

## **Announcement**

*The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.*

### **DFI RETAIL GROUP HOLDINGS LIMITED**

#### **Interim Management Statement**

18th May 2023 – DFI Retail Group Holdings Limited today issues its Interim Management Statement for the first quarter of 2023.

The Group saw significantly improved year-on-year performance in the period. The Group's subsidiaries reported a modest increase in operating profit, with a strong recovery in the Health and Beauty and Convenience divisions mostly offset by lower results in the Grocery Retail division, as consumer buying patterns normalised following exceptional performance in the first quarter of 2022 and digital investments continued. Underlying profitability for associates increased significantly, with Maxim's achieving much improved performance.

North Asia Grocery Retail sales were lower than in the equivalent period last year, when demand was boosted by the fifth wave of COVID in Hong Kong. Southeast Asia Grocery Retail sales performance was impacted by cautious customer shopping behaviour, driven by rising cost of living pressures. Although Grocery Retail profitability reduced relative to the first quarter of 2022, it remained higher than in the first quarter of 2019, with particularly encouraging market share growth in Wellcome.

The Convenience division reported strong like-for-like sales growth across all markets in the first quarter, as economies reopened. 7-Eleven Hong Kong reported strong like-for-like sales growth, underpinned by the effective execution of a range of commercial activities including new product development and effective promotions. 7-Eleven South China reported improving sales momentum across the quarter, driven by strong promotion execution, improved foot traffic and strong progress in the digitisation of customer-facing systems.

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Overall profitability for the division, though still below 2019, improved significantly compared to the prior year, driven by strong year-on-year sales recovery.

The Group's Health and Beauty division reported substantial sales and profit growth in the quarter. In North Asia, Mannings saw double-digit like-for-like sales growth, as Hong Kong's border with the Chinese mainland reopened and health-related sales remained strong. Effective in-store execution led to a record market share in Hong Kong. In Southeast Asia, Guardian also reported strong sales growth compared to the prior year, particularly in Malaysia and Indonesia. Overall profitability of the division more than doubled, leveraging sales recovery as well as ongoing promotional optimisation and robust cost control. While overall Health and Beauty profitability remains below 2019 levels, the early pace of recovery is encouraging.

Home Furnishings sales revenue in the first quarter was behind that in the same period last year. Sales were impacted by reduced demand for furniture, with border reopening likely driving short-term discretionary spending toward leisure activities, particularly in Hong Kong and Taiwan. Profitability for the division has also reduced relative to the prior year due to these trading challenges, with the impact on profitability partially offset by robust cost control. IKEA remains focussed on delivering increased accessibility through format innovation and new touchpoints.

Revenue and profit for Maxim's, the Group's 50%-owned associate, grew substantially in the first quarter relative to the prior year, due to increased restaurant patronage, as COVID-related restraints on trading fell away in Hong Kong and the Chinese mainland.

Yonghui's first quarter sales were impacted by the absence of panic buying seen in the same period last year. Despite this, reported profitability increased in the period, supported by higher gross margins and reduced costs. Robinsons Retail reported robust like-for-like sales growth in the first quarter of 2023 compared to the prior year, with strong performances from the supermarket, drugstores, department stores and convenience stores segments, which together delivered double-digit revenue growth. Robinsons' underlying profitability also increased, although reported profitability was impacted by higher interest expenses, foreign exchange movements and lower earnings from associates.

On 2nd May 2023, the Group announced that Ian McLeod would be succeeded by Scott Price as Group Chief Executive of DFI Retail Group Holdings Limited with effect from 1st August 2023.

The Group remains optimistic on the outlook for the remainder of the year. The reopening of the Hong Kong border and the continued recovery in our Southeast Asian markets has driven positive trading performance in the first quarter, although there remains some way to go before the business will see the level of overall profitability achieved in 2019. Global economic headwinds remain and, while inflationary pressures are easing, consumer confidence is uncertain and will have a bearing on both the speed and degree to which behaviours return to pre-pandemic levels. Recognising the sustained shift to online digital convenience, the Group will continue its investment in digital platforms in order to compete. The Group's business transformation has delivered strong underlying improvements and a solid foundation for the business and we remain focussed on its continued execution to deliver sustainable growth for our shareholders; a stronger business for our customers; and a supportive organisation for our team members.

DFI Retail Group is a leading pan-Asian retailer. The Group, together with its associates and joint ventures, operates around 10,600 outlets – including supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants – employing some 216,000 people, and had total sales in 2022 exceeding US\$27 billion. The Group's parent company, DFI Retail Group Holdings Limited, is incorporated in Bermuda and has a primary listing in the standard segment of the London Stock Exchange, with secondary listings in Bermuda and Singapore. DFI Retail Group is a member of the Jardine Matheson Group.

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This and other Group announcements can be accessed through the Internet at 'www.DFIretailgroup.com'.