fried Mala Pork Crisp (\$6.90) appetiser. Be sure to head on down to their outlets to get a taste of these delectable new dishes yourself!
#japanesefoodies #sgfoodies #burgple #burgple #burgpleapproved



Our Focus in FY2023

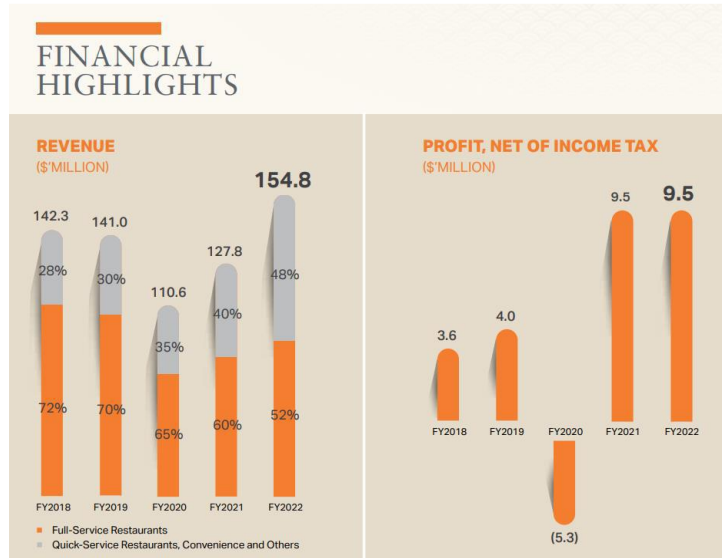


RE&S

Q&A



Q1: Despite the challenging environment due to the pandemic, the group achieved a revenue of \$154.8 million, probably a record high for the group. The group has also delivered on its long-term business strategy to increase the revenue contribution from the Quick Service Restaurant, Convenience and Others (QSR) segment. Management has disclosed the QSR segment allowed the group to operate more efficiently in a tight labour market.



1(i): Has the board set a target in terms of the revenue split between full-service restaurants and QSR?

Our preference for QSR is a way to address the labour issue in Singapore. Our growth plan in the past few years has been in favour of QSR as it offers scalability. At the same time, we maintain operations of FSR as customer demand is still high. In fact, we may expand FSR if conditions are favourable. For that reason, we do not have a specific target of the revenue split.

Q&A

1(ii): As an experienced operator, how long does it take and how much does it cost to set up a new typical QSR outlet?

It can take up to 2 years to develop a new restaurant concept and up to 6 months for expansion of existing concepts. Depending on concept and size of development, setting up a new QSR outlet can cost anything from tens of thousands for a kiosk and up to a million for a restaurant unit.



Q&A

1(iii): What are the plans in the next 12-18 months, in terms of opening new outlets? How do the current manpower shortage and the uncertainties in the global economy affect the group's expansion plans?

We see the demand for retail concepts like Kuriya Japanese Market and Gokoku Bakery outlets. We plan to open more, depending on the availability of suitable locations.

We are taking a cautious approach to opening of new outlets and more focus will be placed on leveraging our existing setup to do more sales.



Q&A

1(iv): Is the group looking to set up a loyalty programme to attract and retain its customers and to cross-sell across brands?

The Group has a digital loyalty programme called &Rewards that is used across all its brands except Kuriya Dining. Membership currently stands at over 280,000.



Q&A

Q2: Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) Leasehold building: The group has a leasehold building at 32 Tai Seng Street which serves as the corporate headquarters (and houses the central kitchen). The group relocated to the 103,925 sq ft, seven-storey building in 2013. What is the utilisation rate of the building? How much spare capacity is there to support the group's growth? What is the balance of the land lease?**

Our building is currently about 70% utilized. Remaining 30% is used for storage but can be converted to production to support the group's growth.

The balance of land lease is approximately 49 years.



2(ii) Deposits to secure services: As shown in Note 18 (page 119), the carrying amount of the deposits increased to \$4.53 million as at 30 June 2022 from \$3.77 million a year ago. The deposits were just \$1.5 million in FY2017. Can management elaborate further on the nature of these services to be procured?

Nature of such services are majority in relation to deposits placed with new and existing landlords. The classification of current and non-current will be determined based on the remaining lease term as at the respective financial year end. As shown in Note 18 (Page 119), such non-current deposits amount to \$4.53m in FY2022 and \$3.77m in FY2021. In FY2017 (page 89 of FY2018 Annual report), the non-current deposits amount to \$6.07m, not \$1.5m.

Q&A

2(iii) Trade and other payables: Can management help shareholders better understand the reasons that trade payables to outside parties have increased to \$8.27 million from \$5.63 million a year ago (page 129 – Note 29 Trade and other payables)?

\$8.27 million is the normal level of trade payables, representing less than 60 days of payables turnover (days). Last year, the amount was lower due to business operating under safe management measures restrictions, which resulted in a lower trade payables of \$5.63 million.



Q3: The group recognised financial assets at fair value through profit or loss (FVTPL) amounting to \$4.17 million as at 30 June 2022 (FY2021: \$0).

In addition, as shown in Note 21A (page 122 - Financial assets at FVTPL), the group suffered a loss on disposal of \$(276,000) and recognised a decrease in fair value of \$(843,000).

21A. Financial assets at FVTPL

	Group	
	2022 \$'000	2021 \$'000
Movements during the year:		
Fair value at beginning of the year	-	-
Additions	6,953	-
Disposals	(1,669)	-
Loss on disposals through profit or loss	(276)	-
Decrease in fair value through profit or loss	(843)	-
Fair value at end of the year	4,165	-

The fair value (Level 1) of the financial assets approximates to bid prices in an active market at the end of the reporting year.

Q3:

Details of the investment portfolio are shown below:

21C. Disclosures relating to investments in financial assets at FVTPL

The information gives a summary of the significant sector concentrations within the investment portfolio including Level 1 and 2 securities:

	Level	Group			
		2022 \$'000	2021 \$'000	2022 %	2021 %
<u>Quoted equity shares:</u>					
Technology industry	1	1,289	–	30.85	–
United States					
Financial service industry	1	925	–	22.14	–
United States					
Technology industry	1	296	–	7.08	–
Japan					
Consumer goods industry	1	163	–	3.90	–
Hong Kong					
Food and beverages industry	1	162	–	3.88	–
China					
Automotive industry	1	152	–	3.64	–
Japan					
Semiconductor industry	1	150	–	3.59	–
Netherlands					
Retail industry	1	138	–	3.30	–
Hong Kong					
Retail estate industry	1	121	–	2.90	–
Hong Kong					
Retail industry	1	108	–	2.58	–
Japan					
Others	1	661	–	15.83	–
Subtotal		4,165	–	99.69	–

3(i): Were the investments in public equities approved by the board? If so, how is this aligned with the long-term plans of a F&B group?

Yes, the board assessed the credibility of the asset management firm, and evaluated the Group's cash position and near term cash requirement. Thereupon, the board decided to set aside a small portion of RE&S' liquid assets to invest into an actively managed portfolio.

The Group is focused on its core business of F&B and these investments was intended for capital preservation.

Q&A

3(ii) What is the investment mandate? How are investment/trading decisions made? Is there an investment committee that provides an appropriate level of oversight of the group's investment/trading activities?

The board has assessed the risk and returns of the investment portfolio with the asset managers and decided to limit the investment portfolio to 25% of our liquidity in equity.

We have appointed an investment manager to manage the fund, based on the mandate approved by the board, with a 5-year time horizon.



Q&A

3(iii) Would the investing/trading of listed equity securities distract management from the core business of F&B?

We have appointed an external professional fund manager so RE&S management can fully focus on its core business.



3(iv) Are there robust risk management frameworks in place?

The investment portfolio is limited to 25% of our liquidity in equity.

The portfolio itself, followed the mandate that has been pre-approved by the board and has the following 4 investment risk management parameters:

1. Maintain a diversified portfolio of about 35 to 50 stocks and ETFs.
2. Invest in mid cap to large cap stocks of at least \$5 billion market cap.
3. Invest in developed markets (US, Japan, Europe) and developing markets (China, HK). But not emerging markets (e.g. Latin America, Eastern Europe).
4. Focus on companies with strong balance sheet and generally low debt. Most of the companies in the portfolio are at least BBB+ for their senior bonds.

3(v) Can the board help shareholders better understand the group's competitive advantage in equity investment? If there is none, would the board oversee an orderly liquidation of the portfolio and return the excess capital to shareholders who can then make their own capital allocation and investment decisions?

The investment was intended for capital preservation. The equity investment is managed by an external professional fund manager. Given the Group's strong cash position, we have, for the past 2 years, been paying a consistently high dividend.

Q&A

4(i) The profit margin for the QSR segment has been improving but still significantly lower than the FSR segment. Do the management envision QSR climbing further and eventually having the same profit margin or even exceeding FSR segment in the future?

The profit margin for QSR is comparable to FSR segment. Our preference for QSR is a way to address the labour issue in Singapore. Our growth plan in the past few years has been in favour of QSR as it offers scalability.



Q&A

4(ii) In 21C of the footnotes in the annual report, the company has invested about \$4.2m in various quoted equities. It is disappointing that the company has undertaken such risky investments. Has the management consider returning the surplus cash to shareholders by giving more dividend or perform share buybacks (taking advantage of the stock's current undervaluation) instead?

The investment was intended for capital preservation. Given the Group's strong cash position, we have, for the past 2 years, been paying out a consistently high dividend.



RE&S

Resolutions

ORDINARY RESOLUTIONS

Item	Resolutions
1	Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2022
2	Declaration of final dividend
3	Re-election of Mr. Hiroshi Tatara as a Director
4	Re-election of Mr. Yek Hong Liat John as a Director
5	Re-election of Mr. Lee Lap Wah, George as a Director



ORDINARY RESOLUTIONS

Item	Resolutions
6	Approval of Directors' fees amounting to S\$210,000 for the financial year ending 30 June 2023, to be paid quarterly in arrears
7	Re-appointment of RSM Chio Lim LLP
8	Authority to issue new shares
9	Authority to issue shares under the RE&S Employee Share Option Scheme
10	Renewal of Share Buy-Back Mandate



RE&S

Thank You