

[For Immediate Release]



Sun Art Retail Group Limited Announces Annual Results Ended 31 March 2026

(18 May 2026 - Hong Kong) Sun Art Retail Group Limited (“Sun Art” or the “Group”, HKEX stock code: 6808), today announced its annual results for the twelve months ended 31 March 2026.

Mr. Julian Juul WOLHARDT, Chairman and Chief Executive Officer of the Group commented, “RT-Mart will firmly advance its strategic layout of ‘Hypermarkets, Supermarkets and Front Warehouses’, enhance the vibrant local lifestyle experience and deliver weekly surprises, striving to create an unparalleled shopping experience for customers.

Products lie at the core of our competitiveness. We will fully expand national joint procurement, deepen strategic partnerships with key suppliers, and accelerate the development of private brands, thereby building differentiated product strength and competitive advantages, and solidifying the product and supply chain foundation that underpins our operations. To advance strategic synergy, the Group has upgraded the Market Operations Department and established a new Merchandise Strategy Department to coordinate merchandising, operations and marketing in an integrated manner.

In the current fiscal year, the supermarket format has fully proven its profit model and emerged as the core driver for future store expansion. Front warehouses, as a key engine for online business growth, are undergoing accelerated rollout and pilot optimization. Built on our online and offline foundation, we will leverage technology empowerment and consumer experience enhancement to drive seamless omni-channel integration and achieve operational excellence.

Change is the only way forward. Upholding our established strategy, leveraging organizational synergy and fulfilling our customer-first mission, we will jointly shape a new future for RT-Mart. The Group's adjusted EBITDA^{Note1} for the period was RMB3,157 million, providing strong support for the Group's strategic transformation and long-term development.”

Note 1: EBITDA, calculated as operating profit margin (EBIT) plus depreciation and amortization, impairment losses on investment properties and other property, plant and equipment, and goodwill impairment, minus interest income (including interest income from financial assets measured at amortized cost and gains from financial assets at fair value through profit or loss).

Financial Highlights

Annual results for the twelve months ended 31 March 2026:

- **Revenue** was RMB63,442 million, a decrease of 11.3% compared to the same period last fiscal year. Revenue performance remained under pressure, primarily driven by CPI fluctuations and sluggish customer demand. Intense homogeneous industry competition continued to divert offline traffic and reduce units per transaction. The overall order volume, both online and offline, remained flat year-on-year. Online orders increased by approximately 5.5% year-on-year, while the decline in offline customer traffic remained controllable.
- **Rental income** was RMB2,802 million, a decrease of RMB232 million compared to the same period last fiscal year. In response to pressure on rental income, the Group will prioritize lowering vacancy rates, optimizing the tenant mix, and steadily raising the proportion of the food and beverage offerings in the overall layout.
- **Other income** totaled RMB1,019 million, a decrease of RMB111 million compared to the same period last fiscal year, driven by a RMB157 million decline in interest income.
- **Gross profit** was RMB15,372 million, a decrease of RMB1,864 million compared to the same period last fiscal year. The overall gross margin stood at 24.2% and sales gross margin was 20.8%, both up 0.1 percentage points year-on-year. The overall sales gross margin remained stable. Driven by supply chain optimization, product mix adjustments and enhanced operational efficiency, the fresh food category delivered better margin performance, coupled with the increased penetration of private brand products, helped to offset the short-term margin pressure in the fast-moving consumer goods (“FMCG”) category resulting from product and supply chain transitions.
- **Total expenses** were RMB16,005 million, a decrease of RMB936 million compared to the same period last fiscal year, partially offsetting the decrease of gross profit. The decrease was mainly driven by the optimization of labor and rental costs. (i) Continuous optimization of store workforce structure and increased utilization of part-time employees; (ii) Centralize headquarters’ resources to enhance cost efficiency; (iii) Intensify lease negotiations across store networks, enabling a reasonable reduction in rental cost.
- **Adjusted EBITDA** was RMB3,157 million, with an adjusted EBITDA margin of 5.0%.
- **Net cash inflow from operating activities** was RMB634 million, a decrease of RMB2,915 million compared to the same period last fiscal year. Excluding the impact of changes in restricted cash of RMB1,429 million, **net cash inflow from operating activities** decreased by RMB1,486 million year over year. This was mainly attributable to: (i) a decline in profit before tax of RMB980 million; and (ii) an increase in working capital usage caused by the calendar shift effect of the Spring Festival leading to the changes in the pattern of product returns.

- The Group's **net cash position** reached RMB10,063 million, with total assets exceeding RMB46,000 million including self-owned properties valuations^{Note2}. Affected by a temporary softening in real estate valuation conditions and the impact of upcoming land-use rights expirations, coupled with changes in net cash levels, total assets saw a slight fluctuation. Nevertheless, the Group maintains a strong cash position and a high-quality property portfolio, with its long-term financial strength and operational stability remaining unaffected.
- **Inventory turnover days** was 55 days, an increase of 5 days compared to the same period of the last fiscal year.
- The Board proposed a **second interim** dividend of **HK\$0.085** per ordinary share.

Note2: The valuation of self-owned properties is based on the appraisal report dated March 31, 2026.

Strategic Advancement & Business Performance

▪ Strategic Advancement

The Group has optimized and upgraded the structure of core business segments. The new framework is designed to build an agile and collaborative organization that stays closely aligned with market dynamics and supports the smooth implementation of the Group's strategy.

The Group has systematically revamped core merchandise capabilities, and realigned existing procurement functions into two major nationwide divisions for general merchandise and fresh food, steering merchandise management toward nationwide integration and a flattened organizational structure. Brand public relations and marketing teams were consolidated and upgraded into the Commercial Operations Department, connecting online and offline omni-channel businesses through annual strategic guidelines and monthly promotional calendars & themed campaigns.

▪ Business Progress & Key Highlights

Fresh Food Business Delivers Solid Performance, with Upgraded Supply Chain Strengthening Core Competitiveness

Fresh food business maintained resilient performance throughout the fiscal year, achieving year-on-year growth in both sales and profit. Overall sales volume rose by nearly 3%, units per transaction increased by 1.2%, and gross margin improved by 0.8 percentage points. Meanwhile, fresh food business penetration exceeded 40%, up 1.0 percentage point year-on-year. Vegetables and meat were standout categories, greatly enhancing customer loyalty. Operations are driven by clear category positioning: vegetables serve as traffic drivers, fruits lift ticket size, seafood creates differentiated advantages, and meat solidifies customer retention.

The Group rolled out the national joint procurement program for self-operated pork category in September 2025. From January to March 2026, like for like (LFL) sales volume of self-operated pork across the country increased by more than 20% year-on-year. East China and North China withstood CPI volatility and delivered positive LFL revenue growth. The Group's national joint procurement model has created a true win-win-win. Suppliers focus on core businesses through in-depth strategic partnerships to drive sustained market share growth. The Group secures premium supply chain resources, improved product quality, faster delivery to the market, and stronger promotional support, driving steady growth in both sales and profits. Consumers can purchase premium, high value-for-money products and gain early access to new product launches.

In the new fiscal year, fresh food division will focus on high-efficiency traffic acquisition as its core strategy. It will build a business model characterized by popularity, seasonality and local features, explore consumer needs in depth, continue to lift repeat purchase rate and consolidate long-term competitiveness. The Group will further expand category coverage of national joint procurement. The sales contribution of joint procurement will rise to nearly 30% in fresh food and 60% in FMCG respectively,

to further optimize procurement costs and elevate overall product quality.

Deepening Brand Cooperation, Complemented by Private Brand Advancement, to Forge Differentiated Merchandise Edges

The Group has deepened strategic partnerships with leading brands to enrich merchandise portfolio via customized product development and new product premier launches. Simultaneously, the Group has also steadily advanced private brand development to boost differentiated merchandise advantages via dual strategies.

During the reporting period, the Group's private brand business achieved rapid expansion, with sales surging over 60% year-on-year. In March 2026, private brand sales penetration reached 3.2%, successfully meeting the annual target. The penetration target will be lifted to 5% in the new fiscal year. The Group currently features two core private brand tiers: RT-Mart Select and Super Saver. RT-Mart Select focuses on differentiation and quality-to-value, serving as the core gross profit contributor. Super Saver concentrates on extreme value and price competitiveness to drive order and sales growth. Going forward, the overall gross margin of private brands will post steady improvement through continuous sales mix optimization across both brand tiers.

Private brands feature a high-quality customer portfolio and outstanding customer stickiness. Family shoppers aged 30 to 49 contribute more than 60% of total sales. The repeat purchase rate leads all age groups and registers steady growth, validating the precision of our product development strategy. Customer purchase activity has increased significantly, with the overall repeat purchase rate up 4.5 percentage points year-on-year. Drawing on in-depth consumer insights and targeted product positioning, private brands prioritize health, safety and premium sourcing for fresh offerings, launching high-quality and functional product lines. In FMCG, the Group is closely tracking evolving consumer trends, building competitive moats through clean-label formulations, regional authenticity, organic wellness attributes, and craftsmanship innovation, driving repeat purchases and enhance brand value.

The Group's core strategy focuses on brand revitalization, category restructuring, science-backed pricing, differentiated product development, and scenario-based merchandising. With multidimensional cooperation with premium brands, it leverages brand resources to enrich product offerings and strengthen quality assurance. At the same time, the Group is elevating its private label strategy from price-based competition to quality-based competition, continuously optimizing the gross profit structure and creating a hit product matrix.

Supermarket Format Delivers Proven Model, Driving Both Quality and Efficiency Gains

During the reporting period, the supermarket expanded steadily, with 34 stores in operation including 3 new openings during the year. Stores average approximately 2,800 square meters, feature around 8,000 curated SKUs, and boast a streamlined, efficient layout that is closely aligned with customer demand. The category strategy reinforces the Group's strengths in fresh food, with fresh produce accounting for 35% of sales, notably higher than in hypermarkets. Supported by an optimized product mix and enhanced

by high-margin categories such as private brands and bakery, the supermarket format delivers a stronger gross margin performance than the hypermarket format.

Supermarket online sales penetration reached 31%, with same-store sales growth of approximately 15% and same-store order growth of around 25% for the reporting period. Online average ticket size remains notably higher than offline, and continued online expansion is steadily driving improved profitability.

Meanwhile, the Group has optimized its workforce structure, with flexible staffing accounting for nearly 40% ^{Note3}. This has efficiently managed personnel costs and tightly controlled operating expenses while maintaining service quality. In fiscal year ended 31 March 2026, the supermarket format successfully turned cash flow positive, further strengthening its operational quality, earnings resilience, and long-term foundation.

Accelerated Deployment of Front Warehouses to Build a New Growth Engine for Online Business

During the reporting period, the Group accelerated the deployment of front warehouses. By the end of the reporting period, 9 front warehouses were in operation, with 7 new openings added during the fiscal year. Each front warehouse covers approximately 500 square meters, with a capital expenditure of around RMB400,000, and offers approximately 6,000 SKUs, with an assortment depth comparable to that of the supermarket format.

As an effective extension of the hypermarket format, front warehouses serve trade areas within a 3–5 km radius and beyond surrounding hypermarkets, fulfilling orders across all online channels. Compared with the high fulfillment costs of long-distance delivery from hypermarkets, the front warehouse model effectively dilutes overall online operating expenses, significantly improves delivery efficiency, and optimizes the cost structure.

In terms of product mix, fresh food, dairy and chilled & frozen categories generate approximately 50% of sales. This strongly builds consumer perception of high-frequency, daily essentials, one-stop meal shopping, and freshness and reliability. This continuously lifts customer stickiness and repurchase frequency, and will serve as a key growth pillar of the Group's online business.

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Note 3: Based on the report dated March 31, 2026.

About Sun Art Retail Group Limited

Sun Art is a leading retailer with hypermarket and omni-channel e-commerce businesses in China. Sun Art operates its business with hypermarkets and superstores under “RT-Mart” and “RT-Super”. As of 31 March 2026, Sun Art had a total of 462 hypermarkets, 34 superstores and six membership stores in China with a total gross floor area (“GFA”) of approximately 13.39 million square meters, covering 207 cities across 29 provinces, autonomous regions and municipalities. The Group has long been committed to value-for-money offerings and takes health and happiness as its core customer value. It provides a one-stop shopping experience featuring diverse, safe, affordable, fresh, tasty and trendy goods. The Group strives to become life service centers, a trusted community neighbor and a trustworthy shopping partner of customers.

As of 31 March 2026, DCP Capital Partners II, L.P. indirectly controls 79.15% of the issued share capital of Sun Art Retail Group Limited (the “Group”) and therefore has become the ultimate controlling shareholder of the Group.

Sun Art Retail Group will leverage its integrated online and offline expertise to explore growth opportunities in China’s retail sector, positioning itself as an innovation driver as well as industry leader and benchmark for retail excellence.

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