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FOR IMMEDIATE RELEASE

Sheng Siong Group delivers a Net Profit of S$32.9 million for 3Q FY2022 as its sales taper to the new normal

- Revenue is down 4.2% yoy from the high base in 2021, despite the net increase of 2 stores in Singapore.
- Gross profit margin for 3Q FY2022 grew by 0.4% to 29.4% driven by a favorable sales mix of products with higher margins
- The Group continues to be on the lookout for viable retail space in new and existing housing estates

Singapore, 27 October 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 a S$1.5 million year-on-year (yoy) decrease in net profit to S$32.9 million for the 3 months ended 30 September 2022 ("3Q FY2022"). Net profit margin remained stable at 9.9% in 3Q FY 2022 compared to the corresponding period last year.

Financial Highlights

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Revenue	333.5	348.1	(4.2)	1,010.2	1,029.8	(1.9)
Gross profit	98.1	100.9	(2.8)	297.2	293.5	1.3
Gross profit margin	*29.4%*	*29.0%*	*0.4ppts**	*29.4*	*28.5%*	*0.9ppts**
Other Income	2.6	2.5	4.0	8.1	10.0	(19.3)
Net profit	32.9	34.4	(4.5)	100.4	100.5	(0.1)
Net profit margin	*9.9%*	*9.9%*	-	*9.9%*	*9.8%*	*0.1ppts**
EPS (S$ cents)	2.18	2.29	(4.8)	6.66	6.67	(0.1)

**ppts denotes percentage points*

Revenue for 3Q FY2022 normalised to S$333.5 million compared to the high base of S$348.1 million in 3Q FY2021 which was supported by elevated demand in the first nine months of FY2021 due to the COVID-19 measures, the closure of Jurong Fishery Port for two weeks in July 2021 and the Pasir Panjang Wholesale Centre in September 2021. As the COVID-19 measures were lifted starting 2Q FY2022 and consumption patterns shifted to dining out, the revenue tapered to a new normal.

In line with a decrease in revenue, gross profit decreased by 2.8% yoy to S$98.1 million in 3Q FY2022. Gross margin improved by a marginal 0.4 percentage points to 29.4% in 3Q FY2022 mainly due to improved sales mix of products with higher margins.

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For 3Q FY2022, operating expenses increased by S$0.6 million yoy, the bulk of which was largely due to an increase in administrative expenses driven by higher energy costs during the quarter.

The Group's cash position continues to remain strong as cash generated from operating activities increased to S$50.7 million in 3Q FY2022 compared to S$45.8 million in 3Q FY2021. Total cash and cash equivalent stood at S$228.6 million as at 30 September 2022 with usage of funds remaining relatively similar yoy.

Looking forward

Global economies continue to grapple with unprecedented COVID-19 variants as well as economic and geo-political uncertainty. This shift in the macroeconomic environment is bound to affect consumer behaviour and consequently the supermarket industry. While on one side the Singapore Government announced that vaccinated differentiated measures (VDS) would be fully lifted in October 2022, the new XBB strain that is responsible for the sudden surge in local cases seems to pose a challenge to the endemic approach that was adopted earlier this year.

Given the inflationary pressure, central banks worldwide have resorted to a tightening of their monetary policy with continuous rate hikes that are expected to exacerbate the drag on economic activity. Owing to such policies, as disposable income becomes constrained, consumers may attempt to cut costs by reducing the frequency of eating at restaurants. Additionally, the Singapore government recently announced an additional support package to provide relief for Singaporean households, especially for the lower- to middle-income groups[1].

Competition in the supermarket industry is expected to remain keen particularly in this heightened inflationary environment. Higher input costs such as energy expenses and excessive promotions by competitors could result in lower margins.

On the future plans of the Group, **Mr Lim Hock Chee, the Group's Chief Executive Officer**, said, **"The current inflationary environment is causing a significant shift in consumer behaviour towards saving costs. As a supermarket known for providing value-for-money propositions, we are uniquely positioned to capture this shift and bring good quality, fresh products to our valued consumers. Having said this, we are aware of the heightened near-term challenges arising from high inflation, COVID-19 pandemic induced supply chain disruptions and geopolitical tensions that could increase costs and affect our margins.**

However, the Group will continue to monitor the performance and increase productivity of all its stores working tirelessly on strengthening its core competencies. In order to capitalise on

[1] The Straits Times: Cash payouts, CDC vouchers: Key measures in $1.5b support package for Singaporeans - https://www.straitstimes.com/singapore/5-help-measures-in-octobers-15b-support-package

opportunities in the future, we will also remain committed to strategic expansion and remain on the lookout for retail space in estates where the Group is yet to create its presence."

– 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 66 outlets all across the island, the Group's outlets are primarily located 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 1500 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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