SHENG SIONG GROUP LTD.

1Q FY2025 Business Update

A. Consolidated Statement of Profit or Loss and Other Comprehensive Income

	The Group		
	1st Quarter Ended		
	31 Mar 2025	31 Mar 2024	Change
	S$'000	S$'000	+/ (-)%
Revenue	402,966	376,194	7.1%
Cost of sales	(281,005)	(265,526)	5.8%
Gross profit	**121,961**	**110,668**	10.2%
Other income	4,723	3,998	18.1%
Selling & Distribution expenses	(65,807)	(58,073)	13.3%
Administrative expenses	(15,781)	(14,499)	8.8%
Results from operating activities	**45,096**	**42,094**	7.1%
Finance income	3,161	3,343	(5.4%)
Finance expenses	(1,431)	(1,258)	13.8%
Profit before tax	**46,826**	**44,179**	6.0%
Tax expense	(8,297)	(7,851)	5.7%
Profit for the period	**38,529**	**36,328**	6.1%
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	(81)	160	n.m
Total comprehensive income for the period	**38,448**	**36,488**	5.4%

n.m denotes not meaningful

	The Group		
	1st Quarter Ended		
	31 Mar 2025	31 Mar 2024	Change
	S$'000	S$'000	+/ (-)%
Profit/(loss) attributable to:			
Owners of the Company	38,574	36,319	6.2%
Non-controlling interest	(45)	9	n.m
	38,529	**36,328**	6.1%
Total comprehensive income/(loss) attributable to:			
Owners of the Company	38,526	36,415	5.8%
Non-controlling interest	(78)	73	n.m
	38,448	**36,488**	5.4%

n.m denotes not meaningful

B. Statements of Financial Position

	The Group		The Company	
	31 Mar 2025	31 Dec 2024	31 Mar 2025	31 Dec 2024
	S$'000	S$'000	S$'000	S$'000
Assets				
Property, plant and equipment	304,923	304,537	–	–
Right-of-use assets	117,601	128,314	–	–
Investment in subsidiaries	–	–	82,361	82,361
Investment property	30,000	30,000	–	–
Non-current assets	**452,524**	**462,851**	**82,361**	**82,361**
Inventories	87,833	98,426	–	–
Trade and other receivables	32,507	20,501	202,450	202,439
Cash and cash equivalents	366,925	353,363	215	247
Current assets	**487,265**	**472,290**	**202,665**	**202,686**
Total assets	**939,789**	**935,141**	**285,026**	**285,047**
Equity				
Share capital	235,373	235,373	235,373	235,373
Merger reserve	(68,234)	(68,234)	–	–
Foreign currency translation reserve	(426)	(378)	–	–
Statutory reserve	195	195	–	–
Accumulated profits	406,541	367,967	49,207	49,281
Equity attributable to owners of the Company	**573,449**	**534,923**	**284,580**	**284,654**
Non-controlling interest	3,336	3,414	–	–
Total equity	**576,785**	**538,337**	**284,580**	**284,654**
Liabilities				
Lease liabilities	76,646	87,871	–	–
Provision for reinstatement cost	4,401	3,417	–	–
Deferred tax liabilities	1,292	1,261	–	–
Non-current liabilities	**82,339**	**92,549**	**–**	**–**
Trade and other payables	202,118	230,241	438	383
Current tax payable	36,350	32,655	8	10
Provision for reinstatement cost	2,715	3,613	–	–
Lease liabilities	39,482	37,746	–	–
Current liabilities	**280,665**	**304,255**	**446**	**393**
Total liabilities	**363,004**	**396,804**	**446**	**393**
Total equity and liabilities	**939,789**	**935,141**	**285,026**	**285,047**

C. Consolidated Statement of Cash Flows

	The Group	
	1st Quarter ended	
	31 Mar 2025	31 Mar 2024
	S$'000	S$'000
Operating activities		
Profit for the period	38,529	36,328
Adjustments for:		
Depreciation of:		
– property, plant and equipment	4,430	4,405
– right-of-use assets	10,844	9,019
Gain on disposal of property, plant and equipment	(37)	(1)
Unrealised exchange loss	1,640	202
Interest income	(3,161)	(3,343)
Interest expense	1,431	1,258
Tax expense	8,297	7,851
	61,973	55,719
Changes in:		
– inventories	10,593	3,834
– trade and other receivables	(12,006)	3,929
– trade and other payables	(28,123)	(18,922)
Cash generated from operations	**32,437**	**44,560**
Taxes paid	(4,571)	(6,618)
Cash flows from operating activities	**27,866**	**37,942**
Investing activities		
Proceeds from disposal of property, plant and equipment	78	6
Purchase of property, plant and equipment	(4,917)	(3,455)
Interest received	3,161	3,343
Cash flows used in investing activities	**(1,678)**	**(106)**
Financing activities		
Interest paid	(1,325)	(1,194)
Payment of lease liabilities	(9,622)	(8,620)
Cash flows used in financing activities	**(10,947)**	**(9,814)**
Net increase in cash and cash equivalents	**15,241**	**28,022**
Cash and cash equivalents at beginning of the period	353,363	324,401
Effect of exchange rate changes on balances held in foreign currencies	(1,679)	(94)
Cash and cash equivalents at end of the period	**366,925**	**352,329**

D. Notes to Consolidated Financial Statements

1. Significant items

	Note	The Group 1st Quarter ended 31 Mar 2025 S$'000	31 Mar 2024 S$'000
Depreciation of property, plant and equipment		(4,430)	(4,405)
Depreciation of right-of-use assets	1	(10,844)	(9,019)
Gain on disposal of property, plant and equipment		37	1
Staff costs	2	(63,116)	(55,705)
Contribution to defined contribution plans, included in staff costs		(4,536)	(3,804)
Interest income	3	3,161	3,343
Interest expense	4	(1,431)	(1,258)
Finance income/(expense), net		1,730	2,085
Other income:			
Rental income	5	1,274	929
Sale of scrap materials		559	536
Government grants	6	2,340	947
Net exchange (loss)/gain	7	(290)	410
Miscellaneous income		840	1,176
		4,723	3,998

Notes

1. Lease additions in Singapore and China in FY2024 and FY2025 resulted in higher depreciation of right-of-use assets.

2. The increase in staff costs was due to the increment of variable bonuses owing to better financial performance and the increased number of staff due to more supermarket stores compared to 1Q FY2024.

3. Lower interest income resulted from a lower fixed-deposit interest rate during 1Q FY2025.

4. Interest expense mainly pertained to the interest on lease liabilities.

5. Higher rental income due to more retail space was rented out during 1Q FY2025.

6. Grant mainly related to Progressive Wage Credit Scheme (PWCs) received during 1Q FY2025 .

7. Net exchange loss for 1Q FY2025 was mainly due to the unrealised exchange losses arising from USD-denominated fixed deposits.

E. Performance Review of the Group

1. Consolidated Statement of Profit or Loss and Other Comprehensive Income

Overview

	The Group		
	1st Quarter ended		
	31 Mar 2025	31 Mar 2024	Increase
	S$'000	S$'000	%
Sales	402,966	376,194	7.1%
Profit for the period	38,529	36,328	6.1%

For the first three months ended March 2025, revenue increased by 7.1% year-on-year to S$403.0 million mainly driven by the eight new stores opened in 1Q FY2025 and FY2024, and also by festive sales for Hari Raya, which fell in the month of March this year. The net profit for the period increased by 6.1% to S$38.5 million.

Comparable same store revenue in Singapore for 1Q FY2025 increased marginally by 0.1%. China's revenue increased marginally by 0.7%.

	31 Mar 2025	31 Mar 2024
Number of stores	77 (Singapore) 6 (China)	70 (Singapore) 5 (China)
Retail area (sq ft) *	672,155	623,677
Revenue for the period (S$'000)	402,966	376,194

* Singapore's operations only.

Revenue	No. of stores	Revenue 1Q FY2025 vs 1Q FY2024
New stores and Comparable New Stores – Singapore #	8	6.3%
Comparable same store – Singapore	69	0.1%
China	6	0.7%
Total	83	7.1%

New stores and Comparable New Stores consist of 2 that opened in 1Q FY2025 and 6 that opened in FY2024.

Gross Profit and Gross Profit Margin

	1Q FY2025	1Q FY2024
Gross profit (S$'000)	121,961	110,668
Gross profit margin	30.3%	29.4%

Gross profit increased to S$122.0 million compared to 1Q FY2024. Gross profit margin increased by 0.9% due to the improvement in sales mix, but also to offset the rising business operation costs.

Other Income

Other income increased to S$4.7 million in 1Q FY2025 from S$4.0 million in 1Q FY2024. The variance analysis is provided on page five.

Selling and Distribution Expenses

For 1Q FY2025, selling and distribution expenses increased by 13.3% or S$7.7 million to S$65.8 million from S$58.1 million in 1Q FY2024. The fluctuation of the expenses is tabled below:

	1Q FY2025 vs 1Q FY2024 **S$'million**	**Remarks**
Staff cost	5.6	Higher staff costs resulted from higher variable bonuses due to better financial performance, enhanced employment benefits, and an increased number of employees because of more stores.
Depreciation	2.1	Higher depreciation arises from additional leases of supermarket stores.
Total	**7.7**	

Administrative Expenses

Administrative expenses for 1Q FY2025 increased by 8.8% or S$1.3 million from S$14.5 million to S$15.8 million. The variance of the expenses is tabled below:

	1Q FY2025 vs 1Q FY2024 **S$'million**	**Remarks**
Staff cost	0.9	Higher staff costs resulted from higher variable bonuses due to better financial performance, enhanced employment benefits, and an increased number of employees because of more stores.
Others	0.4	
Total	**1.3**	

Tax Expenses

The effective tax rate for 1Q FY2025 is 17.7%. This is higher than the corporate tax rate of 17.0%, as certain expenses are not tax deductible.

Foreign Operations - China

China operations accounted for 2.8% of the total revenue in 1Q FY2025, and was at a deficit in the quarter. The 6th store opened in FY2024 made a loss due to its high operating expenses.

Consolidated Statement of Financial Position

Current assets increased by S$15.0 million to S$487.3 million as at 31 March 2025. Trade and other receivables increased by S$12.0 million primarily due to the higher amounts due from banks in relation to the non-cash/digital payments in the festive season this year. Cash and cash equivalents increased by S$13.6 million. The inventory balances declined by S$10.6 million to S$87.8 million because of the sell off of stock prior to Lunar New Year in January and Hari Raya in March 2025.

Non-current assets decreased by S$10.3 million mainly due to the depreciation of the right-of-use assets.

Current liabilities were reduced by S$23.6 million to S$280.7 million from S$304.3 million reported at the end of FY2024. This is largely due to the decrease in the trade and other payables by S$28.1 million to S$202.1 million as the accrued staff bonuses were paid and timely repayments made to the vendors in 1Q FY2025.

Consolidated Statement of Cash Flows

Cash generated from operations was S$27.9 million in 1Q FY2025, down by S$10.1 million recorded a year ago, mainly due to a higher amount due from banks in relation to non-cash/digital payments during the last week of March FY2025. Additionally, more payments were made to vendors in 1Q FY2025.

Cash outflows in investing activities were noted mainly due to costs of fitting out new stores and purchases of motor vehicles. After netting off the interest income received during the quarter, the net cash flow used in investing activities was S$1.7 million.

The expansion of supermarket stores in leased spaces led to more lease and lease-related interest payments. As such, cash used in financing activities increased by S$1.1 million to S$10.9 million in 1Q FY2025.

The Group's cash balance increased by S$13.6 million to S$366.9 million as at 31 March 2025, up from S$353.4 million reported at the end of FY2024.

Looking Forward

Despite Singapore's annual core inflation eased to 4-year low at 0.6% in February 2025[1], Singaporeans are still adjusting to the new price realities and tightening their belts. The global economy is navigating heightened uncertainty due to tariffs and trade tensions, increasing the risk of slower growth. Under this unpredictable environment, consumers will remain cautious and continue to prefer value-driven supermarkets and affordable house brand products. Government support measures, including various vouchers and financial subsidies, will help to maintain consumer spending momentum and benefit supermarket sales.

Geopolitical rivalries, ongoing war in Ukraine and the Middle East, and climate events have increased supply chain risks. The US tariff will reshape the supply chain. These multiple threats will bring business risks such as price volatility and logistic risks such as delay in shipment, change in trade routes, etc. MAS's recent monetary policy relaxation will likely drive up import costs for retailers[2].

In Singapore, the retail industry faces significant challenges in attracting and retaining qualified staff to fill frontline job roles. This increases investment costs for improving labour skill sets and wages to compete for qualified personnel. Enhanced regulatory reporting, such as sustainability and climate reporting, the increase in carbon tax, and pressures to decarbonise will continue to place a strain on business margin.

To navigate the complex environment, the Group will continue to examine and expand its supply chain, refine the sales mix, and focus on its core competence to optimise operational efficiency and productivity.

The Group is actively pursuing expansion opportunities, particularly in areas where it currently lacks a presence. We have been successful in four of six recent tenders. We are still expecting the tender results of four stores that HDB has released for tender. Additionally, we have secured two private retail locations at KINEX and CATHAY building.

The competition in China's supermarkets remains keen. The Group will exercise prudence in opening new stores and focus on improving the performance of existing stores.

Lim Hock Chee
Chief Executive Officer

29 April 2025

[1] https://tradingeconomics.com/singapore/inflation-cpi/news/452375
[2] https://www.channelnewsasia.com/singapore/mas-tariffs-monetary-policy-exchange-rate-5059756