

SUN ART

Retail Group Limited

Stock code: 6808

**Financial Results Announcement
For the six months ended 30 September 2024**

让生活更精彩 大润发

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Financial Highlights

	For the six months ended 30 September		
RMB in million	2022	2023	2024
Number of Stores	498	505	502
Revenue ⁽¹⁾	40,611	35,768	34,708
Same Store Sales Growth ⁽²⁾	-2.3%	-5.9%	0.3%
Gross Profit	10,112	8,889	8,526
Gross Profit Margin	24.9%	24.9%	24.6%
EBIT	500	19	621
EBIT Margin	1.2%	0.1%	1.8%
Profit for the period	-87	-378	186
Net Profit Margin	-0.2%	-1.1%	0.5%
<i>Profit attributable to equity shareholders</i>	<i>-69</i>	<i>-359</i>	<i>206</i>
Earnings per share - Basic and diluted (RMB) ⁽³⁾	-0.01	-0.04	0.02

Note: The Group has initially applied HKFRS 16 at 1 January 2019.

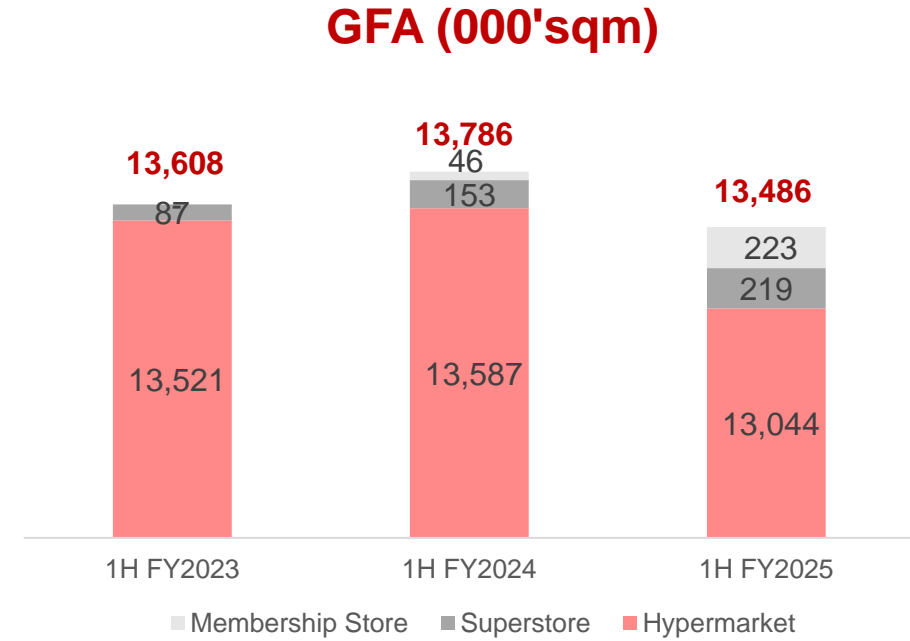
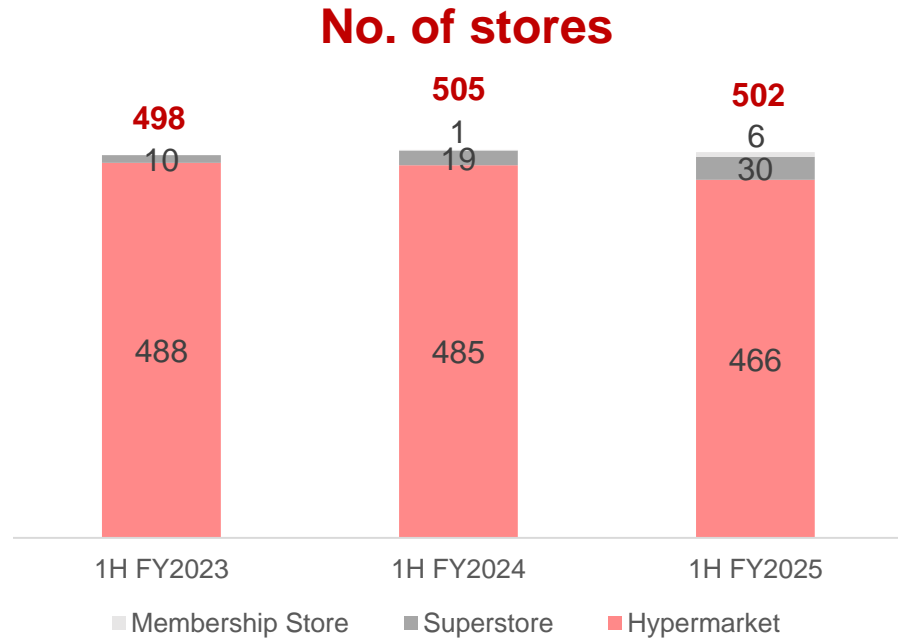
(1) In our electronic appliance department, the business model was changed from self-operation to consignment from August 2018. Since then, only consignment fees received have been recognized in revenue instead of gross sales.

(2) Same Store Sales Growth: for stores that have been open for more than twelve full months as of September 30, 2024. It is calculated by comparing the sales derived from those stores during their operating periods in the twelve months ended 30 September 2024 with sales during the corresponding periods ended September 30 2023. Same Store Sales Growth is calculated based on sales excluding supply chain business (supply chain business includes Taocaicai and Tmall inventory sharing business).

(3) The calculation of basic and diluted EPS is based on the weighted average number of 9,539,704,700 ordinary shares in issue during the period.

Store Expansion

Focused on sustainable store expansion of multi-format in the regions with brand advantage.



*New opening of **1** hypermarket*

*New opening of **3** membership stores*

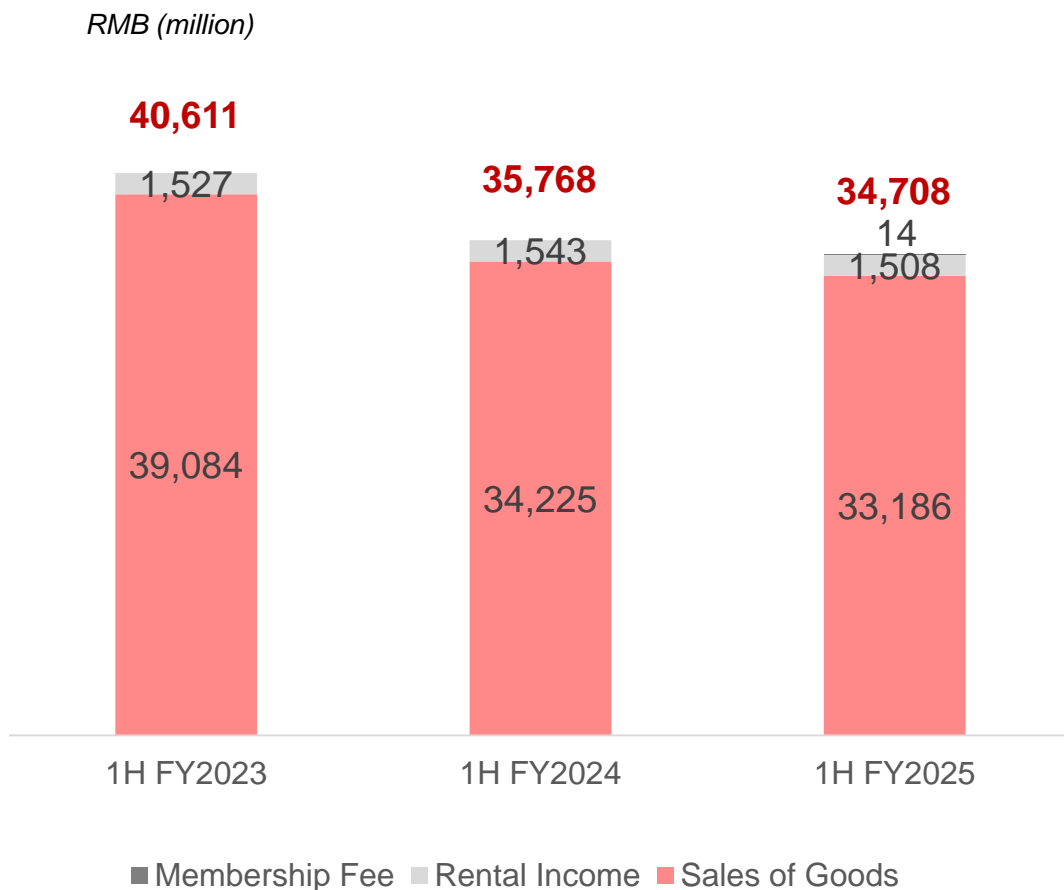
*Secured **3** hypermarket sites*

*Secured **4** superstore sites*

*Covering **206** cities*

Total Revenue

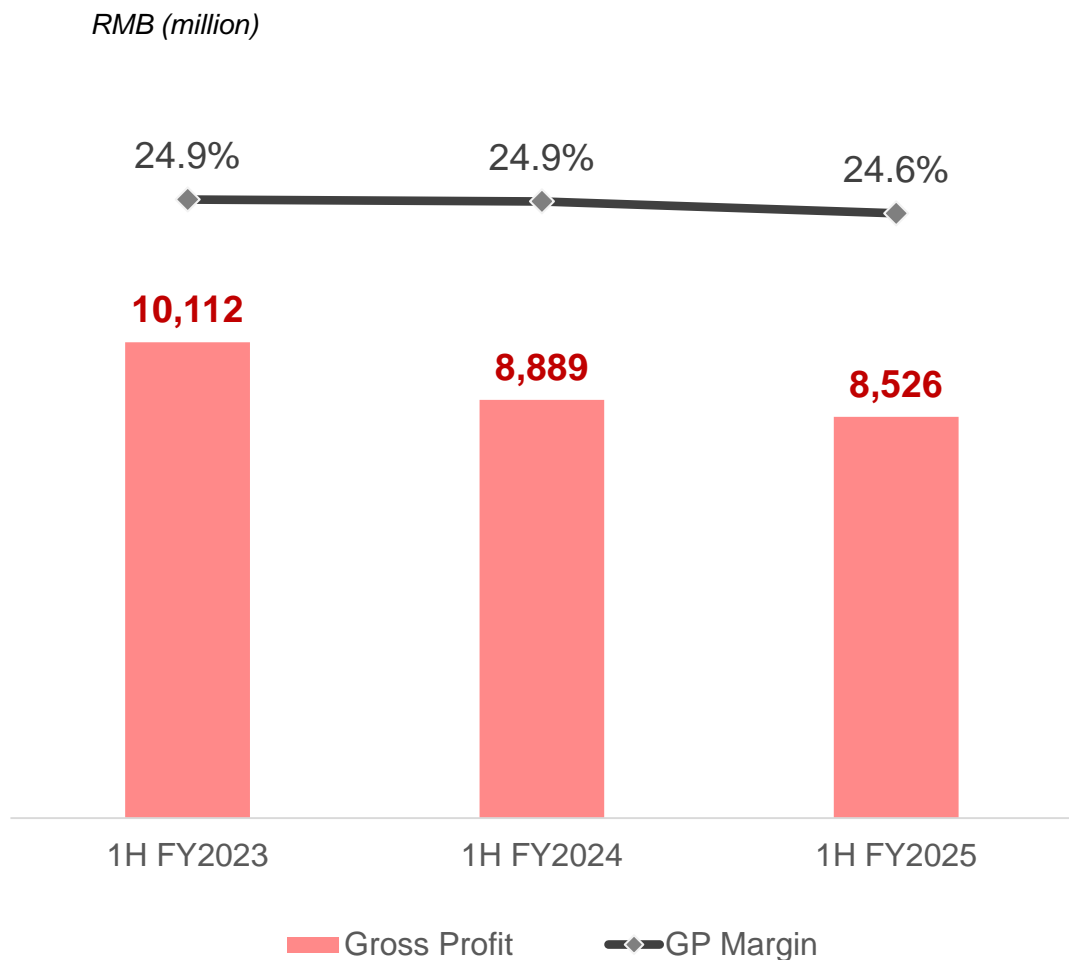
In the first half of the fiscal year, ticket size increased and the decline trend in traffic narrowed. Without taking into account the impact of the scaling down of supply chain business and store closures, revenue increased by about 0.6%.



- Revenue of the Group amounted to RMB34,708 million, representing a year-on-year decrease of RMB1,060 million, or -3.0%.
 - ⊙ The scaling down of supply chain business has approximately 2.5% impact on revenue.
 - ⊙ Sales losses from store closures have approximately 1.1% impact on revenue.
- The rental income reached RMB1,508 million, representing a year-on-year decrease of RMB35 million, or -2.3%.
 - ⊙ Reduction of gallery areas caused by the store closures.
 - ⊙ Adjustment of tenant mix.

Gross Profit Margin

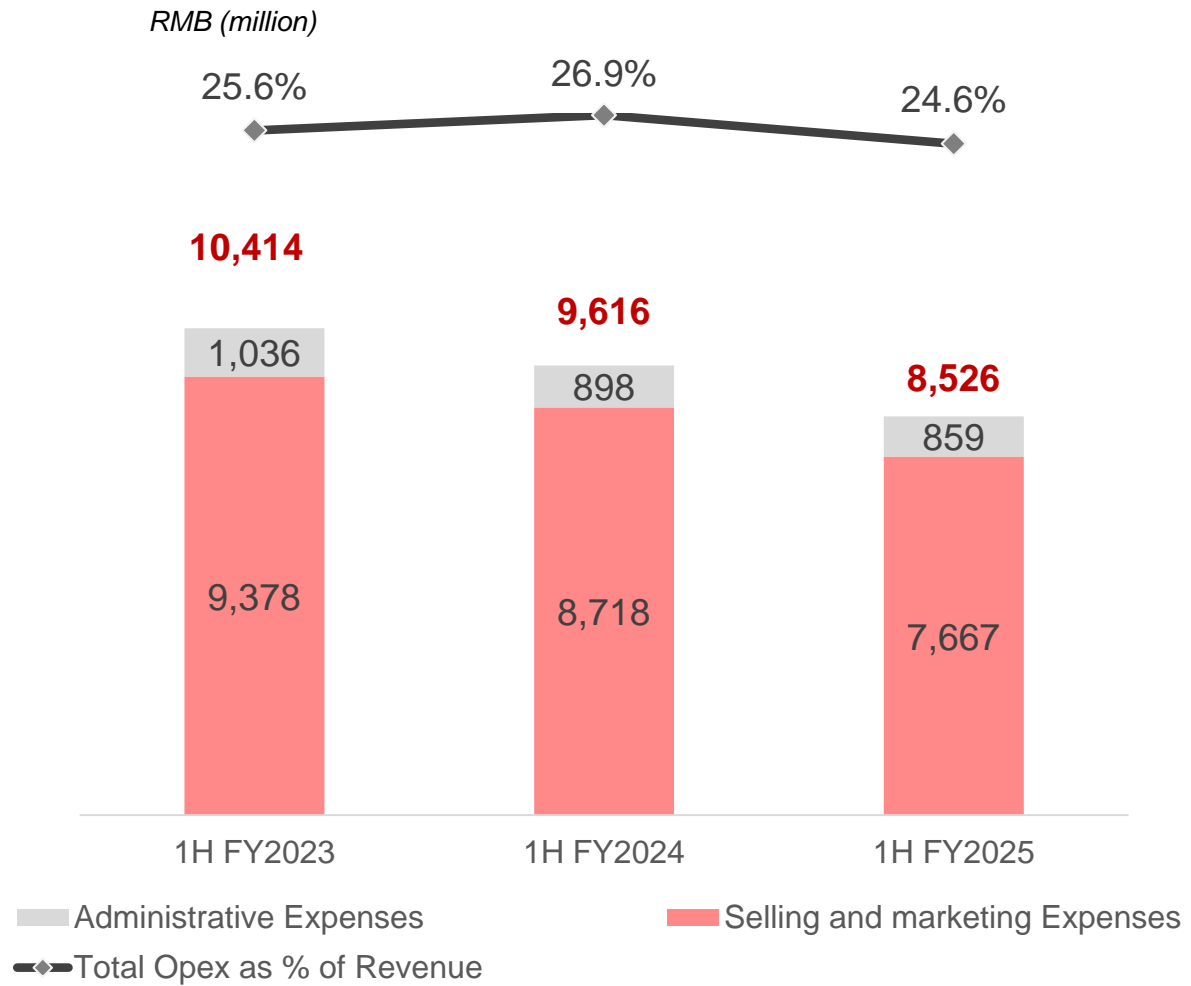
Endeavour to invest in low-price strategy, the gross profit was slightly lower than that of the same period of the last fiscal year.



- Gross profit was RMB8,526 million, representing a year-on-year decrease of RMB363 million, or -4.1%. The decrease in gross profit was mainly resulted from:
 - © Facilitating the implementation of the low-price strategy, reshaping price competitiveness and enhancing user's mentality.
- The gross profit margin was 24.6%, representing a year-on-year decrease of 0.3 percentage points.

Expenses

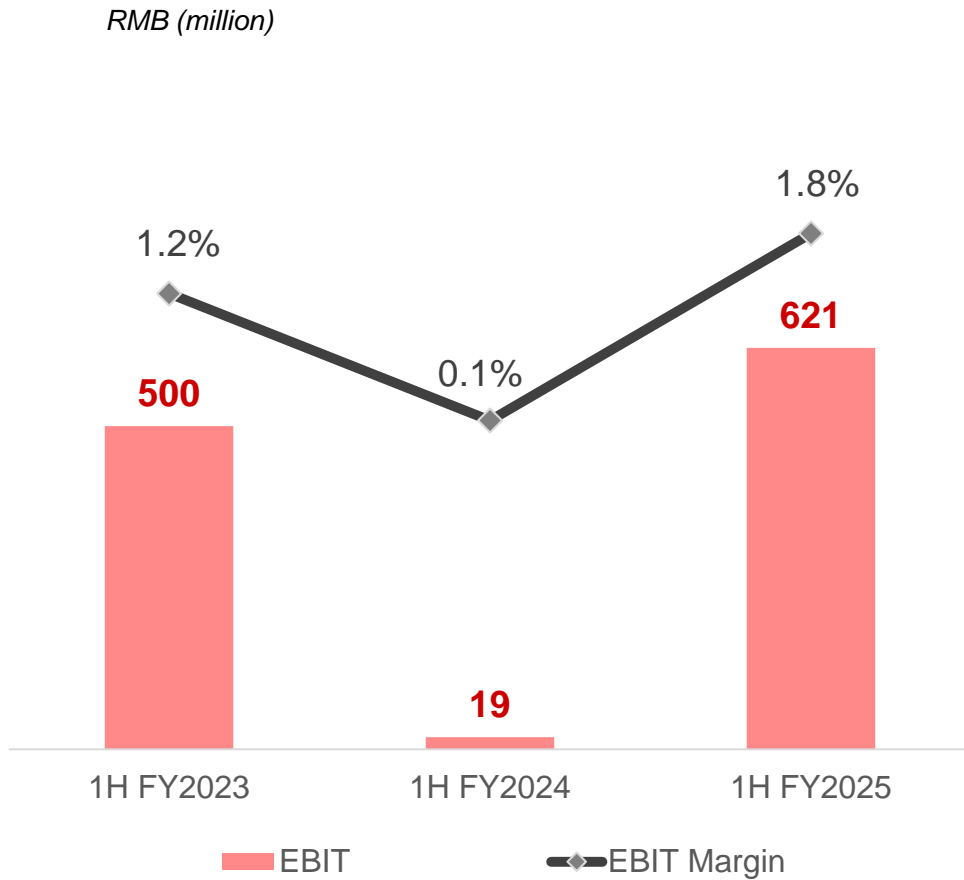
By accelerating cost reduction and efficiency improvement, the expenses decreased by RMB1,090 million and the expense rate decreased by 2.3 percentage points year-on-year.



- Expenses amounted to RMB8,526 million, representing a year-on-year decrease of RMB1,090 million, or -11.3%. The decrease in expenses was mainly resulted from:
 - ⊙ Optimization of the personnel structure and pattern of stores and headquarters.
 - ⊙ Improvement of the investment efficiency of marketing expenses.
 - ⊙ Intensify negotiation efforts for rental cost reduction.
- The expense rate was 24.6%, representing a year-on-year decrease of 2.3 percentage points.

EBIT

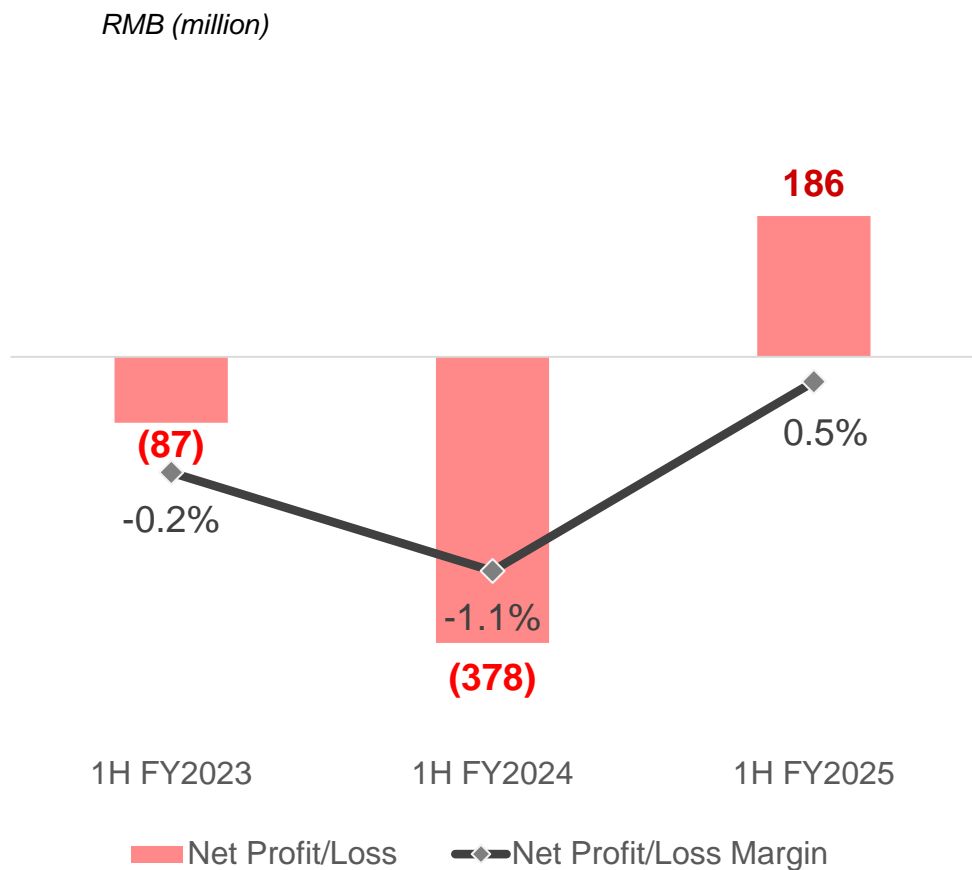
Operating profit increased by RMB602 million with operating margin increased by 1.7 percentage points year-on-year.



- The operating profit was RMB621 million, representing a year-on-year increase of RMB602 million.
- The operating margin was 1.8%, representing a year-on-year increase of 1.7 percentage points.

Net Profit

The profit after tax during the period was RMB186 million, achieving a turnaround.

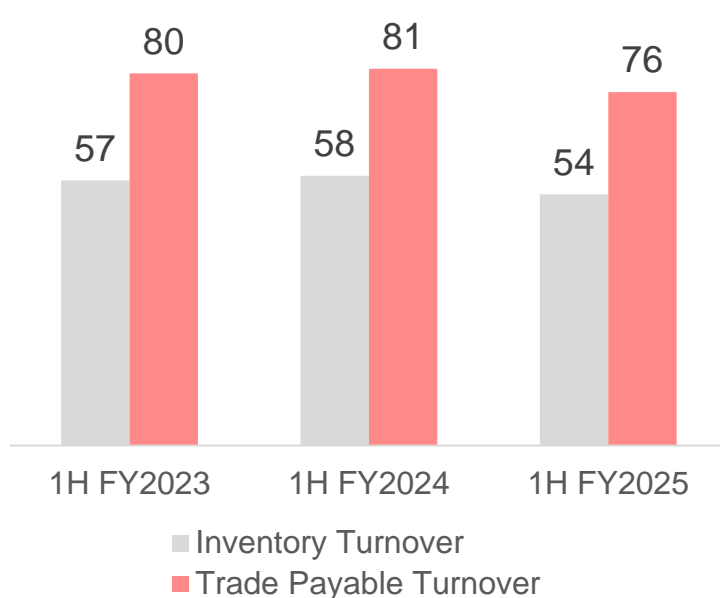


- Net profit during the period was RMB186 million, representing a turnaround increase of RMB564 million from a loss of RMB378 million year-on-year.
- The net profit margin was 0.5%, representing an increase of 1.6 percentage points from a net loss margin of 1.1% year-on-year.

Working Capital Days, CAPEX and Net Cash Position

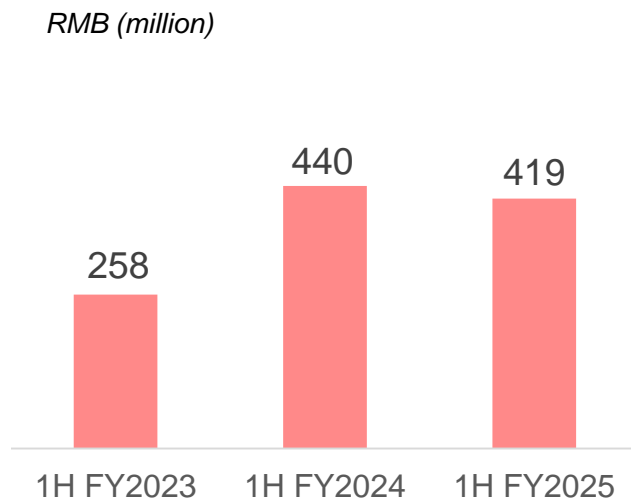
Continued to optimize working capital, even though net cash decreased due to an increase in restricted deposits, but free cash flow remained healthy and stable.

Working Capital Days⁽¹⁾



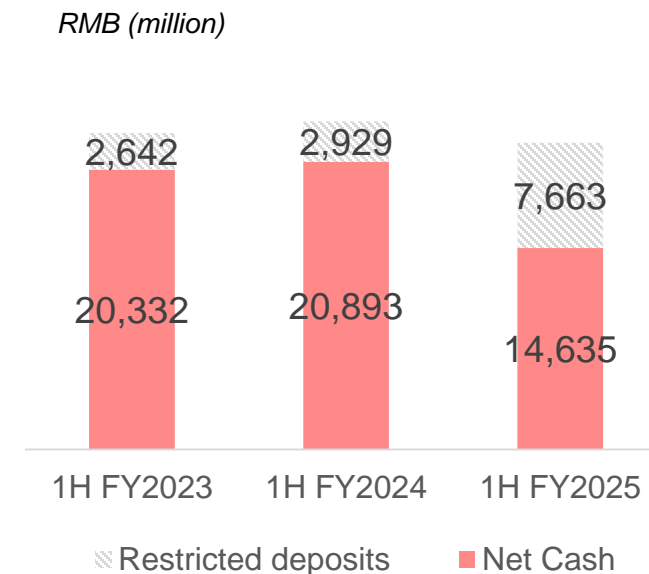
- Inventory turnover days and trade payable turnover days were 54 days and 76 days respectively. Working capital remained stable.

CAPEX



- CAPEX was RMB419 million. Continued to expand stores with multi-format.

Net Cash Position⁽²⁾



- Net cash position was RMB14,635 million, representing a year-on-year decrease of RMB6,258 million.
- The restricted deposits were approximately RMB7,663 million, representing a year-on-year increase of RMB4,734 million.

Note:

(1) The inventory turnover days and trade payable turnover days are calculated on average balances of inventory and trade payable, together with the cost of inventory during past twelve months.

(2) The balance of net cash position is calculated as the sum of cash and cash equivalents, financial assets measured at FVPL, time deposits and the aforementioned portions in assets of disposal groups classified as held for sale minus maturity amount of bank loans.

“Back to the roots” strategy has delivered initial results

Return to the essence of retailing

Sell more high-quality products to more customers at lower prices.

Return to business values

Care for colleagues, serve customers and strive for excellence.

Return to company's missions

Provide customers with a fresh, convenient, comfortable and inexpensive shopping environment,
to build a good neighbor of communities.

“Back to the roots” strategy has delivered initial results

Focus on product power and price competitiveness, meet customer needs and become the leader within the business district.

- **Products are No.1 productive force**

Regard fresh products as customer attraction and build private label and flagship products.

Optimize product selection and strengthen bastion products.

- **Price is the business foundation**

Return to market survey mechanism and build up price matrix.

Reshape low-price mentality and become the leader within business district.

“Back to the roots” strategy has delivered initial results

Reduce costs, improve efficiency and strive for excellence.

- **Efficiency is the key to a company's survival**

Improve marketing, operational and supply chain efficiency.

Optimize the personnel structure and pattern, continue to streamline the headquarter.

Continue to rectify tail-end stores with the performance has been significantly improved.

“Back to the roots” strategy has delivered initial results

Continue multi-format and omni-channel development, and consolidate the 2nd growth curve.

- **RT Super**

Rely on hypermarkets’ supply chain resources and take ultimate efficiency as its core strategy.

Integrate industry advantages, continuously optimize business model and profit model, laying the foundation for rolling out of superstores with flexibility.

- **M Club**

Continue to refine the supply chain and product power, focusing on differentiated innovation and localization. Build customer reputation, establish brand mentality, and become a membership store more suitable for Chinese consumers.

- **Online B2C multi-channel drives sales growth**

Drive ticket size growth by product power and low price competitiveness, enhancing customers’ stickiness.

Drive sales growth by own APP and new online channels, optimizing differentiated operations of multi-channel.

Thank you