

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

19th May 2022 – DFI Retail Group Holdings Limited today issues its Interim Management Statement for the first quarter of 2022.

Overall performance for the Group’s subsidiaries in the first quarter was impacted by a number of factors. In North Asia, the surge in COVID-19 cases and the resultant movement restrictions saw panic buying of core grocery products in the quarter, as well as a rush to buy COVID-19 protection items and anti-bacterial products. The trading performance of both Grocery Retail and Health and Beauty benefitted from these factors, which offset heavy reductions in foot traffic that negatively impacted Convenience performance. In Southeast Asia, stronger year-on-year performance within Health and Beauty broadly offset some softer performance in Grocery Retail as a result of normalisation of customer behaviours.

Like-for-like sales for the Group’s Grocery Retail businesses in the first quarter were ahead of the same period last year. In North Asia, Wellcome reported robust growth, driven by pantry-stocking behaviour and strong in-store execution in the face of challenging external conditions and supply chain constraints. Sales performance in Southeast Asia was impacted by the easing of movement restrictions and store renovation disruptions in Singapore, as well as ongoing disruptions to stock availability caused by the pandemic in Malaysia. Overall Grocery Retail profitability for the quarter was broadly in line with the prior year. Strong sales performance, particularly in Hong Kong, was offset by higher pandemic-related store expenses and increased electricity costs in Singapore caused by higher energy prices.

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Sales and profit for the Group's Convenience businesses in Hong Kong and South China were both significantly adversely affected by government-imposed restrictions arising from the spread of the Omicron variant in the quarter. Sales and profit for the 7-Eleven business in Singapore, however, both grew strongly as the easing of movement restrictions there supported the recovery of customer traffic.

The Group's Health and Beauty businesses reported strong sales growth in the quarter. Mannings' revenues in Hong Kong were driven by effective in-store execution and a surge in demand for COVID-19 related products and over-the-counter medicines. Guardian's like-for-like sales grew strongly across Southeast Asia, driven by a combination of a recovery in mall and tourist locations, strong demand for COVID-19 related products and effective store-level execution. Robust sales for the division translated to solid profit growth for the quarter relative to the prior year.

Revenue for the Home Furnishings division increased relative to the corresponding period in 2021, due to a combination of the annualisation impact of newly-opened stores in the prior year and strong e-commerce sales. Like-for-like sales, however, reduced as the surge in Omicron cases impacted store visits in Hong Kong and store operating capacity continued to be limited in Indonesia for most of the quarter. Despite the challenges posed by COVID-19 and ongoing supply chain constraints, IKEA's profitability in the quarter was broadly in line with the prior year, reflecting strong cost control. Global geopolitical conflicts and recent government-imposed movement restrictions in the Chinese mainland have, however, exacerbated IKEA's supply chain constraints further, and this is likely to delay a return to normalised levels of availability and further adversely impact trading performance.

The performance of Maxim's, the Group's 50%-owned associate, in the first quarter, was significantly adversely impacted by the surge in COVID-19 cases and subsequent government-imposed restaurant dining restrictions in both Hong Kong and parts of the Chinese mainland.

Yonghui's underlying profitability increased significantly in the first quarter relative to the prior year, due to a combination of improved sales revenue, higher gross margins and operating cost control. However, DFI's reported results for 2022 will, as normal, also incorporate Yonghui's reported losses for quarter ended December 2021, which will have an adverse impact on DFI's overall profitability.

Robinsons Retail maintained its upward momentum into the first quarter of 2022, reporting strong growth in both sales and profits. Robinsons Retail's drugstore, department store and specialty store segments delivered double-digit like-for-like sales growth, reflecting increased economic activity as restrictions in the Philippines started to ease in February 2022.

The first quarter was an extraordinary period, particularly in Hong Kong, with a significant surge in COVID-19 cases and consequent constraints on the supply chain and labour shortages. The safety and wellbeing of our team members and customers remained top priorities, and a number of actions were taken to mitigate the impact of the pandemic. We would like to express our deep gratitude to our team members for their continuing dedication and resolve in putting customers first during these challenging times.

Despite the prolonged impact of the pandemic on the Group's operations, the Group remains confident in the long-term benefit potential of its transformation changes. The Group is therefore continuing to make operating expense investments to drive the advancement of digital capacity and capital investments in stores as it seeks to catch up on planned investment, compromised over the previous two years as a result of the pandemic. The Group believes these investments are important to drive the long-term sustainable growth of the business, and remains confident that its multi-year transformation is delivering sustainable improvements to the business over time.

There remains a high level of uncertainty with respect to outlook for the remainder of the year, due to large variability of outcomes with respect to pandemic-related restrictions in Hong Kong and the Chinese mainland on DFI's own banners and our associate businesses Maxim's and Yonghui. Given additional planned investments in digital capacity, as well as ongoing external headwinds associated with prolonged border closures between Hong Kong and the Chinese mainland and continued supply-chain disruptions, the full year reported results of the Group are expected to be lower than in 2021.

DFI Retail Group is a leading pan-Asian retailer. The Group, together with its associates and joint ventures, operates over 10,200 outlets – including supermarkets, hypermarkets, convenience stores, health and beauty stores, home furnishings stores and restaurants – employing some 230,000 people, and had total sales in 2021 exceeding US\$27 billion. The Group's parent company, DFI Retail Group Holdings Limited, is incorporated in Bermuda and has a primary listing on 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'.