6 Mandai Link Singapore 728652
Tel: +65 6895 1888 Fax: +65 6269 8265 Web: http://corporate.shengsiong.com.sg

FOR IMMEDIATE RELEASE

Sheng Siong Group delivers a net profit after tax of S$134.0 million for FY2023

- Revenue for FY2023 increased by 2.1% yoy to S$1.4 billion driven by a higher revenue contribution from the new stores.
- The Group's gross profit increased by 4.3% yoy to S$410.5 million in FY2023, with relatively stable margins.
- The Group's operating costs increased due to a 10.0% yoy increase in selling and distribution expenses driven by higher utility and staff costs.
- Proposed final dividend of 3.20 cents per share, a total dividend of 6.25 cents per share for FY2023.

Singapore, 27 February 2024 – 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 six months ("2H FY2023") and twelve months ("FY2023") ended 31 December 2023.

Financial Highlights

Financial Highlights	2H FY2023 (S$ 'million)	2H FY2022 (S$ 'million)	Change (%)	FY2023 (S$ 'million)	FY2022 (S$ 'million)	Change (%)
Revenue	677.2	662.7	2.2	1,367.7	1,339.5	2.1
Gross profit	205.4	194.4	5.6	410.5	393.5	4.3
Gross profit margin	*30.3%*	*29.3%*	*1.0 ppts**	*30.0%*	*29.4%*	*0.6 ppts**
Other Income	10.1	11.8	(14.8)	14.3	17.3	(17.2)
Net profit	68.5	66.1	3.5	134.0	133.6	0.3
Net profit margin	*10.1%*	*10.0%*	*0.1 ppts**	*9.8%*	*10.0%*	*(0.2) ppts**
EPS (S$ cents)	4.54	4.38	3.7	8.89	8.87	0.2

**ppts denote percentage points*

Revenue for FY2023 increased by 2.1% year-on-year ("yoy") to S$1.4 billion, compared to S$1.3 billion in FY2022. The increase was primarily driven by the 6 new stores, which contributed a 2.5% yoy increase to total sales. This was partially offset by a lower revenue contribution from the Yishun store that was closed in FY2022 due to lease expiration.

In line with the increase in revenue, gross profit increased by 4.3% to S$410.5 million in FY2023, compared to S$393.5 million in FY2022. The Group also recorded relatively stable margins with a gross margin expansion of 0.6 percentage points to 30.0% in FY2023 compared to FY2022 primarily due to constant refinement efforts to establish a more favourable sales mix and addressing the increased staff costs and utilities expenses. Net profit margin for FY2023 reduced by a marginal 0.2 percentage points to 9.8% compared to the previous year, primarily due to higher operating expenses.

Other income decreased to S$14.3 million in FY2023 from S$17.3 million in FY2022, mainly due to lesser supplier rebates recognised during the year.

In FY2023, the Group's operating expenses increased due to a 10.0% yoy increase in selling and distribution expenses to S$221.4 million. This was primarily due to a $13.8 million yoy increase in utility expenses, the electricity supply agreement for which was renewed at a higher prevailing market rate compared to FY2022, and a S$6.6 million yoy increase in staff costs owing to tight labour market conditions. Despite this, the Group reported a marginally increased net profit after tax of S$134.0 million, compared with previous year's net profit of S$133.6 million.

In FY2023, cash flow from operating activities increased by S$10.3 million yoy to S$177.1 million. The Group holds a healthy balance sheet with a strong cash and cash equivalents' balance of S$324.4 million as at 31 December 2023.

Following the strong financial performance, the Board of Directors has proposed a final dividend of 3.20 cents per share. Together with the interim cash dividend of 3.05 cents per share already paid out, the Group's total cash dividend for FY2023 is 6.25 cents per share to shareholders (FY2022: 6.22 cents per share), representing a consistent dividend pay-out ratio of ~70.0%.

Looking Forward

FY2024 welcomed businesses with a series of challenges right from the start, setting the stage for an uncertain economic, geopolitical and even environmental situation for the near future. While central banks have started adjusting to a new economic paradigm with fewer interest rate hikes, Singapore's inflation is expected to remain above pre-COVID levels in FY2024 at an average of 2.5% to 3.5%.[1]

In Singapore, the GST hike and rising transport and utility fares, among others, are bound to weigh on economic activity. To manage the escalated cost of living consumers may adopt cost-cutting measures, such as choosing home-cooked meals, patronising value-driven supermarkets, opting for more affordable house brand products, and frequenting budget-friendly supermarkets. Additionally, supportive government measures like the new Cost-of-Living support package and GST voucher schemes are expected to boost favourable supermarket revenue trends even further.

There remains supply chain uncertainty in 2024 and Singapore, as an import-reliant nation, continues to be sensitive to global price movements and trade disruptions. The recent Red Sea attacks are driving up

[1] https://www.cnbc.com/2024/01/29/singapores-central-bank-leaves-policy-unchanged-in-first-quarterly-meeting-of-2024.html#:~:text=Singapore's%20central%20bank%20left%20its,exchange%20rate%20or%20S%24NEER

6 Mandai Link Singapore 728652
Tel: +65 6895 1888 Fax: +65 6269 8265 Web: http://corporate.shengsiong.com.sg

shipping costs due to longer trade routes being taken in avoidance of the Suez Canal. This, coupled with the drought-like conditions in the Panama Canal[2] may have negative consequences as they block major choke points of global supply chain networks. Additionally, climate-related risks and the onset of El Nino weather pattern will continue to threaten agriculture yields, potentially driving up food prices due to reduced harvests and more expensive animal feed.

The Group may face margin pressures due to Singapore's tight labor market, driven by a shortage of manpower, the ongoing geo-political tensions that are blocking major trade routes and rising energy costs. Additionally, implementation of Carbon Tax and GST increment, and enhanced sustainability and climate reporting obligations are also expected to contribute to rising operating costs.

Mr Lim Hock Chee, the Group's Chief Executive Officer, said, **"As the challenges of an uncertain and rapidly developing macroeconomic and political situation unveil, the Group remains committed to strengthening our core competencies to improve operational efficiency and productivity. Competition in the supermarket industry is expected to remain keen with active promotions being conducted by competitors. To tackle the margin pressures, we are working closely to seek opportunities for margin enhancement through further refinement of our sales mix.**

In terms of our store expansion in Singapore, we opened two new stores in FY2023 and secured two new stores in early 2024. The supply pipeline of new stores is robust, with HDB opening up four stores for tender in January 2024 and more coming in through the rest of the year. Expansion in China is moving as planned as one additional store was secured in FY2023 bringing the total store count to 6. The 6th store is due to open in 2Q FY2024."

– 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 69 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 house brands to offer customers quality alternatives to national brands at substantial savings. Sheng Siong offers over 1,600 products under its 23 house brands, ranging from food products to paper goods.

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

---

Issued for and on behalf of Sheng Siong Group Ltd.
by Financial PR
Kamal SAMUEL / Urvija DIWAN
Email: kamal@financialpr.com.sg / urvija@financialpr.com.sg
Tel: (65) 6438 2990 / Fax: (65) 6438 0064

[2] https://www.aircargonews.net/business/supply-chains/panama-and-suez-canal-double-crisis-threaten-global-supply-chains