Group Chief Executive's Review

Despite the challenging macroeconomic backdrop, we demonstrated resilience in our business performance, reporting underlying profit attributable to shareholders of US$201 million in 2024, up 30% year-on-year.

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Introduction

As I reflect on my first full year as DFI's Group Chief Executive, I am incredibly proud of the significant progress we have made executing in alignment to our strategic framework: **Customer First**, **People Led**, **Shareholder Driven**.

Despite the challenging macroeconomic backdrop, we demonstrated resilience in our business performance, reporting underlying profit attributable to shareholders of US$201 million in 2024, up 30% year-on-year. During the year, we announced the divestment of our minority stake in Yonghui, a transaction that aligns with our strategic and capital allocation framework and enables us to reinvest in the future growth of our subsidiary businesses. While our reported results were impacted by one-off items, including fair value loss, impairment of equity interest and goodwill, we have continued to significantly deleveraged our balance sheet with a net cash position following the completion of the Yonghui transaction in February 2025.

As we head into the new financial year, we remain laser focused on executing our strategic priorities to drive revenue growth and enhance profitability. Our 2025 financial guidance of US$230 million to US$270 million underlying profit attributable to shareholders, reflects our confidence in further building on our momentum and delivering greater value for our stakeholders.

Strategic framework – key progress

We developed our strategic framework of Customer First, People Led, Shareholder Driven in the second half of 2023 to guide the Group's capital allocation priorities and growth plans over the coming years. I am both pleased and proud of the progress made by the team over the past 12 months in executing on this framework.

Customer First

I continue to see value unlock across our uniquely diverse businesses across Asia. We are proud to serve millions of customers in various formats and banners with nearly 11,000 outlets across 13 markets in Asia. What stands out is our ongoing commitment to putting our customers first and serving with passion and care. Our purpose has always been part of who we are. During the year, we launched our DFI purpose to articulate it in a way that unites our organisation, which is to **Sustainably Serve Asia for Generations with Everyday Moments**. This statement underscores our commitment to meeting the everyday needs of our customers across Asia, while emphasising their interests in sustainable solutions.

Aligned with our purpose, we have made significant progress in a number of areas to better serve our customers over the past year.

yuu Rewards

Our *yuu* Rewards coalition loyalty programme continues to strengthen. In our home market of Hong Kong, total members have reached 5.3 million with over 3 million monthly active members. The active use of purchases across all our formats, restaurants and partners creates a substantial volume of unique data insights. In 2024, the *yuu* Rewards programme in Hong Kong added a number of additional partners including Starbucks and FWD Insurance. Our members have engaged across a variety of redemption offers that incorporate new travel, entertainment and dining options, driving enhanced customer engagement.

In Singapore, the *yuu* Rewards programme has grown to over 1.8 million members. A number of new partners joined the programme during the year including Suntec City and Singapore Airlines.

Improving assortment

We are now leveraging our broad *yuu* Rewards customer data to improve assortment in our stores. At Wellcome, we have leveraged our proprietary data and cutting-edge data analytics capabilities to execute a reset of 14 categories in stores. The improved assortment has seen very encouraging initial results with uplifts in both sales and gross profits. We are now also leveraging the learnings from Wellcome to support assortment optimisation for our Health and Beauty and Convenience businesses across Hong Kong and Singapore.

Improving supplier collaboration

We are beginning to better leverage our data to support enhanced supplier collaboration. By creating a more transparent and collaborative approach to negotiations with suppliers, we are working together to drive market growth and a better outcome for customers.

Own Brand

We have reset our Own Brand strategy to better align with customer needs while delivering stronger margins for our business. By optimising our product range, redesigning packaging for greater customer appeal and maximising cross-selling opportunities across our formats, we have made meaningful improvements in margin and sales productivity, which includes a more than 300bps increase in our Food Own Brand margin and close to a 40% increase in sales productivity compared to 2023. Following the success of our reset of the Own Brand portfolio across our Food business, we have integrated the Health and Beauty Own Brand assortment into this centre of excellence to replicate the same success in Health and Beauty as we reset its private label strategy.

Digital

Following our digital strategy reset in September 2023, customers are now able to access our retail portfolio through a wider range of digital assets including apps, websites and third-party platforms. Our expanded omnichannel presence includes Wellcome's quick-commerce partnership with foodpanda, a new 7-Eleven app with approximately 137,000 monthly active users and 30,000 daily active users in Hong Kong as of December 2024. Including a new Mannings Hong Kong app and Guardian Singapore app, we have launched more than 20 new channels in 2024 across apps, websites and third-party platforms. Our strengthened digital proposition was underpinned by a 31% growth in e-commerce order volume with strong profitability turnaround.

Retail Media

DFI launched our own Retail Media network in the first quarter of 2024. Initial performance has been encouraging, with more than 100 targeted marketing campaigns sold in less than a year since the launch, supported by strong sales acceleration in the second half. We have partnered with leading suppliers such as Procter & Gamble, Unilever, Coca-Cola, Nestlé and Reckitt. Importantly, the integrated online and offline advertising proposition for Retail Media has supported the improved Return on Ad Spend for our supplier partners. We are in the early days of a potentially significant source of profit to invest in the business.

People Led

In alignment with our strategic framework, we refined our organisation structure in the second half of 2023 by moving accountability to a format structure, thereby improving agility while reducing overhead costs. Throughout 2024, we have been focused on deeply embedding our values, underpinned by our purpose statement across the Group. We have reduced spans and layers within the organisation to streamline operations and expedite decision making. Diversity representation across formats has been significantly improved to ensure local relevancy of decision-making to customers. We have strengthened our leadership succession planning and development with a meaningfully improved team member engagement score, supported by a new incentive structure for senior management that aligns with shareholder interests, based on total shareholder return and business performance targets.

Shareholder Driven

Our strategic framework has been developed with the primary aim of improving shareholder returns. We have approached capital allocation in a disciplined manner, both from a capex and working capital management perspective. Over the course of the year, we executed the divestment of a number of company-owned properties, which has supported a US$150 million reduction in net debt at the end of 2024.

Concurrently, the Group continues to execute M&A transactions in a manner that is accretive to return on capital and total shareholder return based on a strategic review of our businesses in 2024. In June 2024, the Group completed the divestment of the Hero Supermarket business in Indonesia. Post-completion, DFI's operations in Indonesia has fully pivoted to the Guardian and IKEA businesses. In September 2024, the Group announced the divestment of its entire stake in Yonghui Superstores Co., Ltd. This transaction was subsequently completed in February 2025. The Group is in a net cash position following the completion of the Yonghui transaction.

2024 performance

The Group reported total revenue from subsidiaries in 2024 of US$8.9 billion, down 3% year-on-year. However, excluding the impact of a significant tobacco tax increase in Hong Kong, the divestment of our Malaysia Food business in 2023 and Hero Supermarket operation in Indonesia, operating revenue was largely stable. This broadly represents market share gains in all formats except IKEA.

Total revenue for the Group, including 100% of associates and joint ventures, was US$24.9 billion, down 6% compared to 2023, largely due to lower sales at Yonghui. Total underlying profit attributable to shareholders was US$201 million for the year, up 30% year-on-year.

The Group reported subsidiaries underlying profit attributable to shareholders of US$158 million for the full year, 42% higher than the prior year. This was driven by significant earnings recovery in Singapore Food and favourable product mix shift towards non-cigarette categories in our Convenience business, partially offset by lower contribution from Home Furnishings as a result of weak property market activity and intensifying competition.

The Group's share of underlying profit from associates was US$43 million, down 2% year-on-year. Lower contribution from Maxim's due to weaker mooncake sales and restaurant performance in the Chinese mainland was partially offset by reduced losses from Yonghui and a 15% profit growth at Robinsons Retail.

The Group's reported results for the year were impacted by non-trading losses attributable to shareholders of US$445 million. This was predominantly due to loss of US$114 million associated with the divestment of Yonghui, a US$231 million impairment of interest in Robinsons Retail and US$133 million goodwill impairment of Macau and Cambodia Food businesses. These losses were partially offset by gains from divestment of Singapore property assets and the Group's share of one-off gains from the Bank of the Philippine Islands (BPI)-Robinsons Bank merger. Despite the large non-trading losses reported, the Group is now in net cash position following the completion of the Yonghui transaction in February 2025.

The Group reported operating cash flow after lease payments of US$331 million, 21% lower than the prior year, mainly due to unfavourable movement in working capital year-end timing difference, partially offset by underlying operating profit growth. Operating cash flow after lease payments and normal capital expenditure was US$158 million, down 29% year-on-year.

Environmental, social, governance (ESG)

As a leading Asian retailer, we recognise our unique opportunity to promote and drive sustainable business practices in response to the preference of our customers. By positioning our ESG commitment as a core pillar of our Group Strategy, we have made meaningful progress in various initiatives including emissions reduction and waste diversion. Our efforts are reflected in a significant improvement in the S&P Global Corporate Sustainability Assessment, with our score improving to 49 as at 8 January 2025, placing DFI in the 84th percentile within the Food and Staples Retailing industry, up from the 47th percentile in 2023.

Our strong commitment to ESG is underscored by our target to halve Scope 1 & 2 greenhouse gas (GHG) emissions by 2030 and achieve net-zero by 2050. Throughout 2024, we have made significant investments in upgrading and converting our existing refrigeration systems to more environmentally friendly options. We successfully completed trials of natural gas and ultra-low global warming potential gases as refrigerant alternatives for our food stores. Following a comprehensive analysis of our Scope 3 emissions, we have identified key product categories and realistic decarbonisation opportunities within our supply chain. For example, our Low Carbon Rice Project, launching in Thailand this year, aims to drive decarbonisation by promoting low-carbon farming practices among local farmers, implementing field monitoring and tracking to measure carbon emission reductions. We have made notable progress in improving our waste diversion and are constantly exploring innovative ways to foster a transition towards a local circular economy. Wellcome has partnered with a Hong Kong-based recycling facility to convert trimmed fats into biodiesel for powering essential generators.

While we are still early in the journey, these initiatives collectively demonstrate our efforts and commitment to serving communities sustainable and affordable products, sustaining the planet and sourcing responsibly while meeting the return objectives of our shareholders.

Outlook

We have navigated 2024 with resilient business performance and continued market share gains for our key business units by proactively adapting to changing market conditions through a stronger value proposition, expanded omnichannel presence and disciplined cost control. While challenges remain, we are cautiously optimistic about the outlook for 2025. The Group expects underlying profit attributable to shareholders to be between US$230 million and US$270 million in 2025, supported by an organic revenue growth of approximately 2%.

The Group will continue to execute against its strategic framework. By enhancing the local relevancy of our product offerings, deepening monetisation of our digital assets, and executing value-enhancing M&A transactions, we have put in place solid foundations in 2024, and we remain confident in driving sustained, profitable growth and shareholder returns in the years ahead.

Scott Price
Group Chief Executive
10 March 2025