

Isetan (Singapore) Limited

2022 AGM
28.04.2022

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 2021
(Year Ended 31 December 2021)
2. Living with COVID -19 & Updates
3. Medium Term Management Plan
 - 3.1 Core Retail Update
 - 3.2 Investment Properties
 - 3.3 Digitalization, I Online & Digital Marketing

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Results

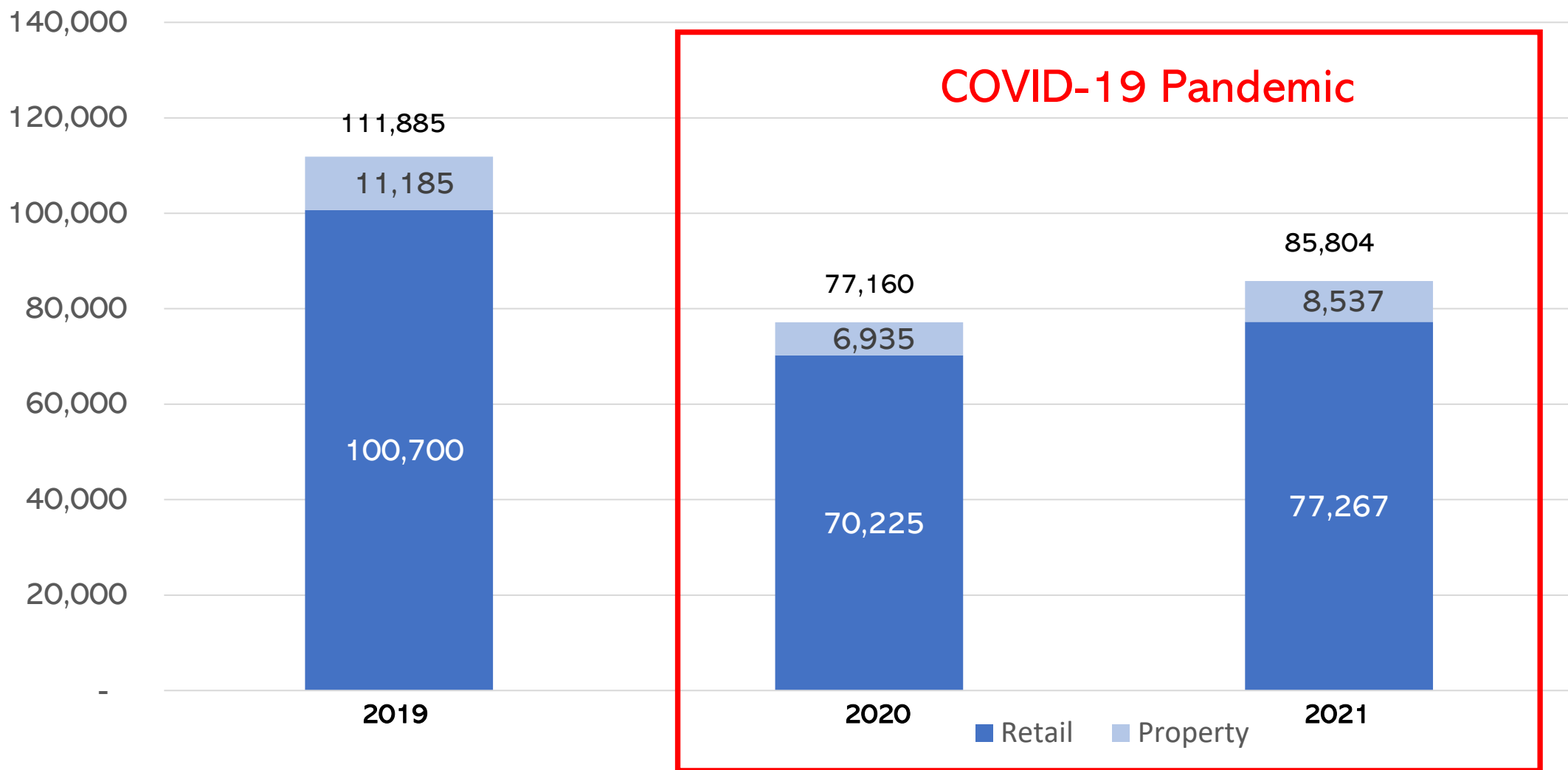
Year 2021

Results

(In thousands)	FY 2021	FY 2020	YoY change %	YoY Differences
Revenue	85,804	77,160	11.20	8,644
Other income	6,746	16,770	(59.77)	(10,024)
Other gains/(losses) net	138	(1,746)	N.M.	1,884
Total expenses	(90,474)	(112,491)	(19.57)	(22,017)
Share of (loss)/profit of an associate	(58)	82	N.M.	(140)
Profit/(Loss) before income tax	2,156	(20,225)	N.M.	22,381
Income tax expense	-	-	-	-
Net profit/(loss) after tax	2,156	(20,225)	N.M.	22,381
Net profit/(loss) attributable to : Equity holders of the Company	2,156	(20,225)	N.M.	22,381
Earnings/(Loss) per share (in cents)	5.22	(49.03)	N.M.	54.25

N.M. : Not meaningful

2019 ~ 2021 Revenue



Major Variances

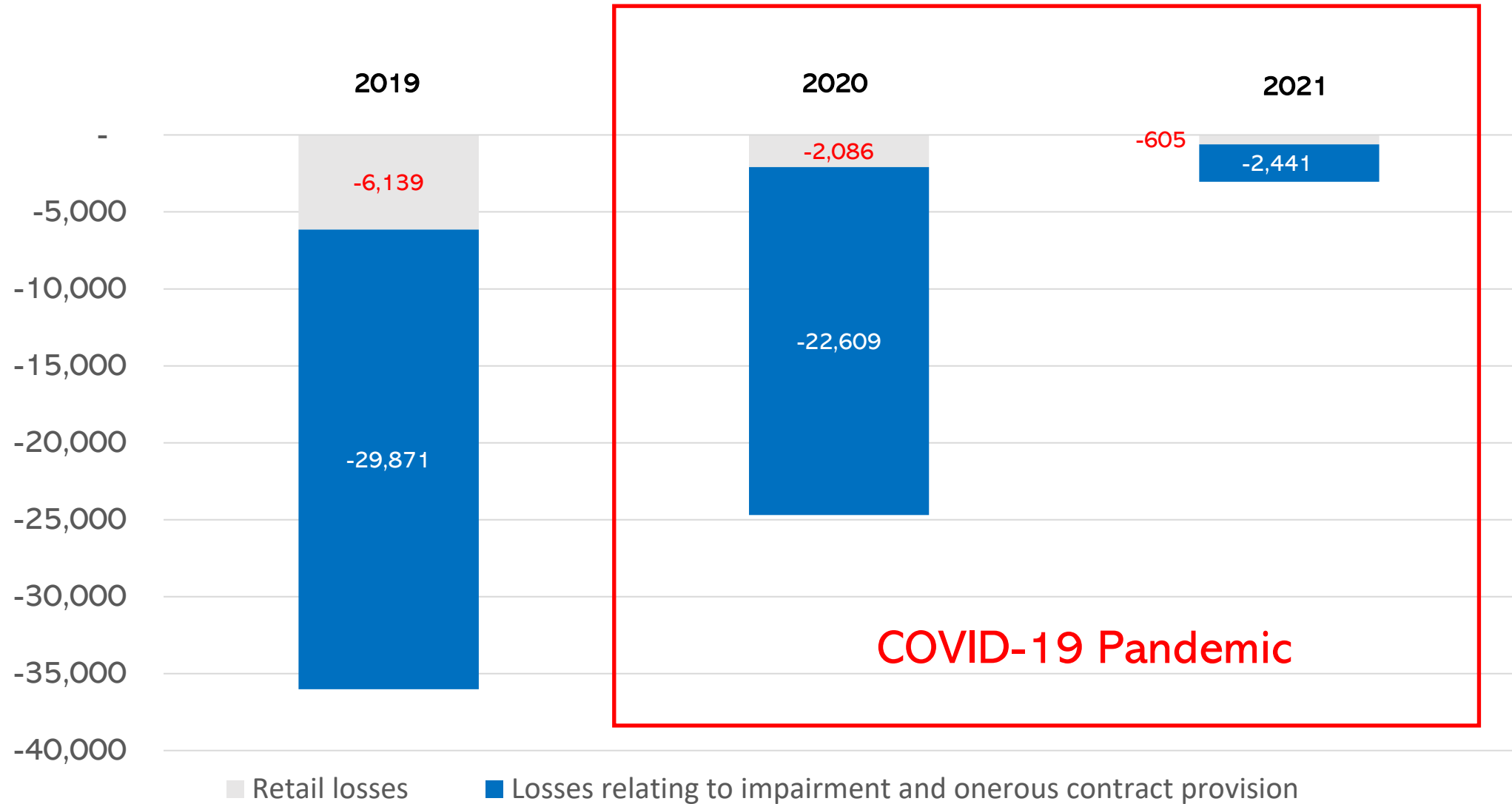
(In thousands)	FY 2021	Main Factor	Variance
Revenue	85,804	<ul style="list-style-type: none"> ① Full year operations for 2021 ② Full year operations of Scotts after renovation ③ Reduction in mandatory rebates for affected tenants 	8,644
Other Income	6,746	<ul style="list-style-type: none"> ① Lesser Government Grants & rental concessions from landlord ② Declined from the recognition of net investment in sublease for New Leases @ Isetan Scotts which is classified under Finance Lease ③ Decline in interest income from investment 	(10,024)
Expenses (w/o Impairment & Onerous Contract)	88,033	<ul style="list-style-type: none"> ① Mainly due to lower depreciation for PPE and ROU assets as a result of the impairment loss provided in 2020 	(1,849)
Impairment of ROU and PPE*	2,441	<ul style="list-style-type: none"> ① Continuing losses in the retail segment due to the slow and uneven POST COVID-19 recovery. 	(20,168)

* Impairment of ROU assets *-1.631m (2020) -17.223m* and Impairment of PPE *-0.810m (2020) -5.386m*

Segment Results 2021

(In thousand)	Retail	Property	Company
Segment Revenue			
Sales to External Customers	77,267	-	77,267
Rental Income – investment property	-	8,537	8,537
Other rental income	1,530	-	1,530
Income from recognition of net investment in subleases	109	-	109
Rental Concession Income	29	-	29
Government Grant Income	2,994	20	3,014
Segment Results	(3,046)	3,058	12
Other Income			2,064
Other gains			138
Share of loss of an associate			(58)
Net Profit			2,156

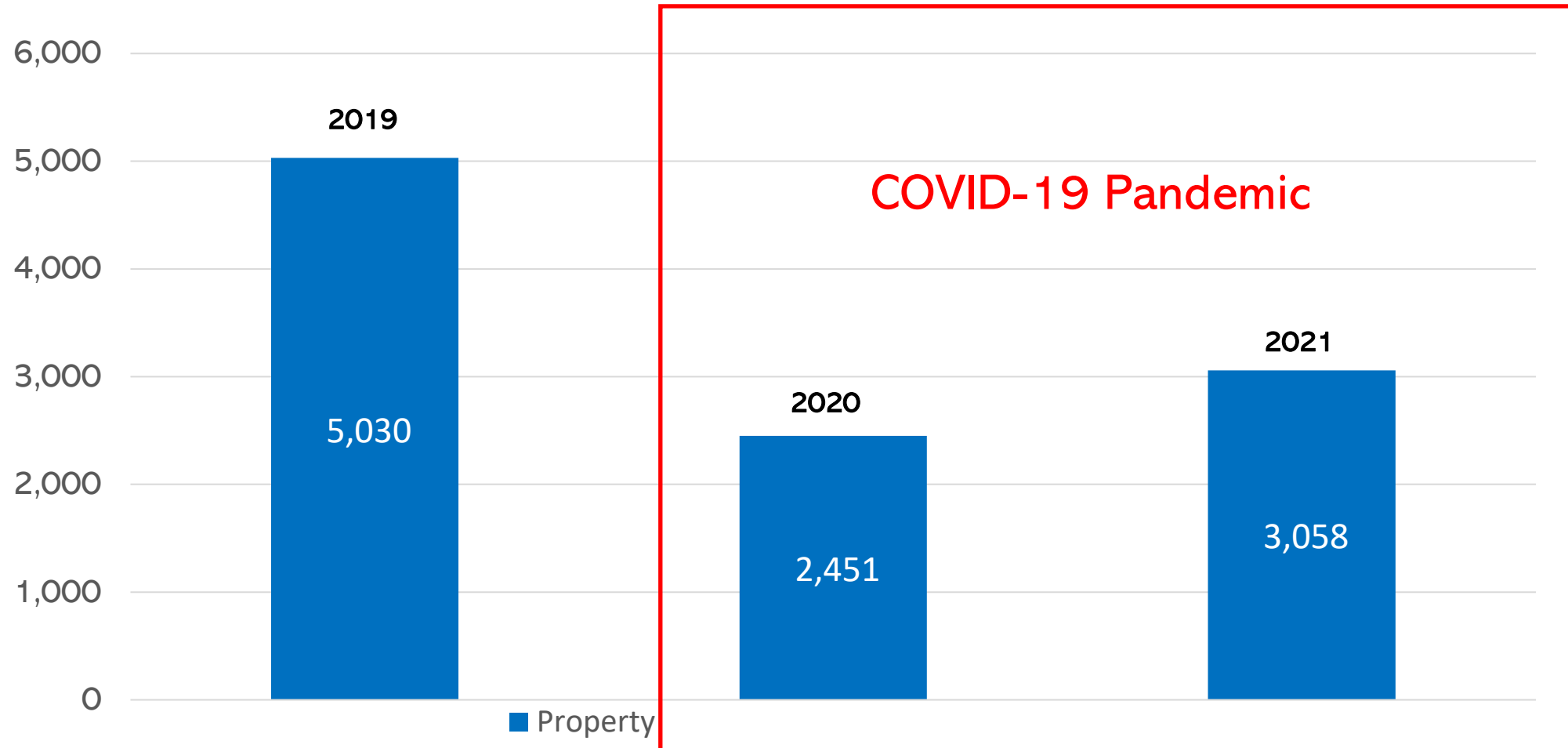
2019 ~ 2021 Retail Segment Results



Major variances in Retail segment

(In thousands)	FY 2021	Variance	Main Factor
Revenue			
Sales to External Customers	77,267	7,042	Contributing factor mainly due to gradual recovery in the retail industry from the impact of the pandemic from 2020 as all the stores were able to operate on a full twelve months basis in 2021 and a lower comparative as a result of the renovations at Scotts in 2020. The gain was, however, impacted by the loss of revenue from Jurong East store from Mar 2021.
Other rental income	1,530	542	New tenant for Scotts and lesser rental rebates provided to tenants in 2021
Rental concession income	29	(4,745)	Significantly decreased in mandated rental concessions for 2021.
Government grant income	2,994	(3,069)	Job Support Scheme (JSS), Work Levy & Property tax rebates. Significantly decreased due to lower JSS as well as no further property tax rebate for 2021
Income from recognition of net investment in subleases	109	(1,605)	Balance new finance leases accounted for in 2021
Retail Segment Results	(3,046)	21,649	Continuing losses in the retail segment due to the slow and uneven POST COVID-19 recovery contributing to further impairment provisions
Retail Segment before Impairment & Onerous Contract	(605)	1,481	Reduction in losses mainly due to recovery in the retail industry and all the stores being able to operate on a full twelve months basis in 2021.

2019 ~ 2021 Property Segment Results



Major variances in Property segment

(In thousand)	FY 2021	Variance	Main Factor
Segment Revenue			
Rental Income (Investment Properties)	8,537	1,602	Increase mainly due to higher rental income and lower rental rebates given which in compliance to the COVID-19 (Temporary Measures)(Amendment) Act passed on the 5 Jun 2020 which provides a rental relief framework for eligible SMEs tenants.
Government Grant Income	20	(122)	Covid-19 grants
IP Segment Results	3,058	607	Refer to the above for the factor.

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LIVING WITH COVID 19 & UPDATES

1. Revenue recovered from the gradual easing of Safe Management Measures (SMM) in 2021 & low base

- Higher sales from business operations that was closed for 10 weeks in 2020 due to Circuit Breaker Measures and Ph1 reopening
- Completion of renovation works at Scotts in Nov 2020
- Closing Sale of Isetan Katong Store in the 2H of 2021
- Higher revenue from Investment Property

2. Continued SMM due to new more infectious Delta & Omicron Variants in 2021

- Recovery was hampered by Singapore reverting back to Phase 2 Heightened Alert between July and Aug
- Default Work from Home guidelines and shifting dining restrictions impacted F&B outlets prevented our retail stores to fully recover.
- With the latest easing of community Safe Management Measures (SMM) from 29 Mar 2022 on Group Size, workplace requirements, safe distancing and capacity limits, more retail activities are expected to return.

3. Vaccinated Travel Lane (VTL)

- The much-anticipated establishment of VTLs with various countries were delayed till late 2021, as a result the stores and the Supermarket were not able to organize external food fairs which require the support of overseas suppliers and promoters. The fairs have been major contributors to our operations, in particular the suburban stores.
- With the resumption of travel using the VTL, we are looking forward to a resuming the popular food fair in the 2Q of 2022.

4. Government Support and Mandatory Rental Rebates

- As a result of the tightening of SMM measures on and off, the Company thru 2021 continued to receive JSS grants between 10% and 30% throughout 2021 although at a much-reduced rate compared with 2020. Nevertheless, the amount was significant and further reduced the loss in the retail segment.
- Although much lesser this year, the Company provided rebates to eligible tenants.

5. Lease termination for Katong Store

- After operating Katong Store for more than 38 years, the store ceased operations as its lease was not renewed.
- The Company organized the closing Sales toward the end of the year and received good response from many loyal customers during the Sale in the midst of the recovery from the COVID-19 pandemic .
- The outcome of the Sales provided a welcome boost even under challenging retail circumstances due to changing SMM.

6. Investment Property at Wisma Atria

- The Company appointed Savills as marketing agent to assess interest in the possible purchase of Isetan Wisma Atria. This was carried out in Jun 2021.
- However, we further announced that the process over a 6-month period did not yield a positive outcome
- We continue to monitor our rental revenue stream due to the impact of limited tourist arrivals externally and WFH guidelines domestically.

7. E Commerce

- Online sales due to the SMM as well as our presence in Lazada Mall since Oct 2020 contributed to double digit growth for 2021. However, at this juncture, Online Sales serve to complement the brick-and-mortar retail stores which forms the substantial portion of revenue generated for 2021.

8. Rising Cost

- With the gradual recovery from the pandemic, landlords are expecting renewal rental rates to rise. This may hamper the effort of the Company in sustaining profitability
- The withdrawal of Job Support Scheme further adds pressure on retailers' bottom-line as many are still impacted by the ongoing Covid-19 pandemic.

9. Human Resource Constraint

- We continue to monitor closely the Covid-19 infection rates of our staff and promoters as this may impact our business operations

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. Katong lease expired on the 9th Mar 2022.

- Last day of operations was on 30 Jan 2022 and premise was handed back to the Landlord accordingly.

2. Revamped Flagship Store

- Good growth for Scotts after store was revamped.

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

4. Enhancing our E-commerce website with a wider assortment of merchandise as well as expanded our online footprint by our presence in Lazada Mall to reach out to new customers. However, the Company is monitoring challenges to growth in this area posed by competitors as well as logistics support and costs.

5. More customer convenience through

- digitalization of our operations (eg. E-vouchers)
- widening our instore payment choices(eg. new e-wallet payment modes) -

MID
TERM
PLAN

3.2

INVESTMENT PROPERTIES

ISETAN WISMA ATRIA, TENURE : LEASEHOLD, VALUATION @ 281.3m -1.75% (2020, 286.3m)

- 22 Jan, announced that it is exploring its options regarding its investment property at Wisma
- 11 Jun, announced that it has appointed Savills to assess interest for a possible purchase of Wisma
- 15 Dec, announced that the assessment did not yield a positive outcome

MOVING FORWARD

- Will continue to explore other options that may lead to a better yield from the property
- Continue to explore opportunities for a future sale

MID TERM PLAN

3.3

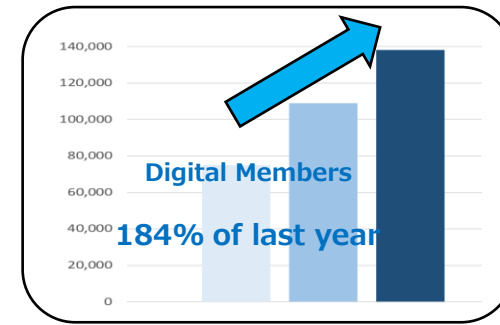
DIGITALIZATION,
I ONLINE & DIGITAL MARKETING
(2022) – Updates

OVERVIEW OF PAST EFFORTS (EXCERPT)

<2021 results> * as of end 2021

Total IPC Members : >160,000 (137% compared to 2020)

Total Members : >200,000



2019

Promote new digital marketing strategies
Start Online & Offline integration

- Launch of new APP
- Implement new e-payment option

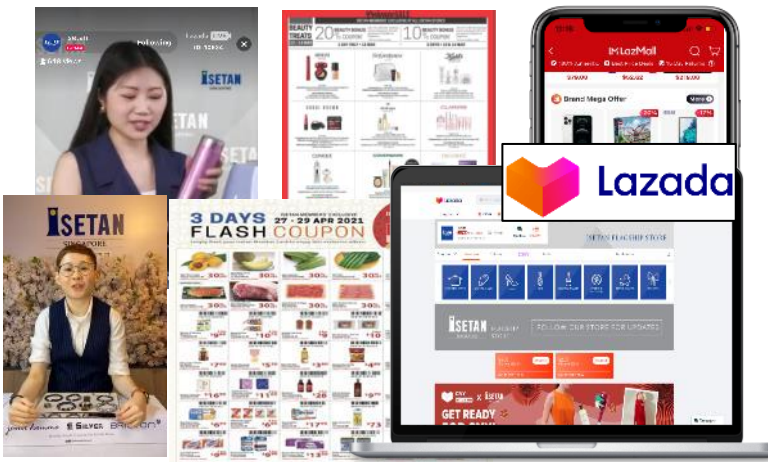
- Expand E-Commerce
- Increase social media presence etc



2020

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

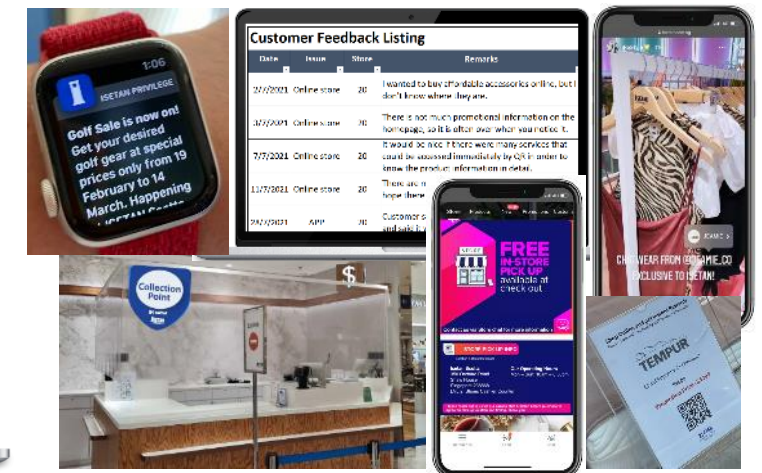
- Appeal online
- Partnership with major EC sites etc



2021

Improve communication
Improve service quality based on customer feedbacks

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



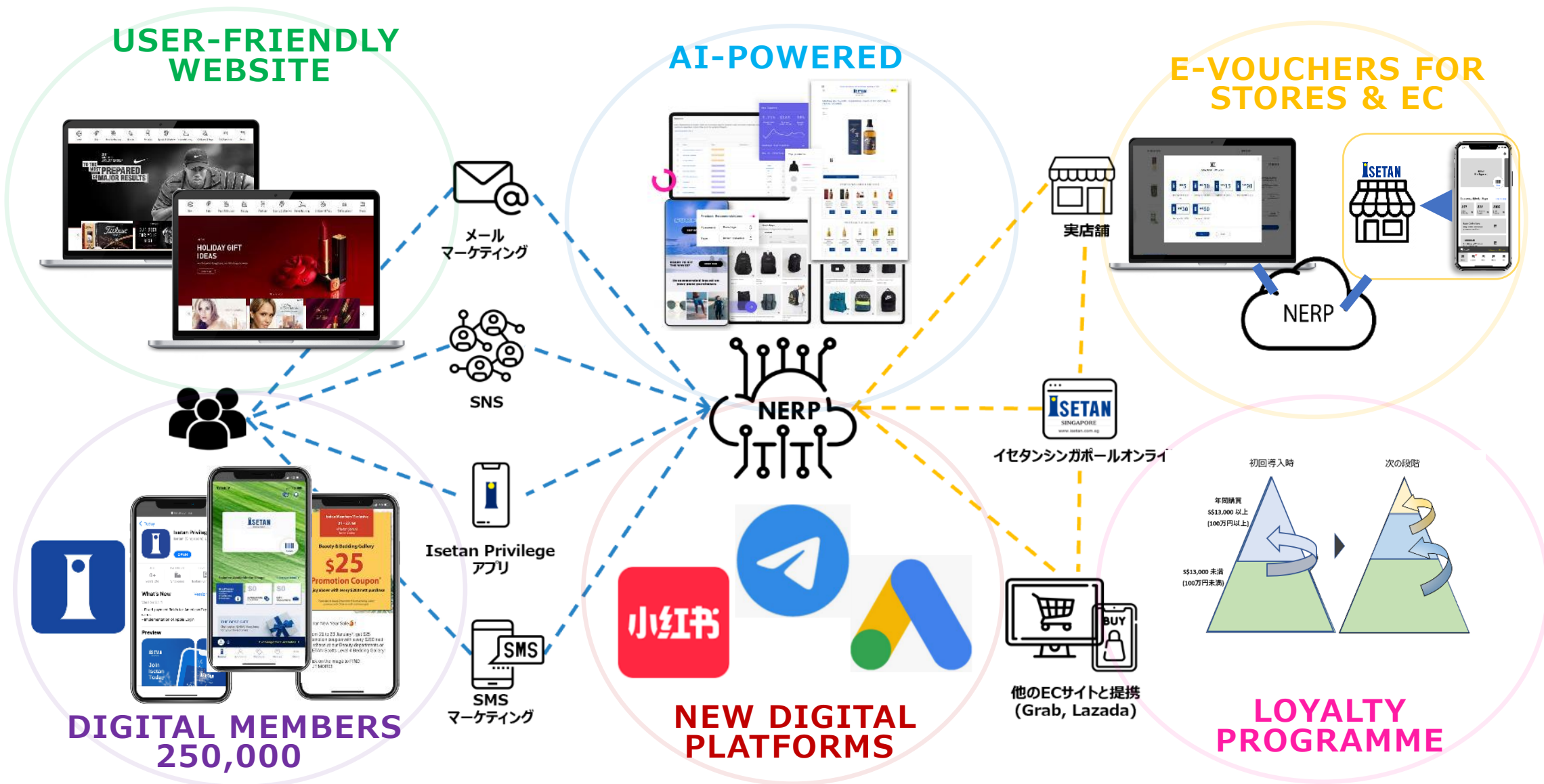
ACTION FOR 2ND HALF

For the 2nd half of the year, we continued to focus on communication with customers and to further encourage mindset reform in our employees



DIRECTIONS FOR 2022

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



Thank You