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BUSINESS UPDATE

1H FY2023

(Ended 30 June 2023)

27 July 2023

Group Key Highlights

Income Statement Highlights (excludes Other Income)	1H FY2023 (S$ Million)	1H FY2022 (S$ Million)	Change (%)
Revenue	690.5	676.8	2.0
Gross profit	205.1	199.1	3.1
Gross profit margin	29.7%	29.4%	*0.3ppts*[1]
Operating expenses	(133.4)	(122.5)	8.9
Net finance income/(expense)	3.4	(0.7)	Note 2
Net Profit	65.5	67.5	(2.9)
Net Profit Margin	9.5%	10.0%	-0.5ppts[1]

1. Ppts: Percentage points; 2. Net finance income owing to the higher interest income resulted from higher fixed deposits rate during 1H FY2023

YoY Change in Revenue due to	No. of stores	1H FY2023 (%)
# New Stores – Singapore	5	3.3
Comparable same store sales - Singapore	63	(1.0)
Stores in China	5	(0.3)
Total revenue variances	73	2.0

New stores comprise 4 new stores opened in FY2022 at 151 Bedok South Road, 377 Hougang St 32, 31A Margaret Drive and 643 Senja Close, and 1 new store opened in 1Q FY2023 at 91 Jalan Satu

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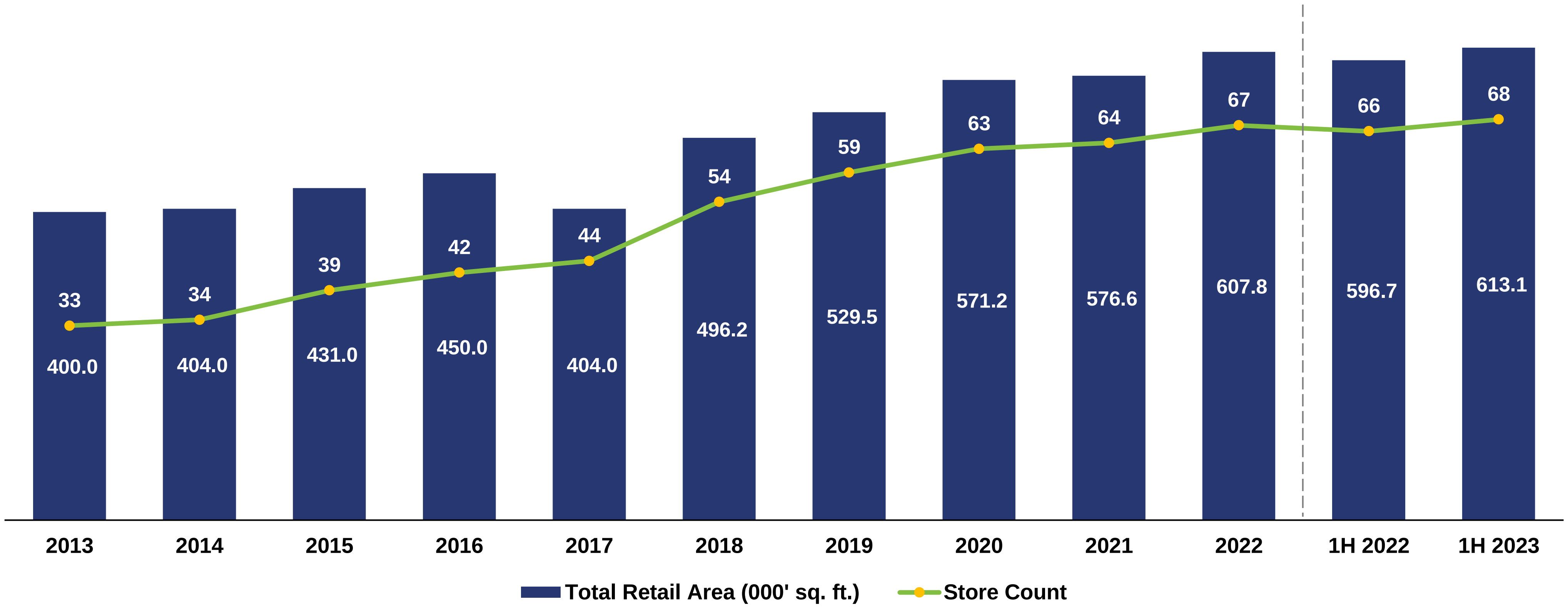
OPERATIONAL HIGHLIGHTS

Going the Extra Mile

We pride ourselves on our service and quality, adding a personal touch to the way we deliver value to our stakeholders.

Retail Area and Number of Stores in Singapore

The Group continues to be on the lookout for viable retail space in housing estates in Singapore



- Retail area grew consistently in line with the Group’s Singapore expansion plan of opening at least 3 new stores per year.
- 1 new store was opened in 1H FY2023 in the first quarter.

Revenue Per Square Feet (Singapore Operations)

Growth in retail space is expected to drive sales in the long term

Year	Weighted Average Area (square feet)	Revenue (S$'000)	Revenue per square feet (S$)	Remarks
2018	450,960	882,200	1,956	Closure of the Verge and Woodlands Block 6A – full effect and new stores
2019	508,250	974,008	1,916	New stores (mainly stores opened in 2018)
2020	564,943	1,365,051	2,416	Comparable same store sales – elevated demand for COVID-19
2021	571,180	1,337,941	2,342	New stores (1 new store in 2021 and 5 new stores in 2020. with PJ store closed in 2020)
2022	593,240	1,300,623	2,192	New stores (4 new stores in 2022, and 1 new store in 2021, with YC store closed in 2022)
1H 2022	584,297	656,267	1,123	Comparable same store sales – Gradual decline due to the normalization of sales
1H 2023	611,217	671,495	1,099	Increase in revenue by new stores partially offset by a decrease in revenue by comparable same stores

FINANCIAL HIGHLIGHTS

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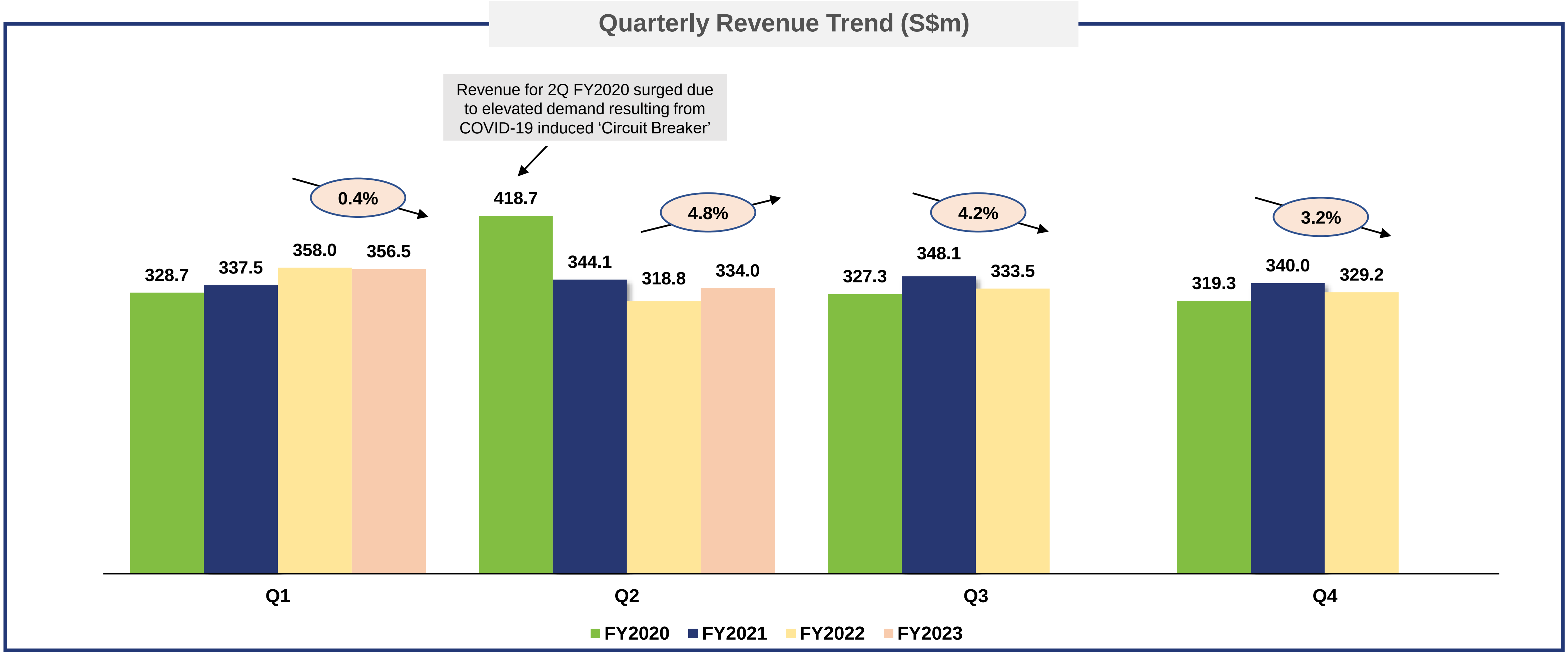
Revenue Trend

Revenue for 2Q FY2023 grew by 4.8% year-on-year



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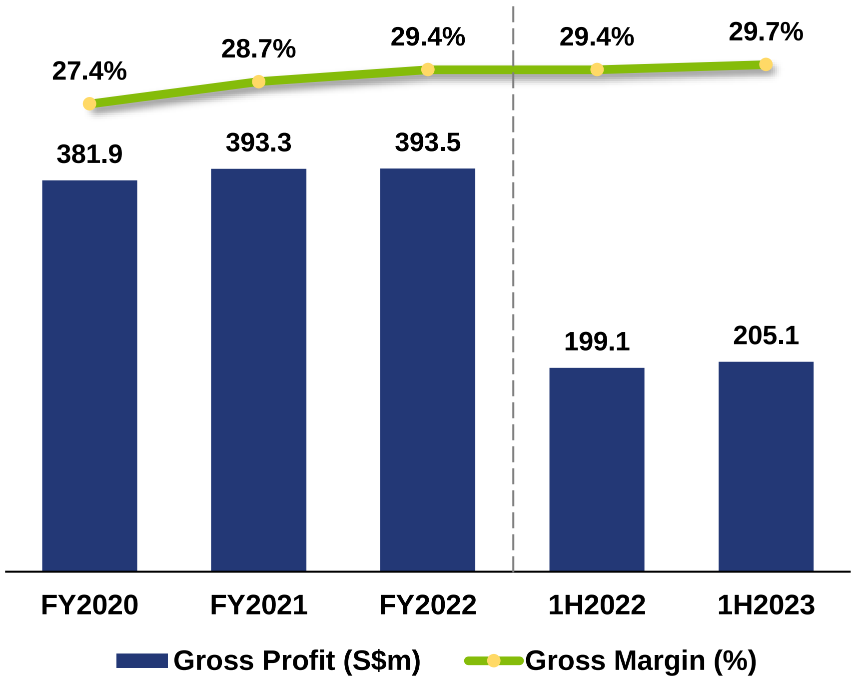
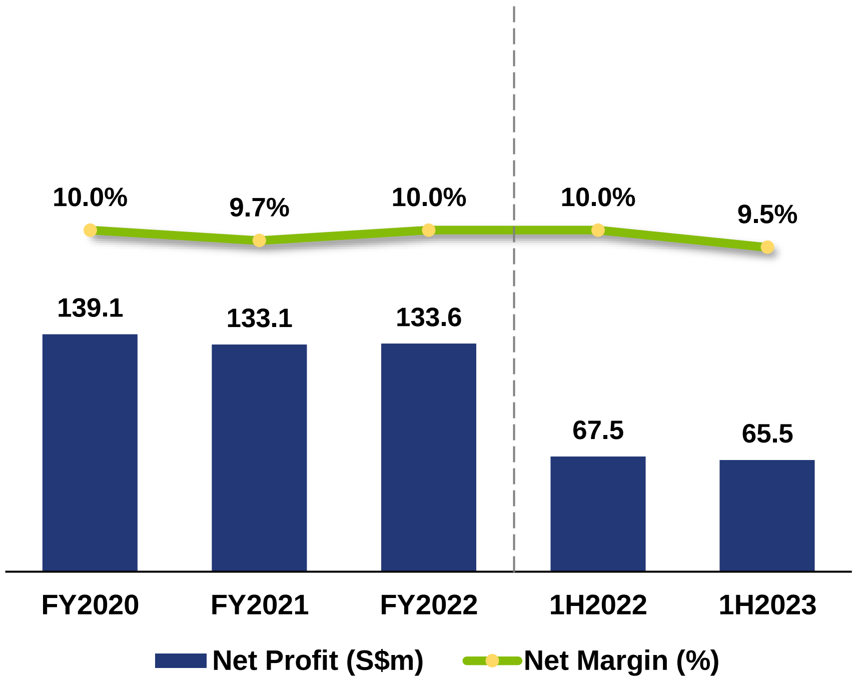
Profitability Trend

Margins have remained relatively stable across the period under review

Gross Profit and Gross Margin



Net Profit and Net Margin



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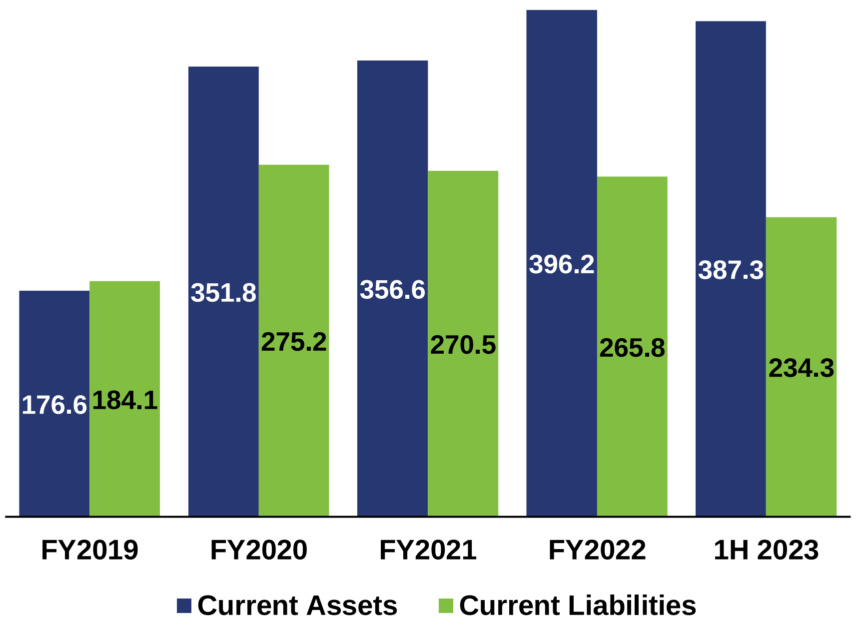
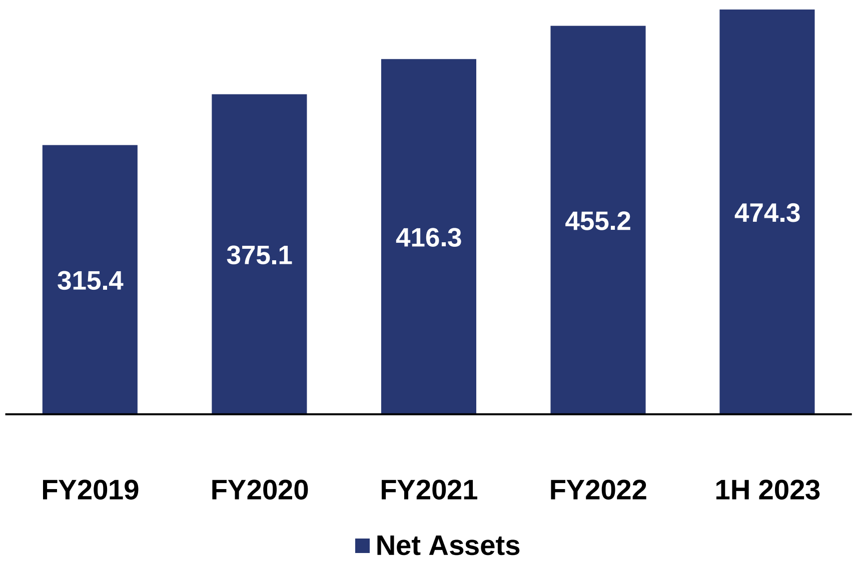
Balance Sheet Highlights

Strong financial position supported by a high cash balance and no borrowings

Current Assets and Liabilities (S$m)



Net Assets (S$m)



Balance Sheet Highlights

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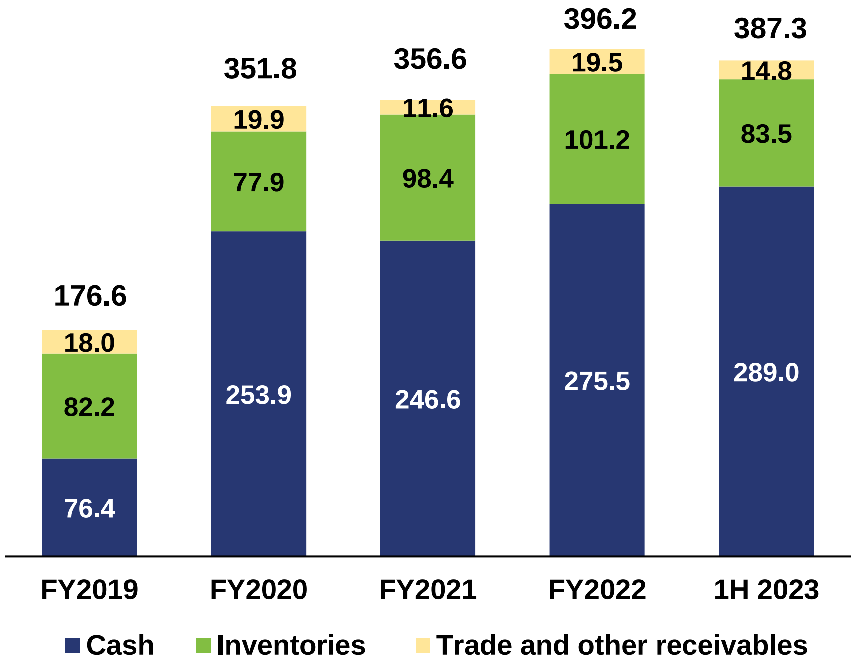
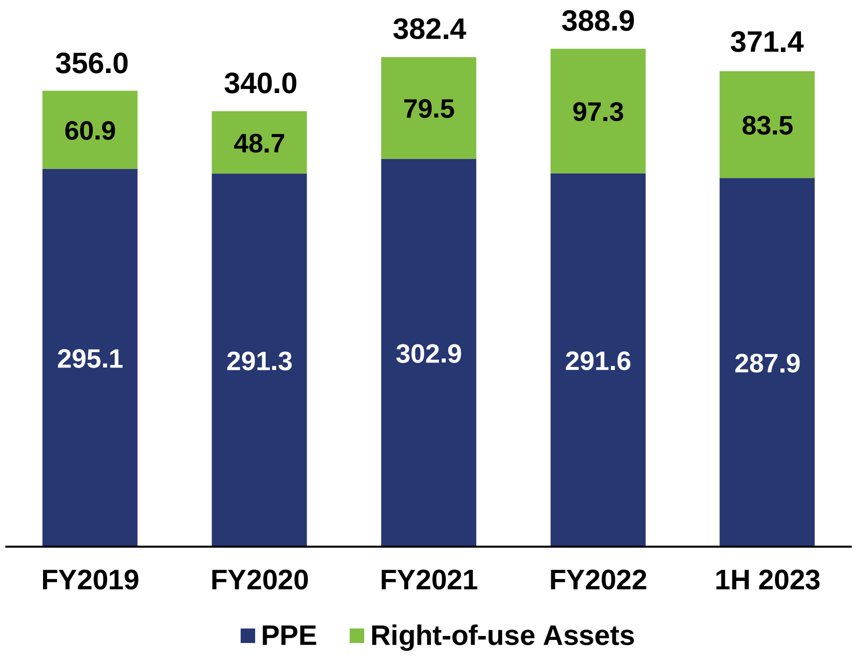
Breakdown of Current Assets (S$m)



Breakdown of Fixed Assets (S$m)



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LOOKING AHEAD

Going the Extra Mile

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Outlook

The Group remains focused on bringing value-for-money offerings to its consumers

Business Outlook

- As governments adopt tightening of monetary policies to curb inflation, consumers are expected to reduce non-essential spending to save costs. Consequently, they are expected to increase their spending on groceries and fresh food.
- Competition remains keen in the supermarket industry. Higher energy and staff costs and aggressive promotions by competitors could result in lower margins.
- Focus on building core capabilities to navigate through this environment of macroeconomic and geo-political uncertainty.
- Seek growth through continuous expansion of network of stores in Singapore, especially in areas without presence, supported by the ramp in supply of HDB estates through 2023.
  - HDB released 2 shops for tendering
    - Action: Sheng Siong tendered for both
    - Outcome: 1 not awarded, 1 pending result,
    - Outlook: 6 more expected to be put out for tender for the year.

China Operations

- The China subsidiary continues to be profitable supported positively by all 4 of the older stores.
- A 5th store was opened in Kunming and is now operational.
- Nurture growth of supermarket operations in Kunming, China and build Sheng Siong's brand.

Operational Efficiency and Margin Enhancement

- Ensure diversified sources of supply to mitigate potential disruptions
- Remain vigilant on performance of existing stores and operating costs
- On-going initiatives to automate work processes to improve operational efficiency
- Improve sales mix of higher margin products
- Increase selection and types of house brand products
- Derive efficiency gains from the supply chain

THANK YOU!

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