

Announcement

The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.

DFI RETAIL GROUP HOLDINGS LIMITED

Interim Management Statement

14 November 2024 – DFI Retail Group Holdings Limited today issues its Interim Management Statement for the third quarter of 2024.

OVERVIEW

Overall macroeconomic conditions are evolving across the Group's key markets. Within the Group's home market of Hong Kong, consumer behavioural changes and increased levels of outbound travel, particularly into the Chinese mainland, led to overall retail sales falling by approximately 10% year-on-year in the third quarter. Within key South East Asian markets, consumer sentiment continues to be adversely impacted by rising cost of living pressures, although becoming more resilient.

The Group continues to advance its strategic initiatives by enhancing the local relevance of assortment, strengthening its omnichannel presence and refining its own brand offering. For the third quarter, the Group reported underlying net profit growth of 4% year-on-year, despite a 3% decline in underlying subsidiary sales compared to the same period in 2023. Improved profit performance by subsidiaries was partially offset by lower contributions from associates.

The recent announcement of the divestment of the Group's Yonghui stake underscores the Group's commitment to disciplined capital allocation, which aligns with its strategic and capital allocation framework. The Group continued to make good progress in reducing net debt to US\$445 million as at 30 September 2024, down from US\$549 million at 30 June 2024.

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OPERATING PERFORMANCE

Subsidiaries

The Food division reported like-for-like ('LFL') sales slightly behind the third quarter of 2023. In Hong Kong, LFL sales were affected by increased outbound travel during the summer holiday period. Based on the Group's internal estimates, current outbound travel is estimated to have a mid-single-digit impact on meal consumption volumes for the Hong Kong market. Despite challenging trading conditions, Wellcome continued to gain market share, benefitting from strong in-store execution and positive sales momentum from its quick-commerce partnership with foodpanda, which was launched in late May. The Group expects the outbound travel impact to normalise in the first quarter of 2025. In Singapore, although soft consumer sentiment continued to impact sales performance, an improved product mix and disciplined cost control drove better profitability, with overall divisional profit up by over 30% year-on-year.

Although LFL sales for the Convenience division in the third quarter declined year-on-year, this was mainly due to a decline in lower-margin cigarette sales following a tax increase in Hong Kong earlier this year. The business, however, is replacing cigarette revenue with significantly higher-margin ready-to-eat ('RTE') products. The 7-Eleven team remains focussed on enhancing the customer shopping experience and expanding its product range, with its recent launch of a pre-order online shop in Hong Kong. LFL sales for Macau, South China and Singapore were broadly in line with the same period last year. Despite lower sales, a favourable sales mix shift towards higher-margin RTE products drove underlying profit before interest and tax ('PBIT') growth during the reporting period.

The Health and Beauty division reported LFL sales slightly below the third quarter of last year. Mannings Hong Kong's performance was affected by strong comparables from the prior year, when the second disbursement of consumption vouchers took place in July 2023, and increased outbound travel during the summer holiday period. Guardian achieved strong LFL performance across key markets, particularly in Indonesia and Malaysia, driven by effective promotional campaigns. Improved gross margins and ongoing disciplined cost control contributed to Guardian's profit growth of over 30% for the quarter.

The Home Furnishings division reported a double-digit decline in underlying profit, due to lower sales in Hong Kong. Similar to the Food format, the IKEA Hong Kong business is pivoting towards a more value-driven omnichannel proposition, to compete with Chinese mainland digital players. LFL sales across all markets were adversely affected by high interest rates and basket mix change, as consumers reduced purchases of big-ticket items and increased

home décor purchases. Despite this trend, IKEA Taiwan demonstrated relative resilience. Amidst challenging trading conditions, IKEA continues to implement cost control measures. The Group believes IKEA remains well-positioned to benefit from a recovery in home furnishings demand when market conditions improve.

The Group continues to grow its digital business with an improving profit contribution. Daily e-commerce order volume grew by over 25% year-on-year in the third quarter, reaching over 50,000 orders per day. Retail Media continues to build momentum, with over 30 targeted advertising campaigns completed in the third quarter, close to triple that of the first half of 2024.

Associates

Maxim's, the Group's 50%-owned associate, reported revenue and profit below the same period last year, primarily driven by a lower contribution from mooncake sales and weaker restaurant performance on the Chinese mainland.

Yonghui's third-quarter sales and profit performance continued to be impacted by soft consumer sentiment and intense competition. Robinsons Retail reported LFL sales and PBIT largely in line with the same period last year, underpinned by robust growth in the Food and Drugstore segments, offset by a lower contribution from department stores and others. Reported profit increased by double-digit year-on-year due to reduced losses from associates.

RECENT BUSINESS DEVELOPMENT

On 23 September 2024, the Group announced that it had entered into a definitive agreement to divest its 21.08% stake in Yonghui to the MINISO group, a global value retailer, for total cash consideration of RMB4,496 million. The transaction aligns with the Group's strategic and capital allocation framework, strengthening the Group's balance sheet, while focussing capital to drive the growth of subsidiary businesses across its markets. The transaction is subject to satisfaction of MINISO shareholder approval requirements and applicable regulatory conditions, including antitrust approval. Following the completion of the transaction, the Group will cease to hold any interest in Yonghui.

OUTLOOK

The Group updates its full-year guidance to between US\$190 million and US\$220 million underlying profit attributable to shareholders. While macro uncertainties and increased levels of outbound travel are expected to remain as near-term challenges, the Group remains focussed

on growing market share across all formats, enhancing operating efficiency, expanding omnichannel presence and accelerating *yuu* monetisation initiatives.

DFI Retail Group (the ‘Group’) is a leading Asian retailer. As at 30 June 2024, the Group and its associates and joint ventures operated some 11,000 outlets, with more than 5,000 stores operated by subsidiaries. Together with associates and joint ventures, the Group employed over 200,000 people, with some 47,000 employed by subsidiaries. The Group had total annual revenue in 2023 exceeding US\$26 billion and reported revenue exceeding US\$9 billion.

The Group provides quality and value to Asian consumers by offering leading brands, a compelling retail experience and great service, all delivered through a strong store network supported by efficient supply chains.

The Group (including associates and joint ventures) operates under a number of well-known brands across food, convenience, health and beauty, home furnishings, restaurants and other retailing.

The Group’s parent company, DFI Retail Group Holdings Limited, is incorporated in Bermuda and has a primary listing in the equity shares (transition) category of the London Stock Exchange, with secondary listings in Bermuda and Singapore. The Group’s businesses are managed from Hong Kong. The Group is a member of the Jardine Matheson Group.

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This and other Group announcements can be accessed online at ‘www.DFIretailgroup.com’.