

SAKAE HOLDINGS LTD.

Company Registration Number 199604816E
(Incorporated in the Republic of Singapore)

RESPONSE TO QUESTIONS IN CONNECTION WITH THE ANNUAL GENERAL MEETING TO BE HELD ON 30 OCTOBER 2023

The Board of Directors of Sakae Holdings Ltd. (“Company” or together with its subsidiaries, the “Group”) would like to thank all shareholders of the Company (“Shareholders”) who have submitted their questions in advance of the Company’s Annual General Meeting, which will be held at 28 Tai Seng Street, Sakae Building, Level 7, Singapore 534106 on Monday, 30 October 2023 at 3.00 p.m.

Please note that the questions in this Announcement are published as received from Shareholders; and, for the avoidance of doubt, do not necessarily reflect the Group’s acknowledgment, endorsement or acquiescence of the accuracy of any fact or assertion contained therein.

Question 1

The company's shares are trading at more than 65% discount off from the company's NAV of 44.37 cents. However, the company has not made any share buyback since Oct 2022. Can you explain why the company has not made any effort to improve its share price, which is trading significantly below its NAV level? Please elaborate.

Company’s Response

The Board considers many different factors in seeking a balance of the Group’s business needs and stakeholders’ interest. This includes consideration of share buybacks and the opportune time for the same. The share purchases will only be undertaken as and when the Board consider it to be in the best interests of the Company.

Question 2

I note that the well-located Sakae building was last valued at SGD 90 million.

- Is the Sakae building fully occupied and utilised by the company?
- Is there available space in the building for it to be rented out for rental income?

Company's Response

The space in Sakae Building is currently fully utilised.

As disclosed on Page 100 of the Annual Report, Sakae Building which is located at 28 Tai Seng Street, Singapore 534106, is used as office, warehouse and central kitchen production to support the Group's businesses. The Group require these facilities in the building in order to operate the Group's businesses. The space used for cold chain storage includes walk-in chillers and freezers, as well as, an Automated Storage and Retrieval System (ASRS) that provide seamless ease of access anytime with minimal manpower required.

The Company is also pleased to share that it has optimised the usage of the building facilities to improve operational efficiency such as installing a food waste digester machine to treat and recycle food waste in support of the Zero Waste initiative. At the same time, the Company has also utilised the premises to extend delivery logistics for its brands.

Besides the Company's own usage as listed above, all other areas able to be tenanted are currently tenanted. However, the Company continuously reviews and consider options to maximise the use and value of Sakae Building.

Question 3

I note that the company's shares are trading at more than 65% discount off from the company's NAV of 44.37 cents and highly undervalued.

- What more can the company do to improve its share price, and by extension its market capitalisation, to enable it to better reflect its intrinsic value?
- Have the company thought about how it can better engage with the investment community, so as to enable them to realise the undervaluation in Sakae share price?
- Have the company considered engaging the services of an Investor Relations firm to boost the company's profile in the investment community?
- Is the company covered by any analyst(s) or brokerage firm?
- Have the company considered inviting research analysts and brokerage firm representatives to visit the company's facility to enable them to have more insight about the company and boost the company's profile in the investment community?

Company's Response

The Company has weathered the difficult conditions of the Covid-19 pandemic in the last few years where the food and beverage industry saw many challenges. As the global economic situation still sits nervously in a tentative state of recovery, the Company will cautiously explore viable options to maximise shareholders' value, including being mindful of costs. The Company will continue to engage with the investment relations community and will strive to balance the Group's business needs as well as looking after stakeholders' interest.

Question 4

I was not able to find in the AR the name of any individual/key executive in the company responsible for investor relations. Neither was I able to find the email address in the AR that investors can email to if they have any queries or questions.

- Does the company have a key contact person for shareholders or prospective investors to reach out to?
- Does the company have an email address that investors can send their questions/queries to, if any?

Company's Response

As disclosed on Page 43 of the Annual Report, Shareholders can send questions via the Company's website www.sakaeholdings.com and the Company responds to such questions.

Also, the Company has provided Investor Relations email ir@sakaeholdings.com on the Company's website www.sakaeholdings.com under 'Investor Relations' as well as the 'Contact Us' section, to facilitate investors to reach out to us.

Question 5

With regards to Griffin Real Estate Investment Holdings Pte Ltd (GREIH), the Company had received the following net returns:

No.	Date	Net Return
1	12 Sep 2019	S\$8,148,148
2	11 May 2010	\$3,209,876
3	11 Dec 2020	\$2,716,049
4	02 Nov 2021	\$3,703,704
5	13 Jun 2022	\$3,950,617
6	19 Jun 2023	\$3,481,481
	Total	\$25,209,875

- What is the progress of the liquidation of Griffin Real Estate Investment Holdings Pte Ltd (GREIH)? What is the percentage completion?
- How much more proceeds/returns can be expected from the liquidation of Griffin Real Estate Investment Holdings Pte Ltd (GREIH)?

Company's Response

The liquidation of Griffin Real Estate Investment Holdings Pte Ltd (GREIH) is ongoing and the Group will continue to provide updates as and when appropriate to do so.

The Group expects to receive another distribution of \$4,073,804 from the liquidators of Griffin Real Estate Investment Holdings Pte Ltd (GREIH) before 31 December 2023.

Question 6

I note that the company is in various businesses, such as restaurants serving Japanese food, food catering, sale of Japanese products, corporate advisory, cleaning/maintenance services. Are there synergies between these various businesses? Please detail and elaborate.

Company's Response

Just as the Company continues the fulfilment of its ethos to bring healthy and safe quality food for our customers, in similar fashion, the Company looks for ways to maximise value by looking for opportunities in the new economy, which ideally, though not necessarily always, concurrently also contributes to the core business of the Company.

The Company's expansion and development of various businesses, such as restaurants serving Japanese food, food catering, sale of Japanese products, corporate advisory, cleaning/maintenance services are synergistic to its food and beverage business as these work in tandem with different facets of the business.

These various business units definitely served the Company well during the Covid-19 pandemic. For example, back in around 2015, the Company expanded into Japanese food delivery and developed our own websites for our customers for ordering and payments, even before the market wide adoption of delivery applications and delivery companies providing such services. During the Covid-19 pandemic, the Company was able to serve and deliver our menu to our valued customers well ahead of other food operators.

In addition, the Company is able to bring safe and quality food to our customers by tapping on our wide network and connection for raw materials that we have built over the years. Our catering abilities have also brought us various valuable contracts from clientele in the hotels, restaurants and catering ("HoReCa") arena. Additionally, the cleaning/maintenance business started with the intention of providing comprehensive maintenance support for our Sakae Building, Central Kitchen and various food and beverage stores. Subsequently, it extended to provide support to external parties as well. Thus, this allowed us to build various networks with our capabilities, giving rise to various business opportunities.

Question 7

I note that the company owns a Freehold Condominium unit in Petaling Jaya, Selangor, Malaysia. We incurred direct operating expenses of \$3,000 as a consequence. (page 96)

- What is the rationale for owning the Freehold Condominium unit in Petaling Jaya, Selangor, Malaysia? Please detail and elaborate.

- Is it currently vacant or rented out?
- If it is rented out, how much is the rental income that the company is getting?
- If it is vacant, why is it being left vacant and unoccupied? Please detail and elaborate.

Company's Response

The Company currently rents residential units, as part of its operational needs of providing accommodation for its staff in Malaysia. Accordingly, the Company invested in this Freehold Condominium unit in Petaling Jaya, Selangor, Malaysia as part of its efforts to optimise the Group's resources. The Freehold Condominium is currently being used as a hostel for its management staff and is fully occupied at this time. The Company will continue to explore opportunities for rental to external parties, should there be any unoccupied units.

Question 8

From page 83 of the AR, can the company explain how the S\$822k classified under "Others" came about? Please elaborate.

Company's Response

The Other operating income gain of S\$822k is derived mainly from reversal of invoices and liabilities no longer required, identified through our regular accounts reviews, as well as service fees.

Question 9

From page 123 of the AR, under segmental information, it appears that the net profit for "Sakae Sushi" dropped from S\$2.047million to S\$686k. Can you elaborate on what are the reasons for the decline in the net profit for "Sakae Sushi"?

Company's Response

Overall, the net profit for "Sakae Sushi" is constant for FY2022 and FY2023. Due to various one-time gains which include rental rebates arising from Covid-19 pandemic, write-back of fixed assets impairments and stores movements have given rise to the difference in profits, under segmental information between FY2022 and FY2023.

The Company will continue to monitor store performance and also explore opportunities for expansion.

Question 10

I note that inflation is rising with energy, water, and utilities etc. costs increasing. How does the company deal with inflation and the associated costs increases?

Company's Response

The Company has invested in solar panels within Sakae Building, which is fully integrated, resulting in savings of our Building's energy consumption. Our Central Kitchen is fitted with high technology equipment and appliances which produce less ambient heat and very low carbon emissions, while ensuring lower energy consumption levels. Lighting used in our Sakae Building was installed with motion-sensor devices to help reduce electricity usage, and we have also adopted the use of LED lighting in the food and beverage stores for power saving and environmental friendly purposes. As part of its sustainability efforts, the Company has also installed EV chargers in Sakae Building car park and will continue to explore more energy saving options in our business operations.

Question 11

Can the company provide more insights into the other less well-known businesses such as the cleaning/maintenance business?

- What is the revenue and profit generated by the cleaning/maintenance business?
- How many customers do we have on an average monthly basis?
- What is our competitive advantage?

Company's Response

The cleaning/maintenance business started with the intention of providing comprehensive maintenance support for our Sakae building, Central Kitchen and various food and beverage stores. Besides this, it will also provide support to external parties as well. During the Covid-19 pandemic, the revenue and profits have been relatively low and immaterial.

Question 12

Can the company provide more insights into the other less well-known businesses such as the corporate advisory business?

- What is the revenue and profit generated by the corporate advisory business?
- How many customers do we currently have?
- Are we still engaged to do Corporate Advisory work by Da Nang city planning?
- Did we acquire any new customers for the last FY?
- What is our competitive advantage?

Company's Response

The corporate advisory business offers a wide spectrum of corporate advisory and strategic investor relations services for high-growth companies operating in emerging markets. Engagement with an extensive international network comprising brokerages and investors, encompassing institutional funds, family offices, and high-net-worth individuals are some of the examples of the activities. As of now, it has completed the engagement to do Corporate Advisory work for Da Nang city planning and the project has moved to the next phase. The projects in this business are usually by phases and on project basis. During the Covid-19 pandemic, the revenue and profits have been relatively low and immaterial.

By Order of the Board

Chan Lai Yin
Company Secretary

26 October 2023