

2023 Far Eastern Department Stores Shareholders' Meeting

Revenues Reaching New High Expediting Growth with More Expansions

FEDS (2903) 2023 Annual General Shareholders' Meeting

Time: 9:00 am, Wednesday, June 21, 2023

Venue: Auditorium at the Taipei Hero House

With easing of the pandemic and return of the foot traffic, the retail market rebounded from negative growth from the last two consecutive years. Under this vibrant market, Far Eastern Retail Group also seized the opportunities to demonstrate strong operating momentum. Revenues of Far Eastern Department Stores (FEDS) ascended to a new high since its inception 56 years ago. In addition to the exceeding target revenue performance of Chubei Shopping Mall, other existing stores, in particular Taichung Top City and Banqiao Mega City also showed strong growth, which contributed to the Far Eastern Retail Group's marking three new highs within the past 5 years in terms of consolidated sales, profit before income tax, and net profit. Furthermore, EPS also grew 59%, delivering outstanding results, and creating excellent reward for the shareholders.

■ **Financial Results: 2022 consolidated net profit of NT\$2.71 billion (US\$88.02 million), growth exceeding 40%.**

The Far Eastern Retail Group (including Far Eastern Department Stores, Far Eastern SOGO Department Stores, Far Eastern A.mart, and City'Super) registered consolidated sales of NT\$126 billion (US\$ 4.09 billion). Consolidated net profit was NT\$2.71 billion (US\$ 88.02 million), earnings per share were NT\$1.37, and cash dividend was NT\$1.1. Among which, Far Eastern Department Stores alone continued to be profitable with record revenues of NT\$57 billion (US\$1.85 billion) and operating profit of NT\$2.43 billion (US\$78.92 million), both marking historical highs. Far Eastern SOGO Department Store, Far Eastern A.mart, and City'Super also delivered outstanding performances. The revenues and profits of Far Eastern SOGO increased over 10% year over year, Far Eastern A.mart developed online shopping to deepen delivery businesses, online shopping revenues grew over 30%, City'Super expanded its omnichannel shopping, strengthened APP application, elevated service quality, and boosted revenue growth.

■ **Business Strategy: Adopt AI to satisfy customer needs, creating customized shopping experiences.**

After the pandemic, operating model of the retailing industry has been disrupted along with the changing consumer behaviors. Currently consumers are more accustomed to the following three things: collecting information via the internet, acquiring clear merchandise categories, and experiencing customized

services. FEDS has been engaged in developing relevant action plans in accordance with these shopping trends to provide more thoughtful customized consumption experience, which include adopting multiple channels such as POS, APP, social platform, and offer abundant shopping information. Then incorporate with CRM system and AI analytics, transmit exclusive merchandise messages and shopping discount, allowing customers to experience customized services in line with online shopping experiences. Furthermore, the results of AI analytics can serve as reference for optimizing merchandise categorization and display within stores, enabling customers to find their needed merchandises with more convenience and ease to encourage more spending.

■ **Operation Outlook: Continuous expansion, operating space increases by 60,000 pings.**

Far Eastern Department Store is committed to its operating goals of innovation, transformation, and diversification to maintaining steady profit, each retail branch will also continue to deploy new markets and expand market share. With 51 years of history, FEDS Baoqing Store will initiate demolishing this August, and plan to rebuild a top scale, brand new eco-friendly department store at site. SOGO CITY located at Taipei dome is expected to fully open by Q1, 2025. With sales space of 36,000 pings, it will be Taipei City's largest shopping center. Chongqing Far Eastern City is scheduled to open in Q2 2024, with sales space of 24,000 pings, being located at dual-track transportation hub, and daily average customer traffic of 800,000 persons, it will become the new landmark of medium and high-end consumption. Embracing the future, FEDS will build more featured shopping space, provide unique consumer experiences with exclusive brands, excellent events, and exquisite services, and aims to become trendy and stylish people's first choice of department stores.

■ **Sustainable ESG: Carbon reduction in 100 leading enterprises, TOP 10 sustainable department stores of the world.**

FEDS continues to engage in various ESG endeavors, expand social contribution and positive impact, and establish a more sustainable operating model. Its outstanding sustainable effects were acknowledged to rank among Business Weekly Carbon Competitiveness 100 leading enterprises and awarded by the Intercontinental Group of Department Stores (IGDS) among top 10 department stores of the World's Best Sustainability/CSR Campaign by a Department Store. To deepen its sustainable management mechanism, in terms of environment, FEDS has taken the initiative of "energy conservation, carbon reduction, green energy, waste reduction" 2.0 Plan, accomplishing the 30% carbon emission reduction target by 2030, and pledging to achieve international Net-Zero emission. In terms of social aspect, the Company has always been the department store with most CSR campaigns, 12 island-wide branches have sponsored 783 CSR events, joining forces with stakeholders to create a big philanthropic platform to focus on social caring. In terms of governance, FEDS continues to digitize and already completed 97 digital management systems to build up a paperless office environment and elevate management efficiency.