



THAKRAL CORPORATION LTD

(Incorporated in the Republic of Singapore on 7 October 1993)

(Company Registration No. 199306606E)

PRESS RELEASE

Thakral's reports net profit of S\$4.7 million on higher revenue of S\$64.4 million for 1HFY2022

- **Lifestyle business continues to make progress with a 3-fold rise in profit as sales grow 14% to S\$56.5 million**
- **Interim dividend of 2 cents per share**

Singapore, 4 August 2022

SGX Mainboard-listed Thakral Corporation Ltd ("Thakral" or the "Group") delivered a creditable performance for 1HFY2022. For the six months ended 30 June 2022, the Group achieved a net profit of S\$4.7 million compared to S\$15 million in the previous corresponding half year, as Group revenue edged up 4% to S\$64.4 million from S\$61.8 million. The Board of Directors has declared an interim dividend of 2 cents per share in appreciation to our loyal shareholders.

The improved revenue was achieved on the back of stronger sales from its Lifestyle business which registered a 14% rise in revenue to S\$56.5 million (vs S\$49.4 million in 1HFY2021).

All its core businesses were profitable, Group net profit was however 69% lower compared to 1HFY2021 due to the absence of any significant valuation gains in the current period. Group net profit attributable to shareholders also declined to S\$3.7 million for the period from S\$8.9 million in the first half of last year.

With the overall increased revenue, the Group recorded higher expenses mainly due to the need to carry higher inventory to overcome disruptions in supply chain and increased marketing and personnel costs. The Group also recorded a net loss of S\$0.8 million as contributions from its associates and joint ventures; this includes the valuation loss for Hotel WBF Namba Motomachi as well as on the Umeda Pacific Building which is yet to reach breakeven after the change in strategy to defer redevelopment and hold for rental income.

The Group's Lifestyle business recorded strong profits especially its CurrentBody-Thakral ("CBT") joint venture delivered a record performance and the Group also booked a gain from the disposal of its stake in Intrepid – a leading provider of e-commerce operations solutions to enterprises in Southeast Asia during the period.

Net Asset Value Per Share and Earnings Per Share

Net Asset Value of the Group per share as at 30 June 2022 eased to 109.26 cents from 115.53 cents as at 31 December 2021.

The reduction was mainly due to the impact of the translation loss from the retranslation of the investments and net assets of certain overseas subsidiaries/investees which are denominated in Japanese Yen and Australian Dollars which weakened against the Singapore Dollar as well as the dividend paid to shareholders in April this year.

The Group's 1HFY2022 earnings per share fell to 2.86 cents from 6.84 cents in 1HFY2021.

Working Capital

Cash and bank balances rose more than two-fold to S\$23.4 million as at 30 June 2022 from S\$9.7 million as at 31 December 2021, mainly from the recoupment of funds from the Oxford Residence project as well as the net proceeds from sales of GLNG houses.

The Group registered a lower net cash outflow from operating activities of S\$3.8 million for the current period compared to S\$6.4 million in the previous corresponding period, mainly from the changes in working capital components.

Segmental Performance of Core Businesses

The Group's core investments clocked in a profitable performance.

Overall, this business segment reported lower revenue of S\$7.9 million and segment result of S\$4.5 million (against S\$12.4 million and S\$19.9 million respectively in the same period last year).

Australia

GemLife Joint Venture

The Group's GemLife joint venture continued to expand strongly with 970 homes occupied and strong sales pipeline that underpins targets for 2022 and most of 2023.

GemLife has contracted parcels of land that will deliver over 6,000 homes in its portfolio. This puts GemLife as one of the leading players in the over-50's resort style living segment in Australia. Due to market conditions, merger talks to take the group to over 11,000 homes have been put on hold by mutual agreement. The Group will focus to grow GemLife towards its pipeline of 6,500 homes.

GemLife's Bribie Island resort was completed 2 years ahead of schedule and stage 1 of Pacific Paradise was completed 1 year ahead of schedule. Sales at Maroochy Quays, Highfields and Woodend are also progressing well.

Settlement in Palmwoods commenced in May 2022 with 19 homes delivered in the first 2 months. Civil works at the new resorts Tweed Waters and Rainbow Beach are progressing well.

Construction has also commenced at Gold Coast and stage 2 of Pacific Paradise is also well underway.

GemLife continues to enjoy strong sales and, despite industry-wide supply chain disruptions, construction remains on course and the GemLife leadership team and partners have been able to continue meeting internal targets.

GemLife has also purchased a plot of land to build its own office; development approvals are in place and construction is expected to commence soon.

Other Residential Projects

Demand for the Group's Gladstone houses continues to be strong with the houses continuing to be sold off gradually. All of the Group's remaining Gladstone houses are expected to be disposed by the year end.

All apartments have been sold in the Thornton Street project in Brisbane's inner-city suburb of Kangaroo Point and construction is progressing well with practical completion forecast for July 2023. The Parkridge Noosa project has been very successful with only one dwelling remaining to be settled as at the end of July 2022. Dwelling prices in the Noosa area, and other premium regional areas, have experienced outstanding growth as buyers have sought lifestyle changes following the impacts of Covid. The Group recouped the vast majority of its investment in the Oxford Residence's project in Sydney's Bondi Junction in Q1-2022. In the first half of FY2022, the Group has settled 30 Gladstone houses, with average sales prices 12% higher than the corresponding period in the prior year. The Investment segment shall remain focused on growing the GemLife business.

Japan

The Group's office units in its Japan portfolio are seeing improved occupancy rates as demand increased following the relaxing of COVID-19 restrictions and corporates acting on their expansion/relocation plans.

Revenue from Japan however declined to S\$1.5 million in 1HFY2022 compared to S\$7 million in 1HFY2021 – mainly due to the absence of valuation gains on these properties as well as the translation impact from the softening of the Japanese Yen against the Singapore Dollar.

Lifestyle mainly in China including Hong Kong

Overall, sales in this business segment rose about 14% to S\$56.5 million from S\$49.4 million in the previous corresponding half year.

While periodic pandemic-driven lockdowns had impacted the Group's operations in China, the lower sales there were more than offset by the stronger performance of the Hong Kong operations.

Divisional profit expanded 3-fold to S\$2.9 million for the first half of this year – up from S\$0.7 million in the prior period. This included a S\$2.2 million gain realised upon Ascential's acquisition of the Group's stake in Intrepid at the end of the quarter as well as a strong contribution of about S\$0.9 million from CBT.

The Lifestyle business also benefitted from higher sales of DJI products. The Group's Hong Kong subsidiary is the sole distributor for South Asia for DJI's commercial and consumer products.

The Group's China (excluding Hong Kong) fragrance business also did well as its sales exceeded the previous 6-months' level despite the COVID lockdown in Shanghai in 2QFY2022.

CBT also clocked in an all-time high performance for this half year. Given the rising popularity of online shopping, CBT expects to drive strong growth with its direct-to-consumer e-commerce business.

The Group continues to work with leading brand-owners such as L'Oréal to expand retail stores as well as to further strengthen its portfolio of premium fragrance, beauty and lifestyle brands and drive scale.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman and Lead Independent Director of Thakral, said: "The Group remained on a steady growth trajectory. Our Lifestyle business performed well in 1HFY2022 – surmounting the numerous challenges brought about by the recurrent COVID restrictions imposed in its key China market and global supply chain disruptions. Our strategic investments in the digital economy such as in e-commerce outfits Intrepid and CBT, have borne fruit, boosting the Group's bottom line in 1HFY2022.

Our real estate investments in the first half of the year and our over-50s lifestyle resorts, GemLife remained resilient.

We will continue to gradually dispose the remaining Gladstone houses by end of this year."

In view of the softer global economy, market uncertainties such as rising inflation, geopolitical tensions and persistent supply chain constraints, the Group will need to stay vigilant and nimble to adapt and take advantage of favourable opportunities and manage risks that may arise in the coming months as global economies grapple with the changing market dynamics punctuated by the ongoing geopolitical conflicts and COVID-19 pandemic measures.

The Group will also continue looking for new investment opportunities and expanding these with a focus on ESG and impact-investing considerations.

The Group therefore maintains a cautious outlook for the rest of FY2022.

About Thakral

Thakral Corporation Ltd is listed on the SGX Mainboard since December 1995. The Group's core business today comprises a growing real estate investment portfolio in Australia, Japan and Singapore. Its investments in Australia include the development

and management of over-50s lifestyle resorts under the GemLife brand, a joint venture with the Puljich family. Its Japanese investment portfolio comprises landmark commercial buildings and business hotels in Osaka, the country's second largest city. The Group also makes strategic investments in the digital economy, especially those in the blockchain and fintech space.

The Group's other investments include the management and marketing of leading beauty, wellness and lifestyle brands in China, Southeast Asia and India. It also operates an e-commerce retail platform for at-home beauty devices in China under a joint venture with UK-based CurrentBody.com Limited, the leading global at-home beauty device retailer.

*Release issued on behalf of Thakral Corporation Ltd
by Stratagem Consultants Pte Ltd*

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