

Announcement

2nd March 2023

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 2022 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Substantial sequential improvement in underlying profitability in second half
- Lower full year underlying profit due to continuing impact of pandemic, inflationary pressure, increased investment in digital
- Ongoing transformation programme continues to drive improvement
- Final dividend of US¢2.00 per share

"While 2022 was another challenging year for DFI Retail Group, with the pandemic continuing to impact the financial performance of the Group's subsidiaries and associates, profitability improved substantially in the second half of the year. Continued progress in implementing the Group's ongoing transformation plan helped the business deliver improvements in underlying performance. We expect to see the Group's performance to improve in 2023, although we will continue to monitor the impact of inflationary pressures and changes in consumer sentiment. The Group's overall results will largely depend on the recovery in Hong Kong of its health and beauty and restaurants businesses, and an improved performance by its associate Yonghui on the Chinese mainland. We remain confident in the medium- to long-term growth prospects of the Group."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2022 US\$m	2021 US\$m	Change %
Combined total revenue including 100% of associates and joint ventures	27,597	27,861	-1
Revenue	9,174	9,188	-
Underlying profit attributable to shareholders*	29	105	-72
(Loss)/profit attributable to shareholders	(115)	103	n/a
	US¢	US¢	%
Underlying earnings per share*	2.14	7.73	-72
(Loss)/earnings per share	(8.51)	7.61	n/a
Dividends per share	3.00	9.50	-68
* the Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 38 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.			

The final dividend of US¢2.00 per share will be payable on 10th May 2023, subject to approval at the Annual General Meeting to be held on 4th May 2023, to shareholders on the register of members at the close of business on 17th March 2023.

DFI RETAIL GROUP HOLDINGS LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2022

OVERVIEW

2022 was another challenging year for the Group. A combination of inflationary pressures and customer behavioural shifts driven by the pandemic significantly impacted first-half financial performance, reducing profit contributions from the Grocery Retail and Convenience divisions. Results from the Group's associates were also similarly adversely affected.

There was, however, a substantial improvement in profitability in the second half of the year, with underlying profit of US\$80 million for the period, compared with an underlying loss of US\$52 million in the first half. The Group continues to adapt to changes in consumer preferences and, despite the external challenges, has increased investments in digital in the year. While these investments impacted profitability in the year, they are required to meet customers' evolving needs and to drive long-term shareholder value.

OPERATING PERFORMANCE

Total revenue for the Group, including 100% of associates and joint ventures, was US\$27.6 billion, slightly behind 2021 levels. Reported subsidiary sales were US\$9.2 billion, broadly in line with the prior year. Strong revenue growth in Health and Beauty was partially offset by lower sales within the Grocery Retail division. The fall in sales in Grocery Retail was primarily driven by the easing of movement restrictions in Southeast Asia, which led to a reduction in eating at home by customers, and by store disruptions in Singapore due to essential renovations to improve our Cold Storage offering.

The Group reported an underlying profit after tax of US\$29 million for the full year, inclusive of US\$35 million losses attributable to associates. The Group reported encouraging performance in the second half, with underlying profit after tax of US\$80 million, representing a US\$132 million increase in profitability relative to the first half. The Group's reported loss of US\$115 million reflected an impairment loss of US\$171 million in respect of the Group's investment in Robinsons Retail.

The profitability of the Health and Beauty division increased significantly, due to strong growth in revenue in Hong Kong and Southeast Asia. Profitability for the Grocery Retail division, however, was adversely impacted by lower like-for-like sales, reflecting spikes in demand in the prior year, as well as inflationary pressures, which affected cost of goods sold as well as operating costs. Grocery Retail profit was, however, higher than 2019 levels.

The full year profitability of both Convenience and IKEA was broadly in line with the prior year. Convenience, however, saw profits increase significantly in the second half relative to breakeven levels in the first half. This was due to gradual normalisation of customer traffic following the easing of movement restrictions across our key markets, particularly Hong Kong.

Operating cash flow for the period, after lease payments, was a net inflow of US\$279 million, compared with US\$270 million in 2021. As at 31st December 2022, the Group's net debt was US\$866 million, compared with US\$844 million at 31st December 2021. The Group continues to balance the priority of maintaining a strong balance sheet position with the need to support ongoing investments in business and digital transformation.

The Board recommends a final dividend for 2022 of US\$2.00 per share (2021 final dividend: US\$6.50).

BUSINESS DEVELOPMENTS

Driving digital innovation remains a key strategic priority for the Group. During the year, the Group invested significant resources both in building capability and in progressing operational initiatives to enhance our e-commerce and digital offering, in order to drive enhanced customer loyalty and more meaningful customer relationships. In May 2022, we launched *yuu-to-me*, offering customers an integrated one-stop online shopping experience. Following the success of the rollout of the *yuu* Rewards loyalty programme in Hong Kong, the Group launched *yuu* Rewards in Singapore in October 2022. The programme in Singapore benefits from partnerships with a number of leading local brands. The Group expects to continue investing in digital initiatives across its markets to drive long-term value for shareholders.

Key programmes continued to be introduced throughout the year to support the Group's Corporate Social Responsibility priorities of serving communities, sustaining the planet and sourcing responsibly. The Group is committed to a near-term target of halving our Scope 1 and 2 carbon emissions by 2030 and to achieving net-zero by 2050. DFI is making good progress in reducing carbon emissions, reducing Scope 1 and 2 emissions by 10% between 2021 and 2022. The Group is also working on a plan to reduce Scope 3 emissions.

In February 2023, the Group announced that it had entered into an agreement to sell its Malaysian Grocery Retail businesses to a leading local retail group, led by successful local entrepreneur, Datuk Andrew Lim. The Group remains fully committed to its other retail businesses in Malaysia and will continue to accelerate growth in the Health and Beauty segment through Guardian stores.

PEOPLE

We would like to express our deep gratitude for the continuing dedication and hard work of our team members in putting our customers first, despite the ongoing difficulties associated with the pandemic across our markets.

PROSPECTS

The Group has been encouraged by the significant improvement in performance in the second half of 2022. We expect to see the Group's performance improve in 2023, although we will continue to monitor the impact of inflationary pressures and changes in consumer sentiment. The Group's overall results will largely depend on the recovery in Hong Kong of its Health and Beauty and Restaurants businesses, and an improved performance by its associate Yonghui on the Chinese mainland. We remain confident in the medium- to long-term growth prospects of the Group.

Ben Keswick
Chairman

GROUP CHIEF EXECUTIVE'S REVIEW

INTRODUCTION

2022 was another extremely challenging year for the Group, from the perspective both of operational disruption and macroeconomic headwinds. The Group's businesses in our home market of Hong Kong were badly impacted by the fifth COVID wave and related lockdown restrictions, which hit the city during the first quarter of the year. We saw significant shifts in customer behaviour, creating strain on both the supply chain and store operations. Life in Hong Kong has, however, returned to some form of normality as the year has progressed and pandemic restrictions have lifted.

The Group continued to see underlying losses from its investment in Yonghui, although they were reduced from the previous year. Yonghui's sales and profits improved in the first half of the year, but its performance in the second half was impacted by pandemic restrictions, the slowdown in the overall macroeconomic environment and its investments in digital. Pandemic-related restrictions also adversely affected our 7-Eleven and Mannings businesses on the Chinese mainland.

In Southeast Asia ('SEA'), we faced a different set of challenges. The economies in our SEA markets began reopening at the beginning of the year, supporting sales recovery for some retail formats. Pent-up demand for travel and other services, however, reduced demand for eating at home and, thus, impacted performance in Grocery Retail.

The Group faced unprecedented cost inflation in the period, impacting the cost of goods, our operating costs and consumer sentiment, particularly in our SEA Grocery Retail business. The pandemic has also accelerated customer preferences for shopping online. We are therefore balancing the need to invest in digital capacity and capability and concurrently ensuring that we remain competitive by being disciplined in spending.

Our teams across the Group have continued to focus on delivering against the Group's transformation objectives, working hard to manage our various businesses day-to-day, in highly volatile and unpredictable trading circumstances. I am grateful to all our colleagues for the commitment they have shown, as well as their many achievements during the year.

2022 PERFORMANCE

The Group reported total sales revenue from its subsidiaries of US\$9.2 billion, broadly in line with the prior year. Total revenue for the Group, including 100% of associates and joint ventures, was US\$27.6 billion, slightly behind 2021 levels.

The Group reported a subsidiaries underlying profit of US\$64 million for the full year. Inclusive of US\$35 million underlying losses attributable to associates, the Group reported underlying profit of US\$29 million for the full year. There was an encouraging improvement in second-half underlying profit to US\$80 million, over 10% higher than the same period last year, and representing a US\$132 million increase in profitability from the US\$52 million underlying loss incurred in the first half.

Our Health and Beauty business saw double-digit sales growth and over 60% profit growth for the full year, as Mannings in Hong Kong continued to gain market share and Guardian in SEA benefitted from markets reopening. The performance of the business was, however, still considerably behind that of 2019. The profitability of our Convenience and IKEA businesses was broadly in line with the prior year, despite significant COVID-related disruption, particularly in the first half in Hong Kong, as well as availability challenges as a result of extensive supply chain disruption. IKEA's sales and profits were also ahead of its performance in 2019. Grocery Retail, which benefitted from restaurant dining restrictions last year, saw lower profits in 2022. Profitability was also impacted by inflationary pressures, which affected cost of goods sold as well as operating costs. Although Grocery Retail profits reduced year on year, the transformation programme that began five years ago has laid strong foundations for the Group's businesses, supporting significantly enhanced levels of profit for the Grocery Retail division in 2022 compared to those of 2019.

The Group's share of underlying losses from associates was US\$35 million, as key associates continued to be impacted by COVID-related disruption in the year. Maxim's saw its profits impacted by social distancing restrictions in Hong Kong and China in the first quarter, which led to a loss in the first half. Maxim's profitability recovered strongly in the second half, however, demonstrating the underlying resilience of the business and its diversified pan-Asian portfolio. The Group's share of underlying Yonghui's losses was US\$80 million, as its performance was impacted by pandemic restrictions, as well as its ongoing investment in digital transformation. Robinsons Retail reported strong revenue and profit growth, as it benefitted from the reopening of the Philippines economy.

BUSINESS INITIATIVES AND DEVELOPMENTS

Own Brand

The Group's Own Brand business is performing increasingly strongly, with significant effort invested in driving profitable growth in this area. New contemporary designs for the Meadows brand have highlighted the brand's quality and ensured on-shelf credibility and impact. Every new product over the last three years across Grocery, General Merchandise and Health and Beauty has included a completely new pack design: almost 10,000 in all, covering the launch of around 3,500 SKUs. With over 2,300 new and relaunched Grocery Own Brand items on the shelf, volume penetration has increased by more than 50% compared to three years ago and is now in the double-digit range.

Health and Beauty has followed the success of the Own Brand relaunches in Food by introducing new ranges of both Mannings and Guardian products at pace in 2022. There are now over 1,300 new or revised items in stores with new design and market positioning, and over 900 more items are planned for 2023. The new ranges have been very well received, with Own

Brand now accounting for one in every four Mannings items purchased by our customers and our Own Brand cotton range achieving the number one market share position not just in Mannings but throughout Hong Kong.

Digital

Driving digital innovation remains a key strategic priority for the Group. Since its launch in July 2020, the performance of the *yuu* Rewards coalition loyalty programme has exceeded expectations, with over four million members having signed up. The *yuu*-niverse has continued to expand over the past two years, with the addition of restaurant, insurance and fuel partners. In January 2023, *yuu* Rewards expanded its scope further, with travel partner Agoda joining the programme. We remain excited about the future prospects of *yuu* Rewards and look forward to expanding the *yuu*-niverse further as we unlock additional partnership opportunities.

In May 2022, *yuu-to-me* e-commerce functionality was launched on the *yuu* app, offering customers an integrated one-stop online shopping experience and home delivery across leading Hong Kong brands to customers. Initial performance has been encouraging, with strong growth in order values and per-user spending. The team has also worked hard to drive significant improvements in operational excellence and the online customer shopping experience, with over 96% of orders now delivered "on time" and 87% "in full", and product fulfilment of all orders reaching almost 99%.

The Group has also invested in capability to support our digital ambitions. We have recruited a number of high calibre individuals who bring extensive relevant global digital retail experience, in areas including online warehousing, online platforms, social media platforms and traditional offline retail digital transformation.

The Group has built on the success of the *yuu* Rewards loyalty programme in Hong Kong by launching *yuu* Rewards in Singapore in October 2022. We have entered partnerships with minden.ai, a tech venture founded by Temasek, BreadTalk Group, DBS Bank, PAssion Card, Mandai Wildlife Group and Singtel. The coalition loyalty programme unites some of Singapore's most popular brands, offering customers an effortless way to earn rewards on everyday purchases across over 1,000 outlets. Initial performance has been very encouraging, with over one million members joining since launch.

Business portfolio optimisation

On 23rd February 2023, the Group announced that it had entered into an agreement to transition its Malaysian Grocery Retail businesses to a leading local retail group led by successful local entrepreneur, Datuk Andrew Lim. Completion of the transaction is expected to take place in early March 2023, and will provide further growth opportunities to our team members and enable greater competitiveness, service and value for customers in Malaysia. The Group remains fully committed to its other retail businesses in Malaysia and will enhance its strategic focus on the fast-growth health and beauty segment through Guardian stores.

CORPORATE SOCIAL RESPONSIBILITY

Over the course of 2022, we have continued to make strong progress in supporting our Corporate Social Responsibility (CSR) mission to *provide environmental and social benefits to the communities we serve*. A number of programmes have been introduced to support our key CSR focus areas: serving communities, sustaining the planet and sourcing responsibly. 2022 was also the first year the Group began to disclose a comprehensive set of quantitative ESG metrics with reference to the Global Reporting Initiative standard and the United Nations Sustainable Development Goals.

Serving communities

The Group's businesses are important cornerstones of the communities we serve and our first CSR focus area of serving communities reflects our mission to improve people's lives – especially those in underprivileged communities. Over the course of the past 18 months, a number of new programmes have been introduced to make a tangible and lasting impact on the communities we serve.

In November 2021, Wellcome teamed up with long-term partner Foodlink to launch *Sik Jor Fan Mei*, a Rice Donation Charity Programme. Under the programme, Wellcome pledges to donate HK\$50 for every kilogram of *Yu Pin King* brand rice sold at its stores to help those in need. The aim of the programme was originally to raise HK\$5 million within 365 days. We have achieved our targets significantly earlier – only five months after the launch.

Following the success of the *Sik Jor Fan Mei* programme in Hong Kong, we have launched similar charity programmes in Singapore and Malaysia. Working with The Food Bank Singapore, a non-profit organisation that provides free meals and dry rations to families in need, we launched the *Have You Eaten?* programme, under which DFI donates S\$10 for every kilogram of Meadows Own Brand rice sold, with a goal of donating a million meals to help those in hardship over the next two years. In Malaysia, the *Sudah Makan?* Initiative was launched in the same month, in collaboration with The Lost Food Project.

In the second half of the year, Guardian launched its community service programme *Guardiancares* across SEA, aimed at raising the self-esteem of children from low-income families. Under this initiative, donations to buy bath care products for those in need will be made for every one litre of Guardian bath care product sold. The aim is to provide enough products for 20 million baths for underprivileged children across SEA.

Sustaining the planet

The Group has set ambitious climate targets, aligned with the Paris Agreement, to prevent the harm caused by climate change to ecosystems and societies. The Group is committed to a near-term target of halving our Scope 1 and 2 emissions by 2030 and to achieving net zero by 2050. DFI has already made good progress in reducing its emissions, reducing Scope 1 and 2 emissions by 10% between 2021 and 2022. The Group is working on a plan to reduce Scope 3 carbon emissions. A range of energy saving and efficiency enhancement initiatives have been implemented in 2022, which are expected to reduce consumption in 2023.

The Group is supporting the transition towards a circular economy by reducing and managing waste. Food waste and loss are significant drivers of global food insecurity and climate change. Since 2018 the Group has adopted a holistic strategy for reducing food waste, through its *Fresher for Customers* programme. The programme focusses on improving supply chain, warehouse, logistics and operational management to deliver fresher produce to customers and reduce the ratio of food loss significantly. Overall, food waste has been reduced by nearly 40% since 2017. In addition to food waste reduction, the Group aims to increase the proportion of diverted waste to 80% by 2030.

The Group is changing the way we develop and source products and packaging to reduce plastic consumption. We are working to switch our Own Brand products to more environmentally friendly materials or reusable packaging, reducing unnecessary plastic packaging and increasing the use of recycled content. The Group is exploring ways of transitioning away from single use plastic bags and also encouraging increased recycling from customers.

Sourcing responsibly

The Group's responsible sourcing initiatives focus on safeguarding animal welfare, respecting human welfare and protecting biodiversity. The Group is working hard with our suppliers to offer customers products sourced in an ethical, transparent and responsible way. We are committed to no animal testing in all our Own Brand products, except where it is legally required. On limiting the scale of deforestation, we have obtained international certifications to protect forest ecosystems, including certified paper from sustainable forestry sources and Rainforest Alliance certified coffee for our Convenience business in Hong Kong.

To protect marine life, 34% of our Own Brand seafood products have obtained certifications such as Marine Stewardship Council (MSC), where 100% of canned tuna are certified.

BUSINESS REVIEW

FOOD

FOOD - GROCERY RETAIL

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. 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.

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

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.

FOOD - CONVENIENCE

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.

HEALTH AND BEAUTY

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.

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.

HOME FURNISHINGS

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.

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, 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.

RESTAURANTS

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.

OTHER ASSOCIATES

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.

THE YEAR AHEAD

The lifting of pandemic restrictions on the Chinese mainland is having a positive impact on the Hong Kong and Chinese mainland economies and the Group is cautiously optimistic that the Group will see improved overall performance in 2023. There remain additional market challenges, however, including rising interest rates, inflationary and wage pressures and uncertainty as to the impact these factors will have on consumer sentiment. Overall, the return to pre-pandemic normality in our markets, combined with the effective execution of our business strategy, give us confidence in the medium- to long-term trading prospects of the Group.

Ian McLeod

Group Chief Executive

DFI Retail Group Holdings Limited Consolidated Profit and Loss Account for the year ended 31st December 2022

	Underlying business performance US\$m	2022 Non- trading items US\$m	Total US\$m	Underlying business performance US\$m restated*	2021 Non- trading items US\$m restated*	Total US\$m restated*
Revenue (note 2)	9,174.2	-	9,174.2	9,188.2	-	9,188.2
Net operating costs (note 3)	(8,065.0)	35.1	(8,029.9)	(8,874.4)	(3.0)	(8,877.4)

<i>(note 5)</i>	<u>(8,703.0)</u>	<u>33.1</u>	<u>(8,747.7)</u>	<u>(8,817.7)</u>	<u>(3.0)</u>	<u>(8,811.7)</u>
Operating profit <i>(note 4)</i>	209.2	35.1	244.3	313.8	(3.0)	310.8
Financing charges	(126.4)	-	(126.4)	(119.5)	-	(119.5)
Financing income	4.8	-	4.8	0.7	-	0.7
Net financing charges <i>(note 5)</i>	(121.6)	-	(121.6)	(118.8)	-	(118.8)
Share of results of associates and joint ventures <i>(note 6)</i>	(34.9)	(177.1)	(212.0)	(40.4)	(1.4)	(41.8)
(Loss)/profit before tax	52.7	(142.0)	(89.3)	154.6	(4.4)	150.2
Tax <i>(note 7)</i>	(31.4)	0.1	(31.3)	(60.0)	1.1	(58.9)
(Loss)/profit after tax	21.3	(141.9)	(120.6)	94.6	(3.3)	91.3
Attributable to:						
Shareholders of the Company	28.8	(143.4)	(114.6)	104.6	(1.7)	102.9
Non-controlling interests	(7.5)	1.5	(6.0)	(10.0)	(1.6)	(11.6)
	21.3	(141.9)	(120.6)	94.6	(3.3)	91.3
	US¢		US¢	US¢		US¢
(Loss)/earnings per share <i>(note 8)</i>						
- basic	2.14		(8.51)	7.73		7.61
- diluted	2.14		(8.48)	7.73		7.61

* For details of the restatement, refer to note 1.

DFI Retail Group Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2022

	2022 US\$m	2021 US\$m
(Loss)/profit for the year	(120.6)	91.3
Other comprehensive (expense)/income		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	1.3	22.1
Net revaluation surplus before transfer to investment properties		
- right-of-use assets	38.2	-
Tax relating to items that will not be reclassified	(0.2)	(3.5)

	39.3	18.6
Share of other comprehensive income of associates and joint ventures	<u>1.8</u>	<u>1.0</u>
	<u>41.1</u>	<u>19.6</u>
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net loss arising during the year	(163.0)	(19.8)
- transfer to profit and loss	4.2	-
	(158.8)	(19.8)
Cash flow hedges		
- net gain arising during the year	35.4	10.1
- transfer to profit and loss	(4.4)	11.6
	31.0	21.7
Tax relating to items that may be reclassified	(1.4)	(3.3)
Share of other comprehensive expense of associates and joint ventures	<u>(1.9)</u>	<u>(1.1)</u>
	<u>(131.1)</u>	<u>(2.5)</u>
Other comprehensive (expense)/income for the year, net of tax	<u>(90.0)</u>	<u>17.1</u>
Total comprehensive income for the year	<u>(210.6)</u>	<u>108.4</u>
Attributable to:		
Shareholders of the Company	(205.1)	120.1
Non-controlling interests	<u>(5.5)</u>	<u>(11.7)</u>
	<u>(210.6)</u>	<u>108.4</u>

DFI Retail Group Holdings Limited
Consolidated Balance Sheet
at 31st December 2022

	2022 US\$m	2021 US\$m
Net operating assets		
Intangible assets	411.9	411.9
Tangible assets	802.9	803.3
Right-of-use assets	2,670.1	2,747.6
Investment properties	39.8	-
Associates and joint ventures	1,781.4	2,164.3
Other investments	21.7	11.5
Non-current debtors	124.3	113.2

Deferred tax assets	27.3	14.7
Pension assets	<u>6.7</u>	<u>13.3</u>
Non-current assets	5,886.1	6,279.8
Stocks	871.4	781.9
Current debtors	252.9	232.0
Current tax assets	19.5	15.6
Cash and bank balances	<u>230.7</u>	<u>210.4</u>
	1,374.5	1,239.9
Non-current assets held for sale (note 10)	<u>65.7</u>	<u>85.1</u>
Current assets	<u>1,440.2</u>	<u>1,325.0</u>
Current creditors	(2,169.7)	(2,081.3)
Current borrowings	(837.5)	(743.5)
Current lease liabilities	(586.3)	(640.3)
Current tax liabilities	(39.9)	(26.6)
Current provisions	<u>(40.2)</u>	<u>(49.2)</u>
Current liabilities	<u>(3,673.6)</u>	<u>(3,540.9)</u>
Net current liabilities	(2,233.4)	(2,215.9)
Long-term borrowings	(258.7)	(310.8)
Non-current lease liabilities	(2,289.4)	(2,320.0)
Deferred tax liabilities	(40.0)	(44.0)
Pension liabilities	(5.8)	(7.5)
Non-current creditors	(8.7)	(11.4)
Non-current provisions	(108.7)	(103.0)
Non-current liabilities	<u>(2,711.3)</u>	<u>(2,796.7)</u>
	<u>941.4</u>	<u>1,267.2</u>
<hr/>		
Total equity		
Share capital	75.2	75.2
Share premium and capital reserves	67.6	60.2
Revenue and other reserves	<u>804.3</u>	<u>1,131.8</u>
Shareholders' funds	947.1	1,267.2
Non-controlling interests	<u>(5.7)</u>	<u>-</u>
	<u>941.4</u>	<u>1,267.2</u>

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue and other reserves US\$m
2022				
At 1st January	75.2	35.6	24.6	1,131.8
Total comprehensive income	-	-	-	(205.1)
Dividends paid by the Company (<i>note 11</i>)	-	-	-	(100.9)
Dividends paid to non-controlling interests	-	-	-	-
Unclaimed dividends forfeited	-	-	-	0.1
Share-based long-term incentive plans	-	-	7.4	-
Shares purchased for a share-based long-term incentive plan	-	-	-	(20.0)
Change in interests in associates and joint ventures	-	-	-	(1.6)
Transfer	-	2.0	(2.0)	-
At 31st December	75.2	37.6	30.0	804.3
2021				
At 1st January	75.1	34.1	25.5	1,187.6
Total comprehensive income	-	-	-	120.1
Dividends paid by the Company (<i>note 11</i>)	-	-	-	(196.2)
Dividends paid to non-controlling interests	-	-	-	-
Exercise of options	0.1	(0.1)	-	-
Share-based long-term incentive plans	-	-	0.7	-
Change in interests in associates and joint ventures	-	-	-	20.3
Transfer	-	1.6	(1.6)	-
At 31st December	75.2	35.6	24.6	1,131.8

Revenue and other reserves at 31st December 2022 comprised revenue reserves of US\$1,127.2 million (2021: US\$1,363.1 million) (2021: US\$9.0 million), revaluation reserves of US\$38.2 million (2021: nil) and exchange reserves of US\$399.7 million

DFI Retail Group Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2022

	2022 US\$m	2021 US\$m
Operating activities		
Operating profit (<i>note 4</i>)	244.3	310.8
Depreciation and amortisation	861.0	885.7
Other non-cash items	(40.4)	(63.7)
Increase in working capital	(6.7)	(10.4)
Interest received	2.6	0.8
Interest and other financing charges paid	(123.3)	(117.2)
Tax paid	(42.5)	(110.1)
	895.0	895.9
Dividends from associates and joint ventures	44.8	46.4

Cash flows from operating activities	939.8	942.3
Investing activities		
Purchase of subsidiaries (<i>note 12(a)</i>)	(8.8)	-
Purchase of associates and joint ventures (<i>note 12(b)</i>)	(8.3)	(1.6)
Purchase of other investments (<i>note 12(c)</i>)	(10.0)	(5.0)
Purchase of intangible assets	(19.8)	(26.9)
Purchase of tangible assets	(223.9)	(185.1)
Advances to associates and joint ventures (<i>note 12(d)</i>)	(1.2)	-
Sale of associates and joint ventures (<i>note 12(e)</i>)	6.9	-
Sale of properties (<i>note 12(f)</i>)	63.6	86.3
Sale of other tangible assets	0.5	7.6
Cash flows from investing activities	(201.0)	(124.7)
Financing activities		
Purchase of shares for a share-based long-term incentive plan (<i>note 12(g)</i>)	(20.0)	-
Drawdown of borrowings	1,429.4	1,248.3
Repayment of borrowings	(1,468.7)	(1,308.2)
Net increase in other short-term borrowings	92.7	88.7
Principal elements of lease payments	(660.6)	(672.0)
Dividends paid by the Company (<i>note 11</i>)	(100.9)	(196.2)
Dividends paid to non-controlling interests	(0.2)	(1.9)
Cash flows from financing activities	(728.3)	(841.3)
Net increase/(decrease) in cash and cash equivalents	10.5	(23.7)
Cash and cash equivalents at 1st January	210.0	234.2
Effect of exchange rate changes	(6.8)	(0.5)
Cash and cash equivalents at 31st December (<i>note 12(h)</i>)	213.7	210.0

DFI Retail Group Holdings Limited

Notes

1. Accounting Policies and Basis of Preparation

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2022 which have been prepared in conformity with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board.

The Group has adopted the following amendments for the annual reporting period commencing 1st January 2022.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract (*effective from 1st January 2022*)

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group applied the

allocation of other costs that relate directly to running contracts. The Group applied the amendments from 1st January 2022 and there is no material impact on the Group's consolidated financial statements.

Apart from the above, there are no other amendments which are effective in 2022 and relevant to the Group's operations, that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective.

Reclassification of revenue

During the year, certain sources of income have been reclassified to align with the industry practice. These amounts, totalling US\$172.0 million (2021: US\$172.8 million), have been reported as revenue while in prior years, they were included in other operating income under net operating costs. This change has been accounted for retrospectively with comparative information restated.

The effects of the restatement on the presentation of consolidated profit and loss account for the year ended 31st December 2021 are as follows:

	As previously reported US\$m	Reclassification US\$m	Restated US\$m
Revenue	9,015.4	172.8	9,188.2
Net operating costs	(8,704.6)	(172.8)	(8,877.4)
Operating profit	310.8	-	310.8

2. Revenue

	Including associates and joint ventures		Subsidiaries	
	2022 US\$m	2021 US\$m restated*	2022 US\$m	2021 US\$m restated*
Sales of goods				
<i>Analysis by operating segment:</i>				
Food	20,715.1	21,390.9	6,138.4	6,394.4
- Grocery retail	18,343.9	19,047.2	3,872.4	4,151.4
- Convenience stores	2,371.2	2,343.7	2,266.0	2,243.0
Health and Beauty	2,600.7	2,361.2	2,024.6	1,805.3
Home Furnishings	839.2	815.7	839.2	815.7
Restaurants	2,523.8	2,455.1	-	-
Other Retailing	739.9	661.3	-	-
	27,418.7	27,684.2	9,002.2	9,015.4
Revenue from other sources	178.1	176.9	172.0	172.8
	27,596.8	27,861.1	9,174.2	9,188.2

Revenue including associates and joint ventures comprise 100% of revenue from associates and joint ventures.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Directors of the Company for the purpose of resource allocation and performance assessment. DFI Retail Group operates in five segments: Food, Health and Beauty, Home Furnishings, Restaurants and Other Retailing. Food comprises grocery retail and convenience store businesses (including the Group's associate, Yonghui, a leading grocery retailer in the Chinese mainland). Health and Beauty comprises the health and beauty businesses. Home Furnishings is the Group's IKEA businesses. Restaurants is the Group's associate, Maxim's, one of Asia's leading food and beverage companies. Other Retailing represents the department stores, specialty and Do-It-Yourself ('DIY') stores of the Group's Philippines associate, Robinsons Retail.

Revenue and share of results of Yonghui and Robinsons Retail represent 12 months from October 2021 to September 2022 (2021: October 2020 to September 2021), based on their latest published announcements (note 6).

* For details of the restatement, refer to note 1.

Set out below is an analysis of the Group's revenue by geographical locations:

	Including associates and joint ventures		Subsidiaries	
	2022 US\$m	2021 US\$m restated*	2022 US\$m	2021 US\$m restated*
<i>Analysis by geographical area:</i>				
North Asia	21,054.3	21,483.0	6,332.2	6,278.3
Southeast Asia	6,542.5	6,378.1	2,842.0	2,909.9
	27,596.8	27,861.1	9,174.2	9,188.2

The geographical areas covering North Asia and Southeast Asia, are determined by the geographical location of customers. North Asia comprises Hong Kong, the Chinese mainland, Macau and Taiwan. Southeast Asia comprises Singapore, Cambodia, the Philippines, Thailand, Malaysia, Indonesia, Vietnam, Brunei and Laos.

3. Net Operating Costs

	2022			2021		
	Underlying business performance US\$m	Non- trading items US\$m	Total US\$m	Underlying business performance US\$m restated*	Non- trading items US\$m restated*	Total US\$m restated*
Cost of sales	(6,108.4)	-	(6,108.4)	(6,145.7)	-	(6,145.7)
Other operating income	31.2	50.5	81.7	67.1	28.4	95.5
Selling and distribution costs	(2,402.6)	-	(2,402.6)	(2,342.9)	-	(2,342.9)
Administration and other operating expenses	(485.2)	(15.4)	(500.6)	(452.9)	(31.4)	(484.3)
	(8,965.0)	35.1	(8,929.9)	(8,874.4)	(3.0)	(8,877.4)

In relation to the COVID-19 pandemic, the Group had received government grants and rent

concessions of US\$2.1 million (2021: US\$9.5 million) and US\$15.4 million (2021: US\$43.4 million), respectively, for the year ended 31st December 2022. These subsidies were accounted for as other operating income.

* For details of the restatement, refer to note 1.

4. Operating Profit

	2022 US\$m	2021 US\$m
<i>Analysis by operating segment:</i>		
Food	141.4	205.3
- Grocery retail	90.9	151.3
- Convenience stores	50.5	54.0
Health and Beauty	93.6	56.4
Home Furnishings	45.5	45.0
Selling, general and administrative expenses*	280.5 (147.3)	306.7 (76.3)
Underlying operating profit before IFRS 16 ⁺	133.2	230.4
IFRS 16 adjustment [‡]	76.0	83.4
Underlying operating profit	209.2	313.8
Non-trading items:		
- impairment of intangible assets	(6.3)	-
- impairment of right-of-use assets	(2.2)	-
- gain on partial disposal of a joint venture	6.9	-
- gain on acquisition of an associate	11.2	-
- profit on sale of properties	31.1	27.2
- business restructuring costs	(5.8)	(30.7)
- change in fair value of equity investments	0.2	0.5
	244.3	310.8

* Included costs incurred for e-commerce development and digital innovation.

⁺ Property lease payments and depreciation of reinstatement costs under the lease contracts were included in the Group's analysis of operating and geographical segments' results.

[‡] Represented the reversal of lease payments which were accounted for on a straight-line basis, adjusted by the lease contracts recognised under IFRS 16 'Leases', primarily for the depreciation charge on right-of-use assets.

Set out below is an analysis of the Group's underlying operating profit by geographical locations:

	2022 US\$m	2021 US\$m
<i>Analysis by geographical area:</i>		
North Asia	259.7	285.1
Southeast Asia	20.8	21.6
Selling, general and administrative expenses*	280.5 (147.3)	306.7 (76.3)

Underlying operating profit before IFRS 16 ⁺	133.2	230.4
IFRS 16 adjustment [‡]	76.0	83.4
Underlying operating profit	209.2	313.8

* Included costs incurred for e-commerce development and digital innovation.

⁺ Property lease payments and depreciation of reinstatement costs under the lease contracts were included in the Group's analysis of operating and geographical segments' results.

[‡] Represented the reversal of lease payments which were accounted for on a straight-line basis, adjusted by the lease contracts recognised under IFRS 16 'Leases', primarily for the depreciation charge on right-of-use assets.

5. Net Financing Charges

	2022 US\$m	2021 US\$m
Interest expense		
- bank loans and advances	(33.4)	(22.0)
- lease liabilities	(86.3)	(90.3)
- other loans	(0.5)	(1.2)
	(120.2)	(113.5)
Commitment and other fees	(6.2)	(6.0)
Financing charges	(126.4)	(119.5)
Financing income	4.8	0.7
	(121.6)	(118.8)

6. Share of Results of Associates and Joint Ventures

	2022* US\$m	2021* US\$m
<i>Analysis by operating segment:</i>		
Food	(269.0)	(91.9)
- Grocery retail	(269.0)	(90.2)
- Convenience stores	-	(1.7)
Health and Beauty	1.4	0.9
Restaurants	52.2	51.7
Other Retailing	3.4	(2.5)
	(212.0)	(41.8)

Share of results in grocery retail segment included an impairment charge on interest in Robinsons Retail which amounted to US\$170.8 million in 2022.

Share of results of associates and joint ventures included the following gains/(losses) from non-trading items (note 9):

	2022* US\$m	2021* US\$m
Impairment charge on interest in Robinsons Retail	(170.8)	-
Impairment charge of Yonghui's investments	(17.2)	(13.9)
Change in fair value of Maxim's investment property	14.3	-
Change in fair value of Yonghui's investment property	5.7	-
Change in fair value of Yonghui's equity investments	(11.9)	12.3
Change in fair value of Robinsons Retail's equity investments	(1.4)	0.1
Net gain from divestment of an investment by Yonghui	4.1	-
Net gains from sale of debt investments by Robinsons Retail	0.1	0.1
	<u>(177.1)</u>	<u>(1.4)</u>

Results are shown after tax and non-controlling interests in the associates and joint ventures.

In relation to the COVID-19 pandemic, included in share of results of associates and joint ventures were the Group's share of the government grants and rent concessions of US\$17.7 million (2021: US\$13.7 million) and US\$13.7 million (2021: US\$18.1 million), respectively, for the year ended 31st December 2022.

* Included 12 months results from October 2021 to September 2022 (2021: October 2020 to September 2021) for Yonghui and Robinsons Retail (note 2).

7. Tax

	2022 US\$m	2021 US\$m
Tax charged to profit and loss is analysed as follows:		
Current tax	(50.9)	(64.7)
Deferred tax	19.6	5.8
	<u>(31.3)</u>	<u>(58.9)</u>
Tax relating to components of other comprehensive expense/income is analysed as follows:		
Remeasurements of defined benefit plans	(0.2)	(3.5)
Cash flow hedges	(1.4)	(3.3)
	<u>(1.6)</u>	<u>(6.8)</u>

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates. Share of tax charge of associates and joint ventures of US\$7.1 million (2021: US\$2.9 million) is included in share of results of associates and joint ventures.

8. (Loss)/Earnings per Share

Basic (loss)/earnings per share are calculated on loss attributable to shareholders of US\$114.6 million (2021: profit of US\$102.9 million), and on the weighted average number of 1,346.8 million (2021: 1,352.9 million) shares in issue during the year.

Diluted (loss)/earnings per share are calculated on loss attributable to shareholders of US\$114.6 million (2021: profit of US\$102.9 million), and on the weighted average number of 1,350.8 million (2021: 1,353.1 million) shares in issue after adjusting for 4.0 million (2021: 0.2 million) shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

The weighted average number of shares is arrived at as follows:

Ordinary shares in

	millions 2022	2021
Weighted average number of shares in issue	1,353.3	1,352.9
Shares held by a subsidiary of the Group under a share-based long-term incentive plan	(6.5)	-
Weighted average number of shares for basic earnings per share calculation	1,346.8	1,352.9
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	4.0	0.2
Weighted average number of shares for diluted earnings per share calculation	1,350.8	1,353.1

Additional basic and diluted (loss)/earnings per share are also calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

	2022			2021		
	US\$m	Basic (loss)/ earnings per share US¢	Diluted (loss)/ earnings per share US¢	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢
(Loss)/profit attributable to shareholders	(114.6)	(8.51)	(8.48)	102.9	7.61	7.61
Non-trading items (note 9)	143.4			1.7		
Underlying profit attributable to shareholders	28.8	2.14	2.14	104.6	7.73	7.73

9. Non-trading Items

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains and losses on equity and debt investments which are measured at fair value through profit and loss; fair value gains and losses on revaluations of investment properties; gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets, properties, associates and joint ventures, and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

An analysis of non-trading items in operating profit and (loss)/profit attributable to shareholders is set out below:

	Operating profit		(Loss)/profit attributable to shareholders	
	2022	2021	2022	2021
	US\$m	US\$m	US\$m	US\$m
Impairment of intangible assets	(6.3)	-	(6.3)	-
Impairment of right-of-use assets	(2.2)	-	(2.1)	-
Gain on partial disposal of a joint venture	6.9	-	6.9	-
Gain on acquisition of an associate	11.2	-	11.2	-
Profit on sale of properties	31.1	27.2	29.2	27.0

Business restructuring costs	(5.8)	(30.7)	(5.4)	(27.8)
Change in fair value of equity investments	0.2	0.5	0.2	0.5
Impairment charge on interest in Robinsons Retail	-	-	(170.8)	-
Share of impairment charge of Yonghui's investments	-	-	(17.2)	(13.9)
Share of change in fair value of Maxim's investment property	-	-	14.3	-
Share of change in fair value of Yonghui's investment property	-	-	5.7	-
Share of change in fair value of Yonghui's equity investments	-	-	(11.9)	12.3
Share of change in fair value of Robinsons Retail's equity investments	-	-	(1.4)	0.1
Share of net gain from divestment of an investment by Yonghui	-	-	4.1	-
Share of net gains from sale of debt investments by Robinsons Retail	-	-	0.1	0.1
	35.1	(3.0)	(143.4)	(1.7)

In April 2022, the Group acquired 100% interests in DFI Digital (Hong Kong) Limited ('Digital Hong Kong') and DFI Digital (Singapore) Pte. Limited ('Digital Singapore') from its joint venture, Retail Technology Asia Limited ('RTA'). Following the acquisitions, Digital Hong Kong and Digital Singapore became wholly-owned subsidiaries of the Group. Goodwill amounting to US\$13.2 million was recognised and an impairment charge of US\$6.3 million on the related goodwill was recorded during the year.

Gain on partial disposal of a joint venture represented the gain arising from the Group's disposal of 8.5% of its interest in RTA, a 50%-owned joint venture in May 2022. The Group's interest in RTA is reduced to 41.5% upon the completion of the transaction.

Gain on acquisition of an associate related to the Group's acquisition of 40% interest in Minden International Pte. Ltd. ('Minden') from a third party in September 2022. Minden supports the Group's customer loyalty programme in Singapore.

Business restructuring costs in 2021 mainly related to the exit costs for withdrawal of the Group's Giant brand investment in Indonesia. In addition, certain balance of restructuring costs relating to the Group's 2018 restructuring of its Southeast Asia Food business was also included in the restructuring costs in 2022 and 2021.

10. Non-current Assets Held for Sale

At 31st December 2022, the non-current assets held for sale represented 17 properties in Indonesia including 15 properties brought forward from 31st December 2021, and a piece of vacant land in Malaysia. The sale of these properties is considered to be highly probable in 2023.

At 31st December 2021, the non-current assets held for sale represented 18 properties in Indonesia, three properties in Hong Kong and one retail property in Malaysia. Three properties in Indonesia, one property in Hong Kong and the retail property in Malaysia were sold during the year at a profit of US\$30.6 million. Two properties in Hong Kong remained unsold and had been reclassified to the tangible assets and right-of-use assets during the year.

11. Dividends

	2022	2021
	US\$m	US\$m
Final dividend in respect of 2021 of US\$6.50 (2020: US\$11.50) per share	87.9	155.6
Interim dividend in respect of 2022 of US\$1.00		

(2021: US\$3.00) per share	13.5	40.6
	101.4	196.2
Dividends on shares held by a subsidiary of the Group under a share-based long-term incentive plan	(0.5)	-
	100.9	196.2

A final dividend in respect of 2022 of US\$2.00 (2021: US\$6.50) per share amounting to a total of US\$27.1 million (2021: US\$87.9 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2023 Annual General Meeting. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2023.

12. Notes to Consolidated Cash Flow Statement

(a) Purchase of subsidiaries

	2022 US\$m
Non-current assets	0.1
Current assets	8.1
Current liabilities	(7.0)
Fair value of identifiable net assets acquired	1.2
Goodwill	13.2
Consideration paid	14.4
Cash and cash equivalents at the date of acquisitions	(5.6)
Net cash outflows	8.8

In April 2022, the Group acquired 100% interests in Digital Hong Kong and Digital Singapore, developing and driving digital innovation businesses, from its joint venture, RTA, for a total net cash consideration of US\$8.8 million.

The fair values of the identifiable assets and liabilities at the acquisition date are provisional and will be finalised within one year after the acquisition date.

The goodwill arising from the acquisitions amounting to US\$13.2 million was attributable to its ownership interest in the intellectual property.

None of the goodwill is expected to be deductible for tax purposes.

Revenue and loss after tax since acquisitions in respect of the subsidiaries acquired during the year amounted to US\$0.3 million and US\$30.6 million, respectively. Had the acquisitions occurred on 1st January 2022, consolidated revenue and consolidated loss after tax for the year ended 31st December 2022 would have been US\$9,174.2 million and US\$127.2 million, respectively.

(b) Purchase of associates and joint ventures in 2022 mainly related to the capital injection of US\$8.3 million in the Group's digital joint venture.

Purchase in 2021 mainly related to the capital injection of US\$1.6 million in the Group's health and beauty business in Vietnam.

(c) Purchase of other investments mainly related to the Group's subscription of a five-year convertible bond of Pickup Limited, a delivery platform founded in Hong Kong, for a principal of US\$10.0 million in January 2022.

Purchase in 2021 mainly related to the Group's investment in the equity interest of Pickup Limited.

- (d) Advances to associates and joint ventures represented the Group's advances to its health and beauty joint venture in Thailand in 2022.
- (e) Sale of associates and joint ventures mainly related to the proceeds from the Group's disposal of 8.5% of its interest in RTA amounted to US\$6.9 million in May 2022.
- (f) Sale of properties in 2022 mainly related to disposal of three properties in Indonesia and one property in Hong Kong, Singapore and Malaysia, respectively, for a total cash consideration of US\$63.6 million, and a gain on disposal of properties amounted to US\$31.1 million was recognised.

Sale of properties in 2021 mainly related to disposal of six properties in Malaysia, three properties in Taiwan, two properties in Hong Kong and two properties in Indonesia for a total cash consideration of US\$86.3 million, and a gain on disposal of properties amounted to US\$27.2 million was recorded.

- (g) Purchase of shares for a share-based long-term incentive plan in 2022 related to the purchase of 7,912,100 ordinary shares from the stock market by a subsidiary of the Group for a total consideration of US\$20.0 million.
- (h) Analysis of balances of cash and cash equivalents

	2022 US\$m	2021 US\$m
Cash and bank balances	230.7	210.4
Bank overdrafts	(17.0)	(0.4)
	<u>213.7</u>	<u>210.0</u>

13. Capital Commitments and Contingent Liabilities

Total capital commitments at 31st December 2022 amounted to US\$131.1 million (2021: US\$184.6 million)

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

14. Related Party Transactions

The parent company of the Group is Jardine Strategic Limited ('JSL') and the ultimate parent company is Jardine Matheson Holdings Limited ('JMHL'). Both companies are incorporated in Bermuda.

In the normal course of business, the Group undertakes a variety of transactions with JMHL and certain of its subsidiaries, associates and joint ventures. The more significant of such transactions are described below.

The Group pays management fees to Jardine Matheson Limited ('JML'), a wholly-owned subsidiary of JMHL, under the terms of a Management Services Agreement, for certain management consultancy services provided by JML. The management fees paid by the Group to JML in 2022 were US\$0.3 million (2021: US\$0.5 million). The Group also paid directors' fees of US\$0.3 million in 2022 (2021: US\$0.3 million) to JML.

The Group rents properties from Hongkong Land ('HKL') and Mandarin Oriental Hotel Group ('MOHG'), subsidiaries of JMHL. The lease payments paid by the Group to HKL and MOHG in 2022 were US\$2.8 million (2021: US\$2.7 million) and US\$0.7 million (2021: US\$0.7 million), respectively. The Group's 50%-owned associate, Maxim's, also paid lease payments of US\$8.3 million (2021: US\$10.6 million) to HKL in 2022.

The Group obtains repairs and maintenance services from Jardine Engineering Corporation ('JEC'), a subsidiary of JMHL. The total fees paid by the Group to JEC in 2022 amounted to

(JEC), a subsidiary of JWHILL. The total fees paid by the Group to JEC in 2022 amounted to US\$3.5 million (2021: US\$2.9 million).

Maxim's supplies ready-to-eat products at arm's length to certain subsidiaries of the Group. In 2022, these amounted to US\$41.9 million (2021: US\$33.8 million).

The Group's digital joint venture, RTA group, implements point-of-sale system and provides consultancy services to the Group. The total fees paid by the Group to RTA group in 2022 amounted to US\$13.1 million (2021: US\$5.0 million).

There were no other related party transactions that might be considered to have a material effect on the financial position or performance of the Group that were entered into or changed during the year.

Amounts of outstanding balances with associates and joint ventures are included in debtors and creditors, as appropriate.

15. Post Balance Sheet Event

In February 2023, the Group entered into sale and purchase agreements with a third party to dispose of certain of its subsidiaries and assets in Malaysia which support the operation of the Group's grocery retail business in Malaysia. These transactions are expected to be completed in the first half of 2023. Upon completion of the transactions, the Group will exit the grocery retail business in Malaysia. The Group is assessing the impact of these transactions on the financial statements. Based on a preliminary assessment, it is estimated that a loss of approximately US\$50.0 million to US\$70.0 million, mainly from the realisation of non-cash exchange translation differences, will be charged to the profit and loss account in the year ending 31st December 2023.

DFI Retail Group Holdings Limited

Principal Risks and Uncertainties

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement, Group Chief Executive's Review and other parts of the Company's 2022 Annual Report (the 'Report').

Economic Risk

Most of the Group's businesses are exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact such developments might have on the Group's joint venture partners, associates, franchisors, bankers, suppliers or customers. These developments could include recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices, the cost of raw materials or finished products. Such developments might increase operating costs, reduce revenues, lower asset values or result in some or all of the Group's businesses being unable to meet their strategic objectives.

Mitigation Measures

- Monitor the volatile macroeconomic environment and consider economic factors in strategic and financial planning processes
- Make agile adjustments to existing business plans and explore new business streams and new markets.
- Review pricing strategies and keep conservative assumptions.
- Insurance programme covering property damage and business interruption.

Commercial Risk

Risks are an integral part of normal commercial activities and where practicable steps are taken to mitigate them. Risks can be more pronounced when businesses are operating in volatile markets. While the Group's regional diversification does help to mitigate some risks, a significant portion of the Group revenues and profits continue to be derived from our operations in Hong Kong.

A number of the Group's businesses make significant investment decisions regarding developments or projects which are subject to market risks. This is especially the case where projects are longer-

projects, which are subject to market risks. This is especially the case where projects are longer-term in nature and take more time to deliver returns.

The Group's businesses operate in areas that are highly competitive and failure to compete effectively, whether in terms of price, product specification, technology, property site or levels of service, failure to manage change in a timely manner or to adapt to changing consumer behaviours, including new shopping channels and formats, can have an adverse effect on earnings. Significant competitive pressure may also lead to reduced margins.

It is essential for the products and services provided by the Group's businesses to meet appropriate quality and safety standards, and there is an associated risk if they do not, including the risk of damage to brand equity or reputation, which might adversely impact the ability to achieve acceptable revenues and profit margins.

While social media presents significant opportunities for the Group's businesses to connect with customers and the public, it also creates a whole new set of potential risks for companies to monitor, including damage to brand equity or reputation, affecting the Group's profitability.

Mitigation Measures

- Utilise market intelligence and deploy digital strategies for business-to-consumer businesses.
- Establish customer relationship management programme and digital commerce capabilities.
- Engage in longer-term contracts and proactively approach suppliers for contract renewals.
- Re-engineer existing business processes.

Financial and Treasury Risk

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

The market risk the Group faces includes i) foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency; ii) interest rate risk through the impact of rate changes on interest bearing liabilities and assets; and iii) securities price risk as a result of its equity investments and limited partnership investment funds which are measured at fair value through profit and loss, and debt investments which are measured at fair value through other comprehensive income.

The Group's credit risk is primarily attributable to deposits with banks, contractual cash flows of debt investments carried at amortised cost and those measured at fair value through other comprehensive income, credit exposures to customers and derivative financial instruments with a positive fair value.

The Group may face liquidity risk if its credit rating deteriorates or if it is unable to meet its financing commitments.

Mitigation Measures

- Limiting foreign exchange and interest rate risks to provide a degree of certainty about costs.
- Management of the investment of the Group's cash resources so as to minimise risk, while seeking to enhance yield.
- Adopting appropriate credit guidelines to manage counterparty risk.
- When economically sensible to do so, taking borrowings in local currency to hedge foreign exchange exposures on investments.
- A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties.
- The Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term in tenor, to give flexibility to develop the business. The Company also maintains sufficient cash and marketable securities, and ensures the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.
- The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

The detailed steps taken by the Group to manage its exposure to financial risk will be set out in the Financial Review and in a note to the Financial Statements in the Report.

Concessions, Franchises and Key Contracts Risk

A number of the Group's businesses and projects rely on concessions, franchises, management or other key contracts. Accordingly, cancellation, expiry or termination, or the renegotiation of any such concessions, franchises, management or other key contracts could adversely affect the financial condition and results of operations of certain subsidiaries, associates, and joint ventures of the Group.

Mitigation measures

- Sustaining and strengthening relationships with franchisors.
- Monitor sales performance and compliance with franchise terms.
- Regular communication with franchisees and concessionaires, including performance management.

Regulatory and Political Risk

The Group's businesses are subject to several regulatory regimes in the territories they operate. Changes in such regimes, in relation to matters such as foreign ownership of assets and businesses, exchange controls, licensing, imports, planning controls, emission regulations, tax rules and employment legislation, could have the potential to impact the operations and profitability of the Group's businesses.

Changes in the political environment, including political or social unrest, in the territories where the Group operates, could adversely affect the Group's businesses.

Mitigation Measures

- Stay connected and informed of relevant new and draft regulations.
- Engage external consultants and legal experts where necessary.
- Assessing impact on the business and taking appropriate measures.
- Raise awareness with regular updates on new regulations that may have been implemented in other markets.

Pandemic and Natural Disasters Risk

The Group's businesses could be impacted by a global or regional pandemic which seriously affects economic activity or the ability of businesses to operate smoothly. In addition, many of the territories in which the Group operates can experience natural disasters such as earthquakes, floods, and typhoons from time to time.

Mitigation Measures

- Business Continuity Teams are in place to deal with incidents as they arise.
- Business Continuity plans are in place, tested and updated regularly.
- Insurance programmes that provide robust cover for natural disasters.
- Engage external consultants for climate risk, to assess the risk to the business and implement solutions accordingly.

Cybersecurity and Technology Risk

The Group faces increasing numbers of cyberattacks from groups targeting individuals and businesses. As a result, the privacy and security of customer and corporate information are at risk of being compromised through a breach of our or our suppliers' IT systems or the unauthorised or inadvertent release of information, resulting in brand damage, impaired competitiveness or regulatory action. Cyberattacks may also adversely affect our ability to manage our business operations or operate information technology and business systems, resulting in business interruption, lost revenues, repair or other costs.

The Group is heavily reliant on its IT infrastructure and systems for the daily operation of its business. Any major disruption to the Group's IT systems could significantly impact operations. The ability to anticipate and adapt to technology advancements or threats is an additional risk that may also impact the business.

Mitigation Measures

- Continued investment in upgrading of technology and IT infrastructure.
- Defined cybersecurity programme and centralised function to provide oversight, manage cybersecurity matters, and strengthen cyber defences and security measures.
- Perform regular vulnerability assessment and/or penetration testing by third parties to identify weaknesses.
- Arrange regular security awareness training and phishing testing to raise users' cybersecurity awareness.
- Maintain disaster recovery plans and backup for data restoration.
- Regular external and internal audit reviews.

Talent Risk

The competitiveness of the Group's businesses depends on the quality of the people that it attracts and retains. Unavailability of needed human resources may impact the ability of the Group's businesses to operate at capacity, implement initiatives and pursue opportunities.

- Competitive pay and benefits commensurate with market benchmarks.

- Competitive pay and bonus commensurate with market conditions.
- Proactive manpower planning and succession planning are in place.
- Enhanced employer branding, training for team members and talent development plans.
- Promote diversity and inclusion across the Group.

Environmental and Climate Risk

Environmental disasters such as earthquakes, floods and typhoons can damage the Group's assets and disrupt operations. Global warming-induced climate change has increased the frequency and intensity of storms, leading to higher insurance premiums or reduced coverage for such natural disasters.

With governments also taking a more proactive approach towards carbon taxes, renewable energies and electric vehicles, additional investments and efforts to address physical and transition risks of climate change are anticipated from businesses.

With interest in sustainability surging in recent years from investors, governments and the general public, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality to address climate change are also growing. This brings increasing challenges to the Group and its businesses to meet key stakeholders' expectations.

There is potential for negative publicity and operational disruption arising from conflict between activists and the Group's businesses that are perceived to be engaged in trade and activities that are environmentally unfriendly.

Mitigation Measures

- Sustainability Leadership Council established to mobilise and coordinate sustainability efforts across the Group.
- A sustainability strategy framework, including a climate action pillar, drives the Group's sustainability agenda.
- A Climate Action Working Group, with representatives from all business units, drives Group-wide initiatives which strengthen collaboration and share knowledge.
- Each business is building a net zero carbon pathway and climate change plan to build climate resilience.
- Assess emerging Environmental, Social and Governance (ESG) reporting standards and requirements, to align Group disclosures to best market practice.
- Conduct climate risk assessments and adaptation action plans based on recommendations of Task Force on Climate-Related Financial Disclosures (TCFD), including implementing measures to address physical risks posed by climate change and identifying opportunities in global transition to a low carbon economy.
- Formulate the appropriate risk response strategy (particularly on the Group's key assets and supply chain), and integrate Physical and Transitional Climate Risk into the Group's existing risk management approach

DFI Retail Group Holdings Limited

Responsibility Statements

The Directors of the Company confirm to the best of their knowledge that:

- a. the consolidated financial statements prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit and losses of the Group; and
- b. the Chairman's Statement, Group Chief Executive's Review, Business Review, Financial Review and the Principal Risks and Uncertainties of the Company's 2022 Annual Report, which constitute the management report required by the Disclosure Guidance and Transparency Rule 4.1.8, include a fair review of all information required to be disclosed under Rules 4.1.8 to 4.1.11 of the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Ian McLeod
Clem Constantine

Directors

DFI Retail Group Holdings Limited

Dividend Information for Shareholders

The final dividend of US\$2.00 per share will be payable on 10th May 2023, subject to approval at the Annual General Meeting to be held on 4th May 2023, to shareholders on the register of members at the close of business on 17th March 2023. The shares will be quoted ex-dividend on 16th March 2023, and the share registers will be closed from 20th to 24th March 2023, inclusive.

Shareholders will receive their cash dividends in United States Dollars, except when elections are made for alternate currencies in the following circumstances.

Shareholders on the Jersey branch register

Shareholders registered on the Jersey branch register will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2022 final dividend by notifying the United Kingdom transfer agent in writing by 21st April 2023. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 26th April 2023.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in Sterling only as calculated above.

Shareholders on the Singapore branch register who hold their shares through The Central Depository (Pte) Limited ('CDP')

Shareholders who are on CDP's Direct Crediting Service ('DCS')

Those shareholders who are on CDP's DCS will receive their cash dividends in Singapore Dollars unless they opt out of CDP Currency Conversion Service, through CDP, to receive United States Dollars.

Shareholders who are **not** on CDP's DCS

Those shareholders who are not on CDP's DCS will receive their cash dividends in United States Dollars unless they elect, through CDP, to receive Singapore Dollars.

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 17th March 2023, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 16th March 2023.

DFI Retail Group Holdings Limited

About DFI Retail Group

DFI Retail Group (the 'Group') is a leading pan-Asian retailer. At 31st December 2022, the Group and its associates and joint ventures operated over 10,600 outlets and employed some 216,000 people. The Group had total annual revenue in 2022 exceeding US\$27 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 five divisions. The principal brands are:

Food

- Grocery retail - Wellcome in Hong Kong S.A.R.; Yonghui in Chinese mainland; Cold Storage in Malaysia and Singapore; Giant in Malaysia and Singapore; Hero in Indonesia; and Robinsons in the Philippines.
- Convenience stores - 7-Eleven in Hong Kong and Macau S.A.R., Singapore and Southern China.

Health and Beauty

- Mannings in Chinese mainland, Hong Kong and Macau S.A.R.; Guardian in Brunei, Cambodia, Indonesia, Malaysia, Singapore and Vietnam.

Home Furnishings

- IKEA in Hong Kong and Macau S.A.R., Indonesia and Taiwan.

Restaurants

- Hong Kong Maxin's group in Chinese mainland, Hong Kong and Macau S.A.R., Cambodia, Malaysia, Singapore, Thailand, Vietnam and Laos.

Other Retailing

- Robinsons in the Philippines operating department stores, specialty and DIY stores.

The Group's parent company, DFI Retail Group Holdings Limited, is incorporated in Bermuda and has a primary listing in the standard segment of the London Stock Exchange, with secondary listings in Bermuda and Singapore. The Group's businesses are managed from Hong Kong by DFI Retail Group Management Services Limited through its regional offices. DFI Retail Group is a member of the Jardine Matheson Group.

- end -

For further information, please contact:

DFI Retail Group Management Services Limited
Christine Chung

(852) 2299 1056

Brunswick Group Limited
William Brocklehurst

(852) 5685 9881

Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2022 can be accessed via the DFI Retail Group corporate website at www.dfiretailgroup.com



This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR JTMLTMTIMMFJ