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PT HERO SUPERMARKET TBK FIRST HALF 2023 RESULTS

[DFI RETAIL GROUP HOLDINGS LIMITED](#)

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31 August 2023

Announcement

31st August 2023

PT HERO SUPERMARKET TBK

HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2023

The following announcement was issued today by the Company's 89.3%-owned subsidiary, PT Hero Supermarket Tbk.

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South Tangerang, 31st August 2023

PT HERO SUPERMARKET TBK

HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 30th JUNE 2023

Highlights

- Net revenue of Rp 2,516 billion, 17% up against the first half of 2022
- Reported profit of Rp 132 billion, supported by further property divestments
- Company remains well-positioned for medium to long-term growth

Results

	(Limited review)		
	Six months ended 30 th June		
	2023	2022	Change
	Rp billion	Rp billion	%
Net Revenue from continuing operations	2,516	2,142	17
Gross Profit from continuing operations	1,016	861	18
Loss for the period from continuing operations	(119)	(119)	n.m.
Reported profit / (loss) for the period	132	(114)	n.m.
	Rp	Rp	%
Loss per share from continuing operations	(28)	(28)	n.m.

PRESIDENT DIRECTOR'S STATEMENT**Introduction**

The Company delivered robust revenue and gross profit growth for the first half of the year. Guardian Health and Beauty reported a strong recovery in both revenue and profitability. IKEA, however, has seen a slower recovery, with momentum improving in the second quarter of the year.

Company Performance

The Company's net revenue in the first six months was Rp 2,516 billion, 17% above the same period last year. Reported profit for the half was Rp 132 billion compared to the Rp 114 billion loss reported in 2022, driven mainly by gains on divestment of non-core properties.

Guardian Health and Beauty continued to report a strong recovery after the pandemic. Stores in premium malls and tourist locations continued to benefit from a significant increase in foot traffic. Overall like-for-like sales increased over 30% in the first half. Profitability nearly doubled in the first half compared to the same period last year, driven by strong sales growth and operating leverage. Guardian continues to strengthen its value proposition, optimise its range and develop its omnichannel to increase accessibility for customers.

IKEA's reported sales increased in the first half primarily due to the annualisation impact of new store openings. IKEA's like-for-like sales, however, were impacted by reduced average customer spending as overall demand for durable goods fell, with customers directing more consumption towards leisure and travel. Encouragingly, like-for-like performance did improve in the second quarter. Our brick-and-mortar stores benefitted from increased customer visitation. Profitability was also adversely affected by reduced average customer demand. For the remainder of the year, IKEA's priorities are improving its customer experience, enhancing inventory management and ongoing cost control.

A tapering of demand for key consumer staples impacted Hero Supermarket's first half sales performance and profitability. Nevertheless, Hero Supermarket continues to innovate through format development and range optimisation initiatives and implementing robust cost control to enhance operational efficiency.

Business Update

Three properties were divested in the first half of the year to improve the Company's financial position further. The Company remains in active discussions with third parties with respect to divestment of its remaining non-core properties.

Prospects

There remains variability in demand patterns across the Group's business units. The recovery in the Health and Beauty business is expected to continue. However, underlying Home Furnishing business recovery will likely be uneven. The Company remains prudent and will continue to monitor the impact of inflationary pressures and changes in consumer sentiment. The Company remains committed to investing in its key businesses and building the foundations to deliver robust and sustainable growth over the medium to long-term.

Patrik Lindvall

President Director

31st August 2023

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