

2021 Far Eastern Department Stores Shareholders' Meeting

Integrate Diverse Retail Channels Satisfy Customer Shopping Needs

FEDS (2903) Annual General Shareholders' Meeting to be held

Date: 9:00 am, Tuesday, July 27, 2021

Venue: Auditorium at the Taipei Hero House

In 2020, while under the impact of coronavirus pandemic, the Far Eastern Retail Group delivered an outstanding performance despite the challenging operating environment. With innovative mindset, agile adaptation, restructuring operation model, integrating online and offline channels, enriching customer experiences, and also dedicating to promoting Environmental, Social, and Governance (ESG) sustainability initiatives, we have excelled in sustainable operating performance. Thanks to exuberant private consumption, the Far Eastern Retail Group maintained growth in consolidated revenues, Far Eastern Department Stores were also accredited with record high 34 awards at home and abroad.

■ Financial Results: 2020 consolidated net profit of NT\$2.54 billion, up 18%

The Far Eastern Retail Group (including Far Eastern Department Stores, Far Eastern SOGO Department Stores, Far Eastern Amart, and Far Eastern City'super) registered consolidated sales of NT\$114.8 billion in 2020. Consolidated net profit was NT\$2.54 billion, up 18% year-on-year, earnings per share were NT\$1.38, cash dividend payout for 2020 was NT\$1.1, delivered outstanding result again. Far Eastern Department Stores delivered the record high sales since its inception 54 years ago, pre-tax income also marked new high in the past five years. Far Eastern SOGO Department Stores, Far Eastern Amart, and Far Eastern City'super also performed well, in particular the pre-tax net income of Far Eastern SOGO Department Stores grew substantially year-on-year, and Far Eastern Amart continued its store expansion, Taichung Shuinan Hyper Mall 3.0 Store was opened on September 23, 2020. City'super also extended its multiple shopping channels to increase customers and enhance business opportunities.

■ Business Strategy: Strengthen online shopping, continue innovative management, elevate growth

To welcome the era of digital competition, Far Eastern Department Stores manages its digital transformation with flexibility and agility response expedited to promote its digital transformation. Through "offline experience and online service", the Company gradually integrated physical retail and online shopping so as to enrich consumers' life. In line with changing consumer behaviors, FEDS will further reinforce the development of online shopping, and provide the real-time online services via its APP, online shopping and social media tools. Furthermore, during the past 5 years FEDS has been engaged in restructuring its management model to successfully achieve the four objectives to "construct paperless office, integrate cross-department system, set up KPI, establish EIP" and thus effectively control operating cost and elevate productivity. In the future, FEDS will focus on five major growth engines including "continuous expansion, strengthened customer experiences, innovate management, digital technologies, online shopping developments" to improve competitiveness and growth, and continue to create maximum benefit for its shareholders.

■ Expansion Plan: Continue to expand cross-strait market share, FEDS Chubei Shopping Mall to open at yearend

FEDS persevered its diversified retailing strategies to open new stores continuously, and satisfy customers' comprehensive shopping needs. After the opening of Hsinyi A13 store on January 19,

2020, the Company tapped into northern Hsinchu to construct the FEDS Chubei Shopping Mall, main building of which was already completed as the first shopping center in Hsinchu County. Far Eastern City's super will also open new store in Zhubei. As for cross-strait deployment, the operating strategy was adjusted to meet local customer needs, the Company will also seek for investment opportunities and targets so as to continue to expand retail scope and scale.

■ **CSR Effort & Initiatives: Received 34 sustainable awards, highest in company history**

In 2020, FEDS maintained its outstanding performance in CSR efforts to be accredited with a record high of 34 domestic and international awards. We also received the "National Sustainable Development Award" by the Executive Yuan for the second time, making FEDS Taiwan's first and only retail operator to receive this award twice within three years.

In terms of corporate governance, FEDS has always been a benchmark in the retail industry and ranks among top 20% of corporate governance companies.

As to environmental sustainability, during the past 6 years, FEDS promoted 164 energy saving projects, saving 28.03 million watts, delivering outstanding performance in energy conservation and carbon deduction.

To fulfill social commitment, FEDS has sponsored 600 non-profit events to care for the under-privileged families, women, children, and environmental protection, outperforming other department stores.

Going forward, FEDS will continue to commit to its CSR endeavors, extend social impact, enhance synergy, and collaborate with the general public to embrace sustainable life styles.