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FOR IMMEDIATE RELEASE

Sheng Siong Group reports net profit of S$133.1 million for FY2021

- Revenue declined marginally by 1.7% to S$1,370 million in FY2021 due to high base for FY2020 mainly driven by elevated demand arising from COVID-19
- Gross profit increased by 3.0% to S$393.3 million as margin improved to 28.7% in FY2021 following favorable sales mix
- Proposed final dividend of S$0.031 per share, total dividends of S$0.062 per share for FY2021

Singapore, 23 February 2022 – Sheng Siong Group Ltd. ("Sheng Siong", together with its subsidiaries, the "Group" or "昇菘集团"), one of the largest supermarket chains in Singapore, reported its financial results for the six months and twelve months ended 31 December 2021 ("2H FY2021" and "FY2021" respectively).

Financial Highlights	2H FY2021 (S$ 'million)	2H FY2020 (S$ 'million)	Change (%)	FY2021 (S$ 'million)	FY2020 (S$ 'million)	Change (%)
Revenue	688.1	646.6	6.4	1,369.8	1,394.0	(1.7)
Gross profit	200.8	175.5	14.4	393.3	381.9	3.0
Gross profit margin	*29.2%*	*27.1%*	*2.1p.p*	*28.7%*	*27.4%*	*1.3p.p*
Other Income	4.6	21.3	(78.6)	12.1	41.2	(70.6)
Net profit	67.0	63.9	4.9	133.1	139.1	(4.3)
Net profit margin	*9.7%*	*9.9%*	*(0.2)p.p*	*9.7%*	*10.0%*	*(0.3)p.p*
EPS (S$ cents)	4.45	4.25	4.7	8.83	9.22	(4.3)

p.p denotes percentage points

Revenue declined by 1.7% year-on-year ('yoy') to S$1,369.8 million due to a high base in FY2020, underpinned by elevated demand in the first half of FY2020 due to the COVID-19 pandemic. Comparable same store sales declined by 4.8% yoy, partially offset by a 2.9% increment from the full year operations of 5 new stores that were opened in FY2020.

Notwithstanding a decline in revenue, gross profit increased by 3.0% yoy to S$393.3 million as gross profit margins improved by 1.3 percentage points to 28.7% in FY2021, arising from favourable sales mix.

Other income fell by S$29.1 million yoy to S$12.1 million in FY2021, as government grants received were reduced to S$4.8 million following stabilisation of the COVID-19 pandemic. In FY2020, the Group

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received support grants of S$34.9 million in the form of COVID-19 Budget Supplementary Packages, Wage Credit, and Special Employment Schemes.

Administrative expenses declined by S$14.9 million yoy to S$245.2 million in FY2021, due to a S$17.2 million decline in staff costs and partially offset by higher property taxes. There was higher bonus pay-out in FY2020 due to increased operating profit and an additional one-month salary was paid to all staff excluding directors in 2Q FY2020, which were absent in FY2021. Property taxes increased by S$1.1 million in FY2021 yoy as there were property tax rebates granted from the Budget 2020 package and was not available to the Group in FY2021.

Accordingly, the Group delivered a net profit of S$133.1 million for FY2021, a marginal decline from S$139.1 million recorded a year ago and net profit margin remained stable at 9.7%.

Cash generated from operating activities in FY2021 were S$172.7 million, as compared to S$274.1 million a year ago, mainly due to higher working capital requirements. Cash used for capital expenditures in FY2021 amounted to S$31.7 million following acquisition of assets. The Group's balance sheet remained healthy with cash of S$246.6 million as at 31 December 2021, compared to S$253.9 million a year ago.

Following robust financial performance, the Board of Directors has proposed a final dividend of S$0.031 per share. Together with the interim cash dividend of S$0.031, the Group will be paying out a total cash dividend of S$0.062 per share to shareholders in FY2021 (FY2020: S$0.065 per share), representing a dividend pay-out ratio of 70%.

Looking Forward

Due to the emergence of the highly infectious Omicron variant, the Singapore economy continues to be impacted by COVID-19 and the uncertainty of COVID-19 may affect our business outlook. However, the Singapore government has indicated plans for the easing of COVID-19 safe management measures once the current Omicron surge has peaked and begins to subside[1]. Further easing of restrictions coupled with an increasing percentage of the population being vaccinated may result in the elevated demand to taper down as consumers increase their spending on other social activities and/or international travels.

Although there were no major disruptions to the food supply chain in FY2021 due to COVID-19, we observe increasing supply chain pressures and higher energy prices resulting in higher input costs. Singapore's core inflation rate rose to 2.1% in December 2021[2], the highest since July 2014. There are also risks of disruptions from climate or geo-political events that may affect input prices. We continue with

[1] https://www.channelnewsasia.com/singapore/covid-19-restrictions-can-be-eased-after-omicron-wave-subsides-ong-ye-kung-2498001

[2] https://www.mas.gov.sg/-/media/MAS/EPG/CPD/2021/Inflation202112.pdf

our efforts in diversifying our sources of supply and work closely with our suppliers to minimize these disruptions.

Competition in the supermarket industry is expected to remain keen among the brick and mortar and on-line players. The Group will continue to look out for retail spaces in new and existing HDB housing estates, particularly in estates where the Group has no presence. The Group will also optimize its supply chain to ensure greater efficiency and enabling a favourable sales mix to enhance gross margin.

On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, added, ***"We were successful in our bid and secured leases of three stores in FY2021, with two stores to begin operations in 1H FY2022. Moving forward, we will continue to search for suitable retail outlets in Singapore, particularly in areas where we do not have a presence. We are also committed to diversifying our supply sources to reduce risks of disruptions and ensure stable input prices.***

To reward shareholders for their unwavering support, we are also pleased to propose a final dividend of S$0.031 per share, taking our total dividend for FY2021 to S$0.062 per share, equivalent to 70% payout of our net profit after tax."

- End –

About Sheng Siong Group Ltd.

Sheng Siong Group Ltd. is one of the largest supermarket chains in Singapore. Principally engaged in operating the Sheng Siong Groceries Chain, consisting of 64 outlets all across the island, the Group's outlets are primarily located in retail locations in the heartlands of Singapore. The outlets are designed to provide its customers with both "wet and dry" shopping options, including a wide assortment of live, fresh and chilled produce, such as seafood, meat and vegetables, in addition to processed, packaged and/or preserved food products as well as general merchandise such as toiletries and essential household products.

Sheng Siong has developed a selection of housebrands to offer customers quality alternatives to national brands at substantial savings. Sheng Siong offers over 1,400 products under its 23 housebrands, ranging from food products to paper goods.

For more information, please refer to: http://www.shengsiong.com.sg

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