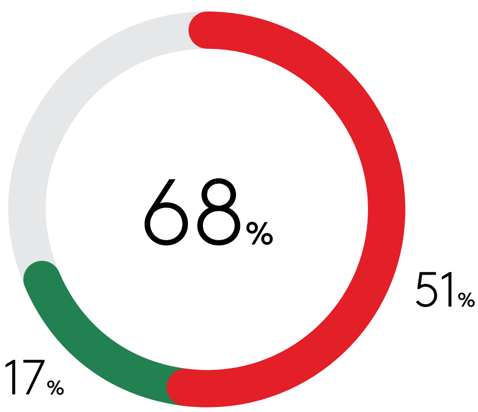
BUSINESS REVIEW

FOOD

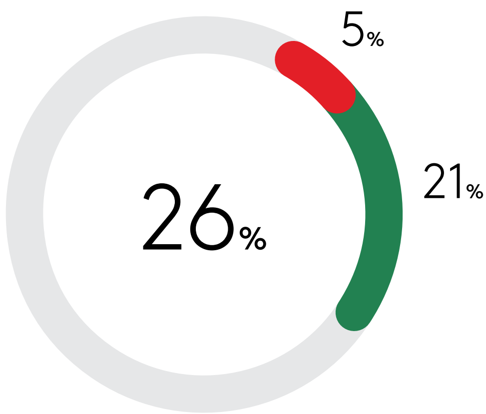
The Group has been encouraged by underlying performance, with Grocery Retail profitability significantly above 2019 levels, supported by the Group's transformation initiatives. Encouragingly, Convenience profitability in the second half improved significantly compared to the first half.

Wellcome's underlying operating metrics **continued to strengthen** and market share has also continued to increase

Group Sales*



Group Profit†



● Grocery Retail ● Convenience Stores

* Sales of goods, including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Total Sales of Goods‡

US$20.7 billion

Operating Profit

US$141 million

Store Network‡

5,620 stores

- Grocery Retail
- Convenience Stores

‡ Including 100% of associates and joint ventures.

Grocery Retail

DFI Retail Group's Grocery Retail business has been serving our customers for over 70 years striving to achieve our goal of giving customers a proposition they trust, delivering quality, service and value.

Reported sales for the Grocery Retail division in 2022 were US$3.9 billion. Excluding the impact of the Giant Indonesia restructure, revenue for the division reduced by 4%. Underlying operating profit for the division was US$91 million for the year. Profitability was lower than the prior year, primarily due to the absence of the panic buying seen in 2021, further compounded by rising cost of goods sold and operating expenses. Despite the challenges faced throughout 2022, however, the Group has been encouraged by underlying performance, with Grocery Retail profitability significantly above 2019 levels, supported by the Group's transformation initiatives.

There was mixed performance by Wellcome Hong Kong in 2022. Wellcome reported strong like-for-like ('LFL') sales growth in the first quarter, as the fifth wave of the pandemic and related restaurant restrictions drove strong demand from customers for core grocery and protective products. This surge in demand created significant operational challenges, which were overcome by extraordinary team effort and dedication.

Wellcome's re-modelled stores continue to perform well, with **double-digit** sales uplifts

When demand was at its peak, with LFL volume growth of up to 40%, our store operations and supply chain teams experienced staff shortage levels of 40%, due to a rise in COVID infections and the impact of quarantine requirements. This placed immense pressure on the remaining team members to continue to serve the community. There were also significant disruptions to the vendor supply chain, requiring our commercial teams to adapt quickly to ensure enough availability on shelf. During the peak of the fifth wave our supplier service levels halved, with global lead times for replenishment stock also increasing significantly. It was a testament to the tireless efforts of our team that we were able to continue to serve the community during this crucial time and restore supply levels much faster than originally anticipated.

Grocery Retail Own Brand penetration has now reached **double-digit** in volume terms, **almost double** the levels at the beginning of 2020

Wellcome Hong Kong operations and LFL sales began to normalise during the second quarter, as the economy reopened. Over the course of 2022, Wellcome's underlying operating metrics continued to strengthen and market share has also continued to increase. This has been supported by rising customer perception scores over the course of the year, driven by our Every Day Low Prices campaign and strong execution on our Own Brand ranges. Own Brand penetration has now reached double-digit percentages in volume terms, almost double the levels seen at the beginning of 2020. Re-modelled stores continue to perform well, with double-digit sales uplifts.

SEA Grocery Retail performance in the year was adversely impacted by sales normalisation from the higher base previously seen as a result of pandemic restrictions, as well as by the disruption caused by renovation work to our stores and reduced consumer spending appetite due to rapid interest rate hikes and significant inflationary pressure. Inflationary pressure has affected top-line sales revenue and also created margin pressure. The inflation rate in Singapore reached its highest level in 14 years in the period and led to pressure on both labour and utility costs.

7-Eleven Concept — Palawan Beach, Sentosa, Singapore

Convenience

With over 40 years of delivering the convenience shopping experience, DFI Retail Group operates the 7-Eleven franchise in Hong Kong, Macau, South China and Singapore and offers innovative products and services to customers.

Total Convenience sales were US$2.3 billion, an increase of 1% compared to the prior year. Convenience underlying operating profit was US$51 million for the year, broadly in line with the prior year. Encouragingly, profitability in the second half improved significantly compared to the first half, with the Group reporting US$51 million profit compared to the breakeven result in the first half.

The Convenience division experienced contrasting operating trends to our Grocery Retail businesses in their respective regions. In Singapore, our businesses saw a strong recovery as the economy reopened. Throughout the course of the year, we have seen accelerating LFL sales trends, with double-digit LFL growth over the past three quarters. Profitability in Singapore has also increased significantly as a result.

Within Hong Kong, the fifth wave led to negative LFL sales in the first quarter, which significantly impacted profitability. However, as Hong Kong has progressively removed pandemic restrictions, we have seen LFL sales improve over the remainder of the year. As a result, profitability for 7-Eleven in Hong Kong in the second half was nearly four times as much as that reported in the first half.

While each of our businesses has been impacted by the pandemic and the related movement and trading restrictions, none have been more affected than our businesses in the Chinese mainland. In the first quarter, the COVID wave across several cities led to services for around 300 stores being suspended, or to their hot ready-to-eat meals offer being heavily restricted. More recently, in November, the situation worsened, with the number of COVID cases in Guangdong hitting all-time highs. Drastic measures were imposed in the city and more than 600 of our stores experienced severe trading disruptions. Despite the inherent challenges arising from the lifting of restrictions in recent weeks, stores can now begin trade with some degree of normality once more. We are encouraged by the more recent performance following the lifting of pandemic restrictions on the Chinese mainland.

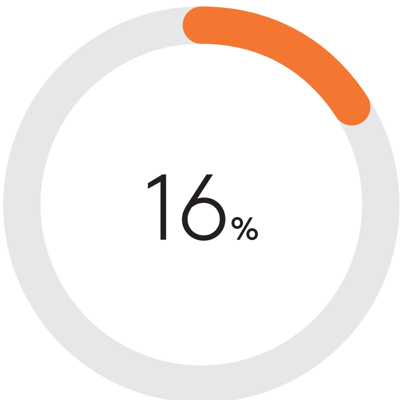
BUSINESS REVIEW

HEALTH & BEAUTY

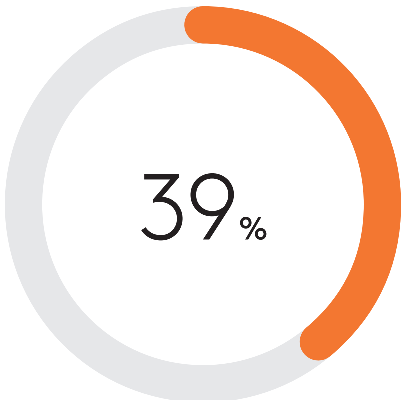
Health and Beauty division revenue increased by 12%, driven by strong double-digit LFL sales growth. Underlying profit increased by 66%.

Mannings celebrated its **50th anniversary** and remains focussed on delivering quality, service and value to our customers, paving our way to becoming the **most trusted** health and beauty retailer

Group Sales*



Group Profit†



● Health & Beauty

* Sales of goods, including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Health & Beauty

DFI Retail Group's Health and Beauty business operates across Asia through well-established and trusted brands such as Mannings and GNC in North Asia, and Guardian in Southeast Asia, serving our customers with a wide range of health, beauty, personal care and baby care products.

Total Sales of Goods‡

US$ 2.6 billion

Operating Profit

US$ 94 million

Store Network‡

2,552 stores

● Health & Beauty

‡ Including 100% of associates and joint ventures.

Health and Beauty division revenue increased by 12% to US$2.0 billion, driven by strong double-digit LFL sales growth. Underlying operating profit increased by 66% to US$94 million, driven by solid sales growth.

In Hong Kong, the Mannings business benefitted from strong demand for COVID-related items (such as medicines, vitamins, paper products, masks, hand sanitiser and cold & flu medication) in the first quarter. Like the Wellcome team, the Mannings team also exhibited extraordinary resilience in the face of COVID-related challenges. At the peak of demand, staff shortages at the Mannings distribution centre reached over 40%,

and out-of-stocks were between 25% and 40%, depending on the product category. The Mannings team continues to execute its offering well, with record high market share levels. At the same time, customer promotions are also being optimised, with a balance between full-price sales and promotion participation. On Own Brand, Mannings has also made some encouraging progress, achieving strong volume penetration.

Health and Beauty Own Brand products now accounting for **one in every four** Mannings items purchased by our customers

Mannings' Own Brand cotton range achieved the **no. 1** market share position in Hong Kong

In SEA, LFL sales for our Guardian business saw double-digit growth, with profitability also growing strongly. The performance of our Guardian business over the past two years has been severely hampered by COVID and associated restrictions. As countries within SEA have removed pandemic restrictions, however, traffic has grown and there has been an associated LFL sales improvement. Guardian Singapore reported strong double-digit LFL sales growth, driven by

strong demand for COVID-related items, as well as a recovery in the performance of tourist stores. Guardian Malaysia reported strong growth in sales and profitability as result of a recovery in both tourist and mall store sales. Guardian Indonesia reported over 30% growth in LFL sales, supported by a recovery in mall foot traffic.

LFL sales for our Guardian business saw **double-digit** growth, with profitability also growing strongly

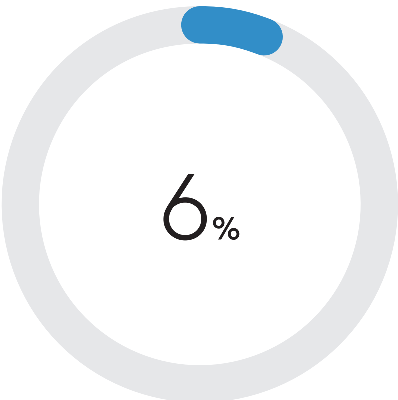
BUSINESS REVIEW

HOME FURNISHINGS

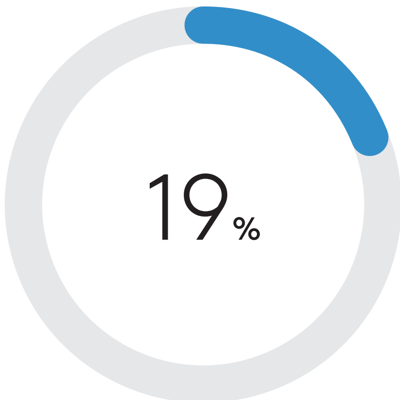
IKEA reported sales revenue was 3% ahead of the prior year. Operating profit was slightly ahead of the prior year, despite challenging external conditions and supply chain constraints impacting availability.

IKEA's business performance, particularly in the first half, was hampered by the impact of COVID and global supply chain constraints. Throughout the second half, however, we began to see some **improvements in traffic and sales**

Group Sales*



Group Profit†



● Home Furnishings

* Sales of goods, including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Home Furnishings

The world's largest furniture retailer, IKEA, is operated by DFI Retail Group in Hong Kong, Macau, Taiwan and Indonesia. Renowned for design, functionality and quality at affordable prices, IKEA offers a comprehensive range of attractive home furnishing products, underpinned by a solid commitment to sustainability.

Total Sales of Goods‡

US$ 839 million

Operating Profit

US$ 46 million

Store Network‡

23 stores

● Home Furnishings

‡ Including 100% of associates and joint ventures.

IKEA reported sales revenue of US$839 million, 3% ahead of the prior year. Overall, LFL sales for the year were impacted by COVID-related restrictions in the first half and supply chain constraints, which impacted stock availability. Operating profit was US$46 million, slightly ahead of the prior year, primarily due to strong cost control.

Strong e-commerce growth and double-digit penetration

IKEA's business performance, particularly in the first half, was hampered by the impact of COVID through reduced customer visits, operating capacity constraints and shortened trading hours. In addition, global supply chain constraints continued to impact stock availability. Throughout the second half, however, we began to see some improvements in traffic and sales, especially in Indonesia.

In Indonesia, total trading area increasing by **over 150%** against 2019 levels

In Indonesia, the Group has invested significant capital over the past two to three years to grow its IKEA footprint, with total trading area increasing by over 150% against 2019 levels. While recent trading performance has been impacted by COVID as well as global supply chain constraints, the Group remains optimistic that performance will improve as external conditions normalise and IKEA is well-positioned to be a significant player in the Indonesian market over time.

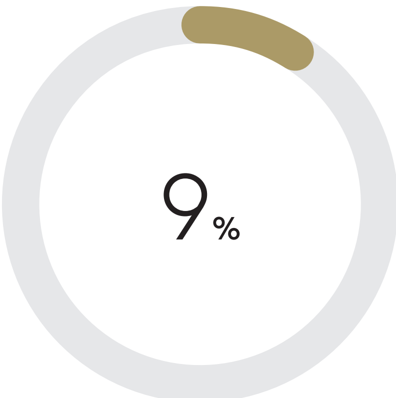
BUSINESS REVIEW

RESTAURANTS

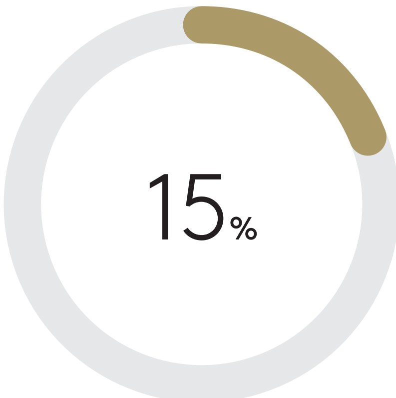
Maxim's has become more resilient after mooncake sales season and easing of dining restriction in 2nd half.

Maxim's remains committed to pursuing its **multi-brand strategy**

Group Sales*



Group Profit†



● Restaurants

* Sales of goods, including share of associates and joint ventures.

† Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, excluding selling, general and administrative expenses and non-trading items.

Sales‡

US$ 2.5 billion

Share of Results

US$ 52 million

Store Network‡

1,908 stores

● Restaurants

‡ Including 100% of associates and joint ventures.

Restaurants

Founded in 1956, Maxim's is a household name in Hong Kong, famous for its mooncakes and successful restaurants, bakeries, cafes and catering. The Maxim's network has expanded across Asia Pacific, with over 1,900 outlets in Hong Kong, Macau, Chinese mainland, Vietnam, Cambodia, Laos, Thailand, Singapore and Malaysia.

Maxim's reported **strong** sales performance in SEA due to restriction-free social distancing measures and border reopening to international travellers

The performance of Maxim's for the full year was severely hampered by a very challenging first quarter as result of the fifth wave in Hong Kong, which led to a large number of restrictions on movement and dining. LFL sales were significantly impacted and the Group's share of underlying Maxim's losses was US$26 million in the first half. Maxim's performance improved as the year progressed, due to a solid mooncake sales performance and the easing of dining restrictions. The Group's overall share of Maxim's underlying profits was US$38 million for the full year, representing a significant turnaround from the US$26 million loss reported in the first half.

BUSINESS REVIEW

OTHER ASSOCIATES

The Group's investment in Yonghui and Robinsons Retail continued to demonstrate our diversified business portfolio strategy. Underlying results from our associates improved relative to last year.

The Group's share of underlying Yonghui losses was US$80 million for the year, compared to a US$90 million underlying share of losses in the prior year. Yonghui's LFL sales improved in the first half of the calendar year, which translated into improved profitability. Performance in the second half, however, was impacted by pandemic restrictions which severely disrupted store trading hours, as well as the slowdown in the overall macroeconomic environment. Yonghui's profitability was also impacted by investments in its digital transformation and by margin dilution from a greater level of e-commerce sales.

Robinsons Retail reported strong growth in 2022, as it benefitted from the reopening of the Philippines economy, which has supported rising customer traffic and increased tourism. Improved product mix and strong cost control led to an increase in operating margin expansion. Despite inflationary pressures, the retail climate in the Philippines remains healthy, and the reopening of the country has translated into higher volumes. Robinsons Retail's underlying profit contribution to the Group was US$24 million in 2022, an over 60% increase relative to the US$14 million contribution in 2021.