

Isetan (Singapore) Limited

2023 AGM
28.04.2023

ADDRESS BY MANAGING DIRECTOR

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In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified.

1. Results for FY 2022
(Year Ended 31 December 2022)
2. Post COVID -19 & Updates
3. Medium Term Management Plan
 - 3.1 Core Retail Update
 - 3.2 Investment Properties
 - 3.3 Digitalization, I Online & Digital Marketing

1

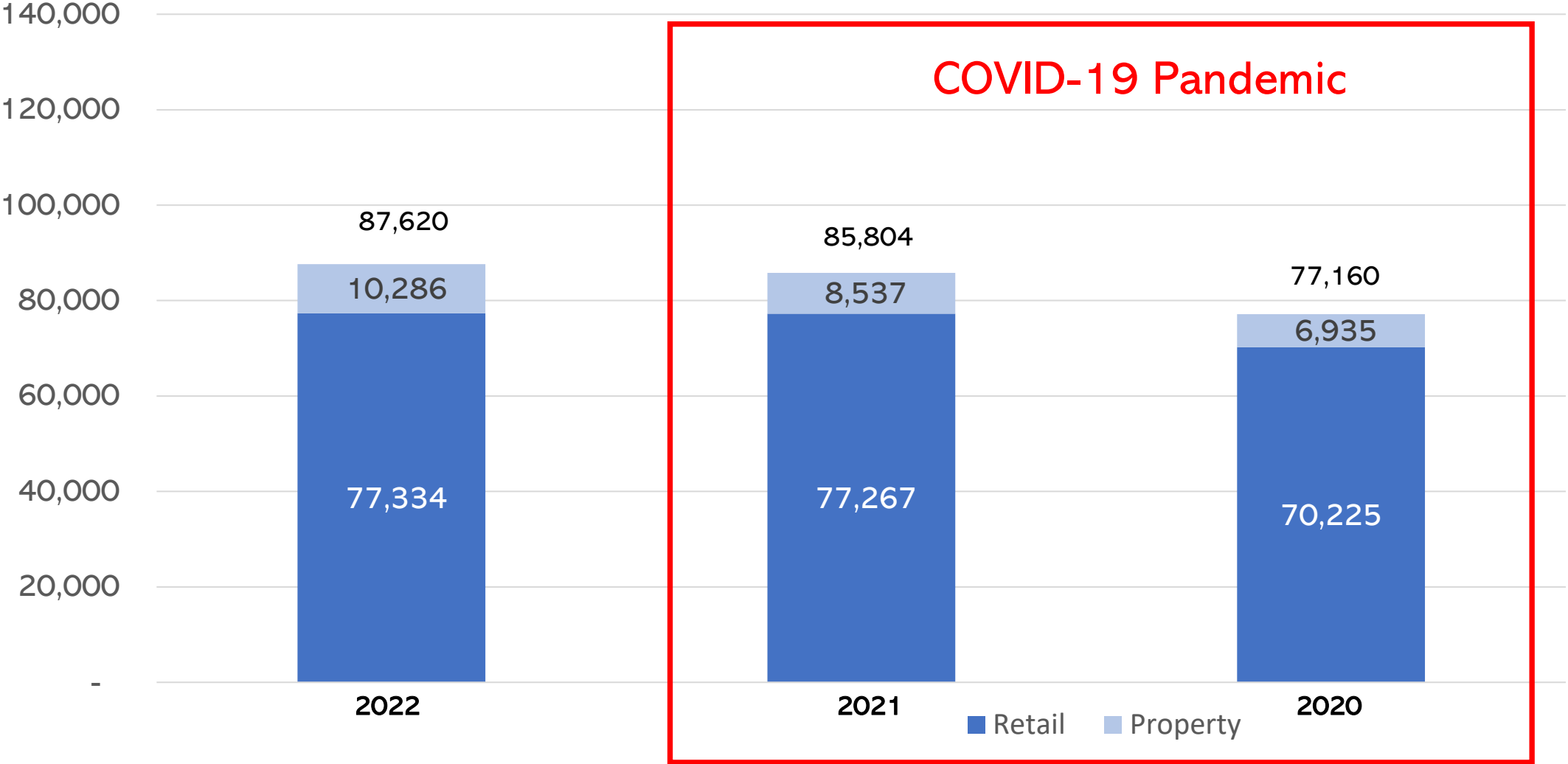
Results

Year 2022

Results

(In thousands)	FY 2022	FY 2021	YoY change %	YoY Differences
Revenue	87,620	85,804	2.12	1,816
Other income	4,393	6,746	(34.88)	(2,353)
Other gains/(losses) net	61	138	(55.80)	(77)
Total expenses	(90,459)	(90,474)	(0.02)	(15)
Share of loss of an associate	(266)	(58)	358.62	208
Profit before income tax	1,349	2,156	(37.43)	(807)
Income tax expense	-	-	-	-
Net profit after tax	1,349	2,156	(37.43)	(807)
Net profit attributable to : Equity holders of the Company	1,349	2,156	(37.43)	(807)
Earnings per share (in cents)	3.27	5.22	(37.36)	(1.95)

2020 ~ 2022 Revenue



Major Variances

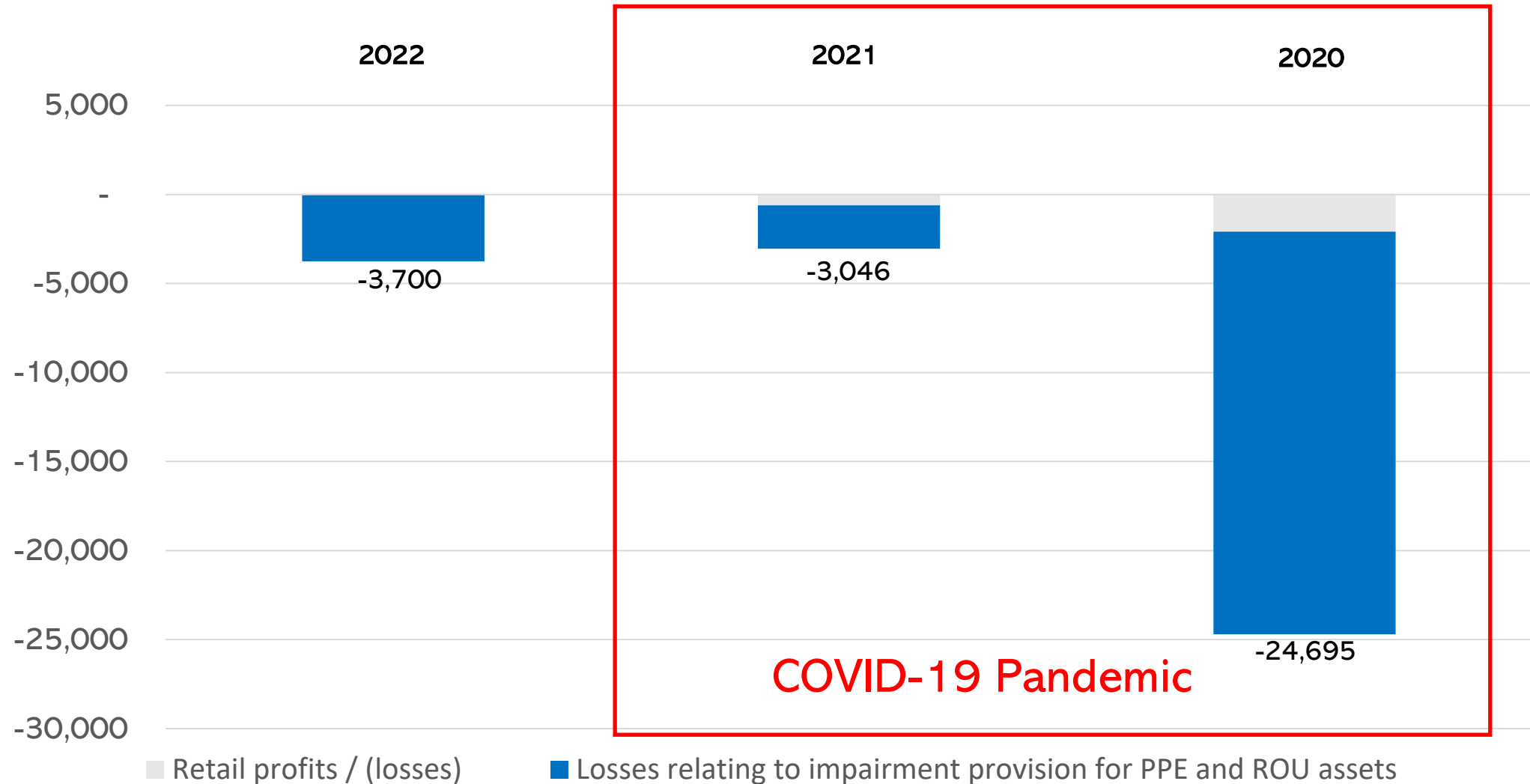
(In thousands)	FY 2022	Main Factor	Variance
Revenue	87,620	① New tenant for Wisma Atria	1,816
Other Income	4,393	① Lesser Government Grants & rental concessions from landlord Offset by: ② Increased from the recognition of net investment in sublease for New Leases @ Isetan Scotts which is classified under Finance Lease ③ Increased in dividend income and interest income from investment	(2,353)
Expenses (w/o Impairments)	84,946	① Mainly due to lower rental expense, service charge expense and interest expense as a result of the closure of Katong store in January 2022.	(3,087)
Impairment of ROU and PPE*	3,760	① Continuing losses in the retail segment	1,319
Impairment on investment in an associate	1,753	① Ceasing of the associate's business operations of its two stores on 31 December 2022 and voluntary liquidation from 1 January 2023. Full impairment provided	1,753

* Impairment of ROU assets **-2.795m** (2021) **-1.631m** and Impairment of PPE **-0.965m** (2021) **-0.810m**

Segment Results 2022

(In thousand)	Retail	Property	Company
Segment Revenue			
Sales to External Customers	77,334	-	77,334
Rental Income – investment property	-	10,286	10,286
Other rental income	1,841	-	1,841
Income from recognition of net investment in subleases	304	-	304
Government Grant Income	66	-	66
Segment Results	(3,700)	4,825	1,125
Other Income			2,182
Other gains			61
Share of loss of an associate			(266)
Impairment loss on investment in an associate			(1,753)
Net Profit			1,349

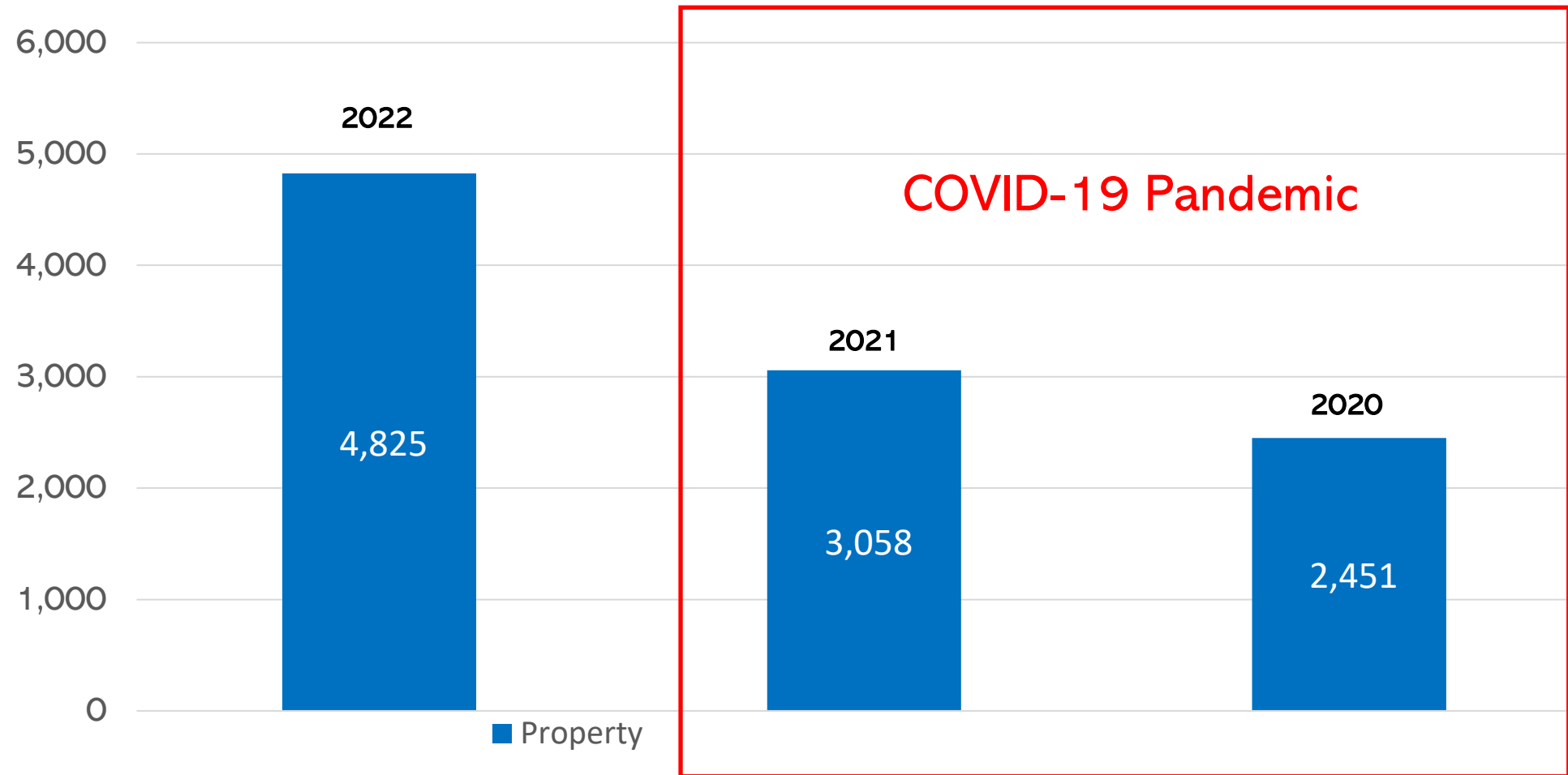
2020 ~ 2022 Retail Segment Results



Major variances in Retail segment

(In thousands)	FY 2022	Variance	Main Factors
Revenue			
Sales to External Customers	77,334	67	Contributing factor mainly due to gradual recovery in the retail industry from the impact of the pandemic since 2020. The gain was despite the loss of revenue from the Isetan Katong store which ended its operations at the end of January 2022.
Other rental income	1,841	311	New tenants for Scotts and lesser rental rebates provided to tenants in 2022
Rental concession income	-	(29)	No mandated rental concessions received for 2022.
Government grant income	66	(2,928)	Job Support Scheme (JSS) and Jobs Growth Incentive (JGI). Significantly decreased due to lower JSS received in 2022.
Income from recognition of net investment in subleases	304	195	Balance new finance leases accounted for in 2022.
Retail Segment Results	(3,700)	(654)	Continuing losses in the retail segment due to the uneven POST COVID-19 recovery for some stores and hence contributing to further impairment provisions.
Retail Segment before Impairment losses for ROU and PPE	60	665	Company generated profit of \$60,000 as compared to losses of \$605,000 in 2021 mainly due to gradually recovery in the retail industry.

2020 ~ 2022 Property Segment Results



Major variances in Property segment

(In thousand)	FY 2022	Variance	Main Factor
Segment Revenue			
Rental Income (Investment Properties)	10,286	1,749	Increase mainly due to higher rental income and no rental rebates given.
Government Grant Income	-	(20)	No Covid-19 grants in 2022.
IP Segment Results	4,825	1,767	Refer to the above for the factor.

2

POST COVID 19 & UPDATES

1. Revenue recovered from the full easing of Safe Management Measures (SMM) in 2022 & low base

- Higher sales from business operations after the Government's easing of SMM
- Closing Sale of Isetan Katong Store in the January of 2022
- Resumption of mall atrium sales and food fairs from May 2022 onward
- Higher revenue from Investment Property

2. Russia-Ukraine war

- Geopolitical tensions and impact on the supply chain.

3. Rising Cost

- Global inflationary trend and the high interest rate environment may continue to impact operating costs as well as consumer spending.

4. Update on Associate Company

- Chengdu Isetan Company Limited has ceased the business operations of its two stores on 31 December 2022 and is currently undergoing liquidation process.
- Full impairment of \$1.75 million which is equivalent to the net book value of the investment as at 30 June 2022 has been provided in view of the non-recoverability of the cost of investment.

5. GST hiking in 2024

- GST rate will be increased from 8% to 9% with effect from 1 January 2024.
- This may have an impact on the Company's businesses as consumers may moderate their spending especially when prices of goods and services increase due to the tax hikes.

3

MID-TERM PLAN

- PILLARS

GROWTH STRATEGY

- 1. CORE RETAIL**
- 2. INVESTMENT PROPERTIES**
- 3. DIGITALIZATION & E COMMERCE**

MID TERM PLAN

3.1

CORE RETAIL

1. Retail segment remains a core business of the Company.
2. Focus on the efficiency of our stores.
3. Lease of Isetan Serangoon Central Store was renewed in 2022.
4. Isetan Serangoon Central Store is undergoing renovation in phases that started from Sept 2022 and scheduled for completion around end April 2023.



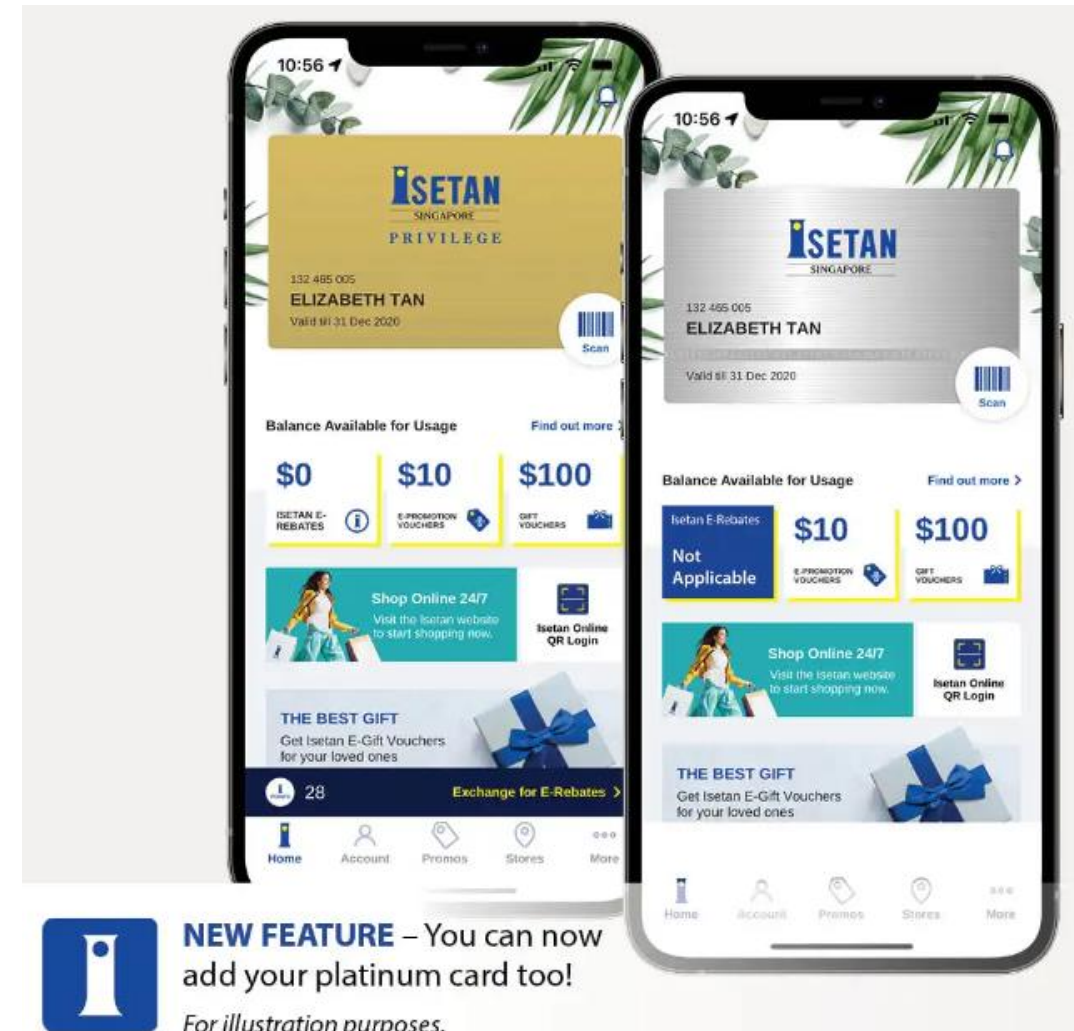
Newly renovated
departments in Isetan
Serangoon Central Store



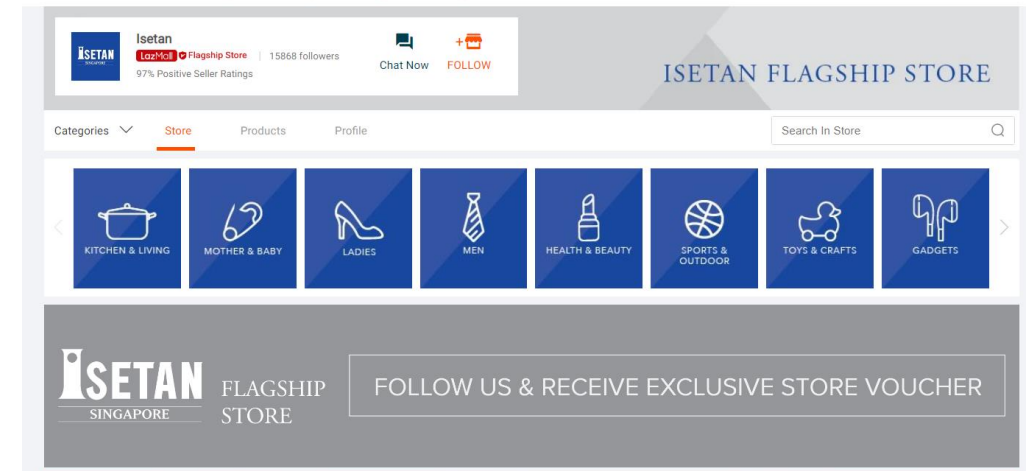
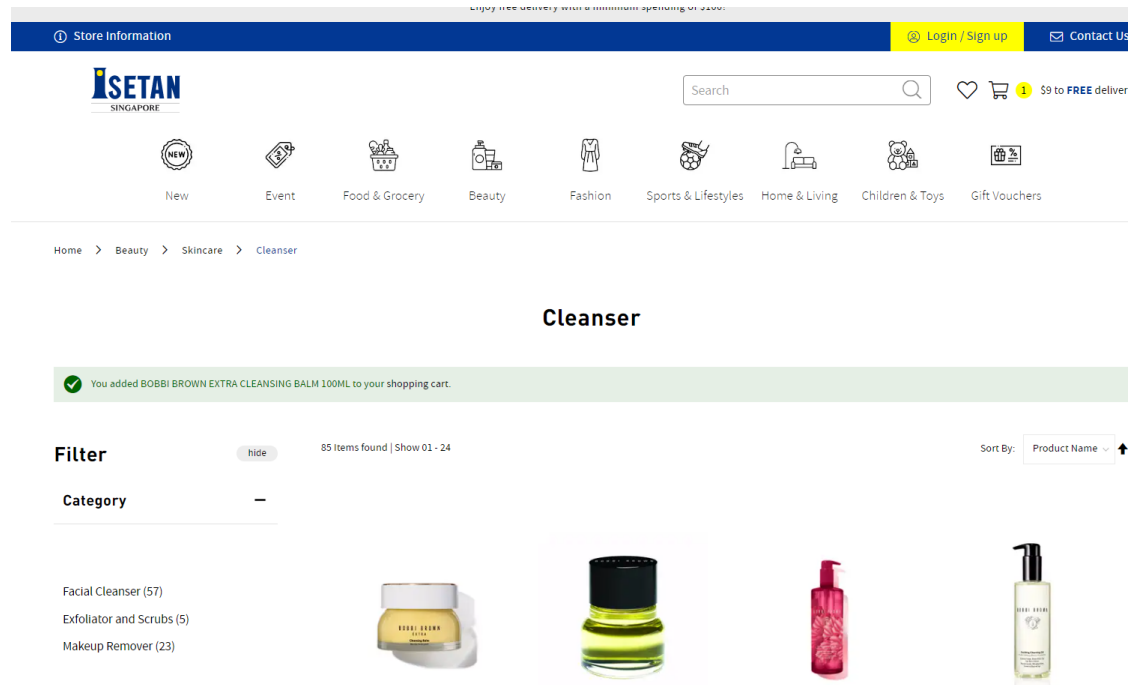
Newly renovated departments in Isetan Serangoon Central Store



5. Continue to increase our loyalty customer base via our upgraded mobile application.



6. Enhance our E-commerce website with a wider assortment of merchandise as well as expand our online footprint with our presence in Lazada Mall to reach out to new customers. In the highly competitive E-Commerce market, we will continue to differentiate ourselves through our own network of foreign and local suppliers to bring in more niche merchandise, while monitoring closely the operating expenses.



7. Enhance customer convenience through digitization of our operations.

MID TERM PLAN

3.2

INVESTMENT PROPERTIES

ISETAN WISMA ATRIA.

- Target 100% occupancy rate in 2023
- Moving Forward
- - to consider how to make the best use of this asset, which may include:
 - A revamp of the tenancy mix
 - Keeping the option of a possible future sale open

MID TERM PLAN

3.3

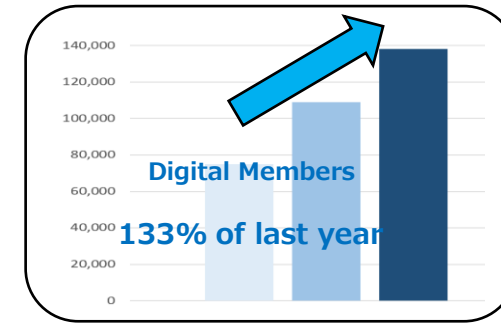
DIGITALIZATION,
I-ONLINE & DIGITAL MARKETING
(2023) – Updates

OVERVIEW OF PAST EFFORTS (EXCERPT)

<2022 results> * as of end 2022

Total IPC Members : >210,000 (133% compared to 2021)

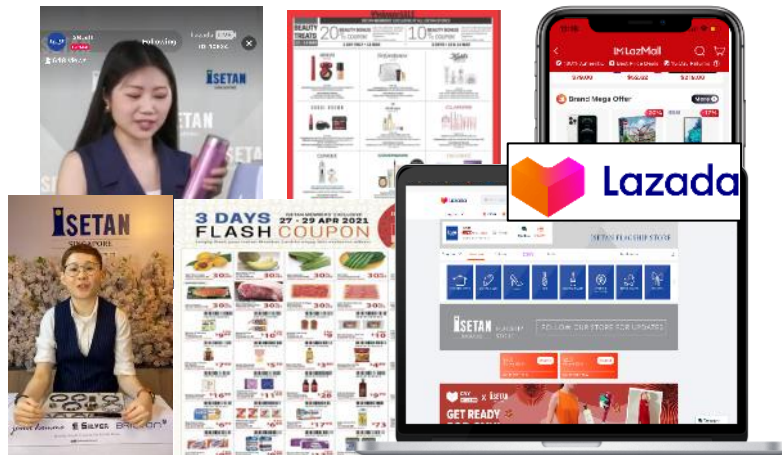
Total Members : >257,000



2020

Create seamless online/offline shopping experience
Expand online business through new channels

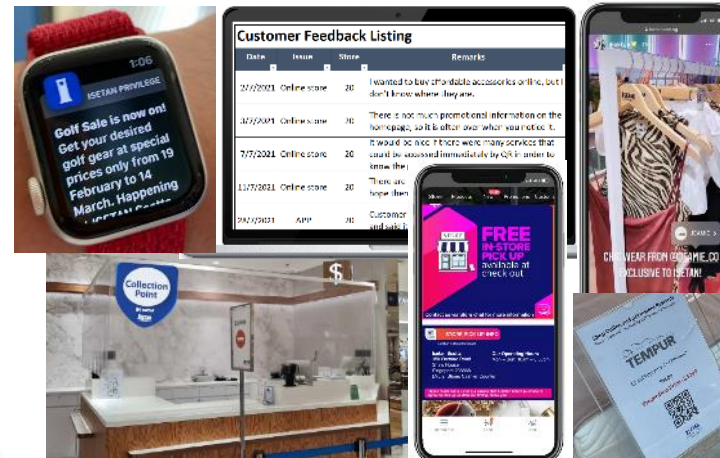
- Appeal online
- E-Commerce Livestream
- Partnership with major EC sites etc



2021

Improve communication
Improve service quality based on customer feedbacks

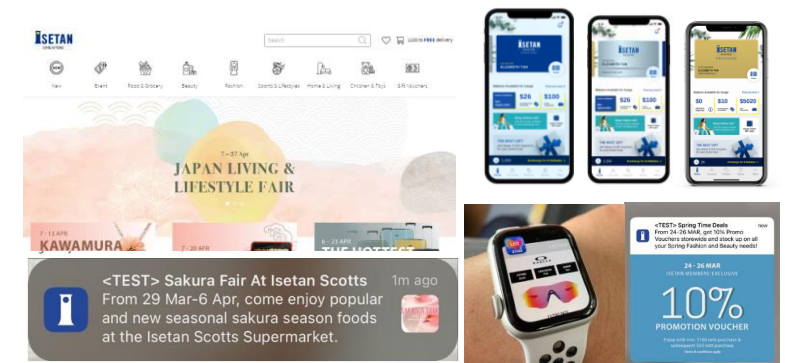
- Push notifications for target customers
- Lazada Click & Collect service etc



2022

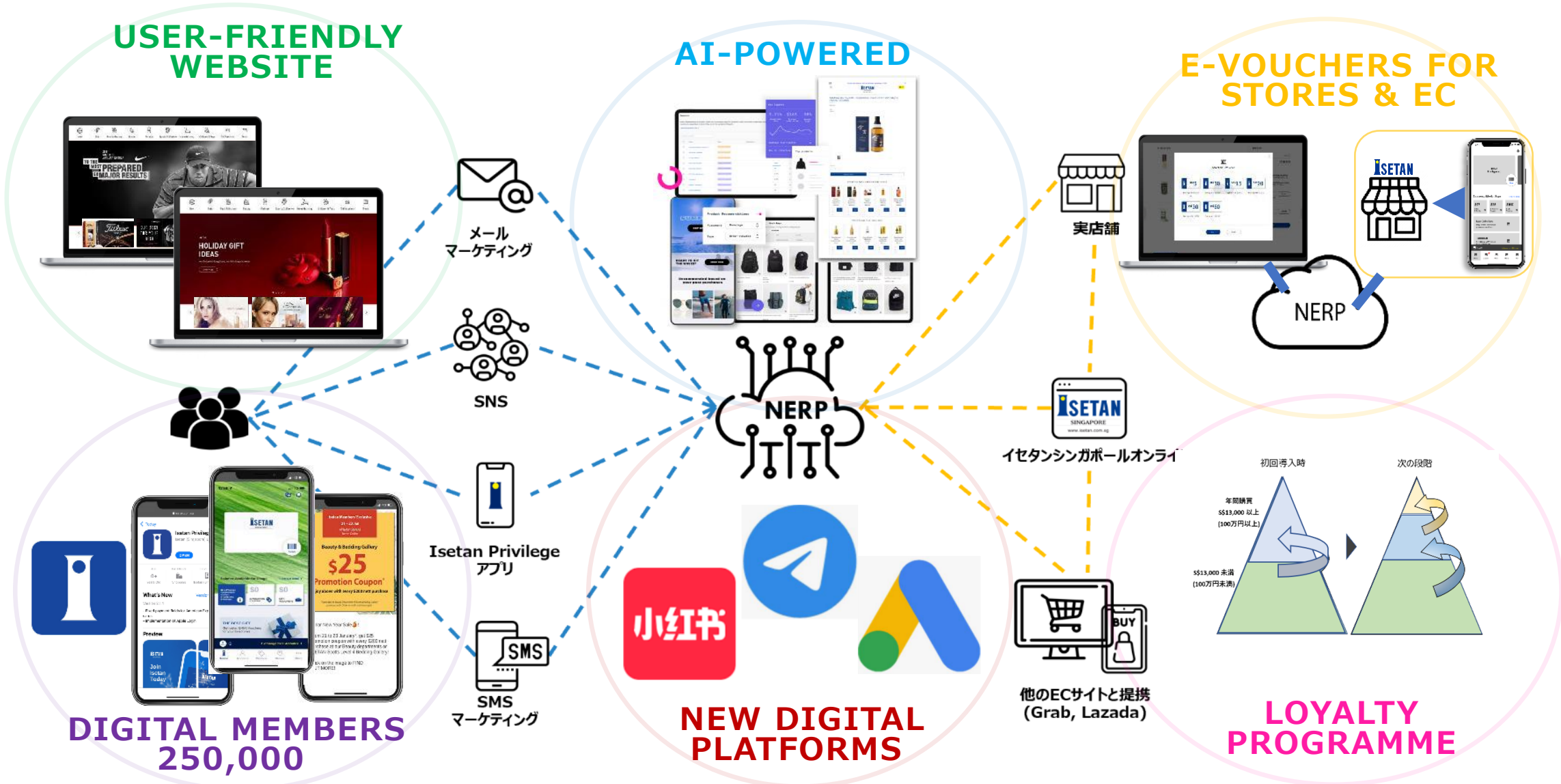
Integrate ONLINE and OFFLINE Stores
Unified membership system online & offline
Unified promotion mechanic ONLINE & OFFLINE

- fully digital voucher issued & used online & offline
- collect same points and enjoy discount ON & OFF
- push notification with picture & link
- integrate all memberships & staff card in 1 App



DIRECTIONS FOR 2023

WE WILL FURTHER ENHANCE CUSTOMER TOUCHPOINTS AND IMPROVE COMMUNICATION WITH THE IMPLEMENTATION OF NEW ERP



Thank You