

SUN ART

Retail Group Limited

Stock code: 6808

**Financial Results Announcement
For the year ended 31 March 2022**

易生活 逛大润发

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Speakers



Operating Environment



Expansion Status



Financial Highlights



Strategy Progress



Q&A



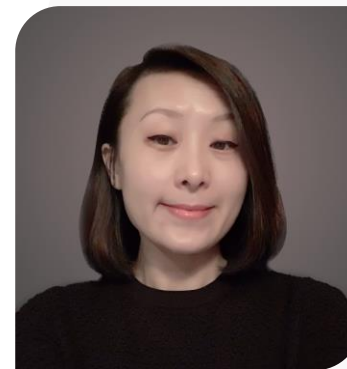
Kevin Lin

Chief Executive Officer
and
Executive Director



Desory Wan

Chief Financial Officer



Xiaobei Gu

Head of
Investor Relations

OPERATING ENVIRONMENT

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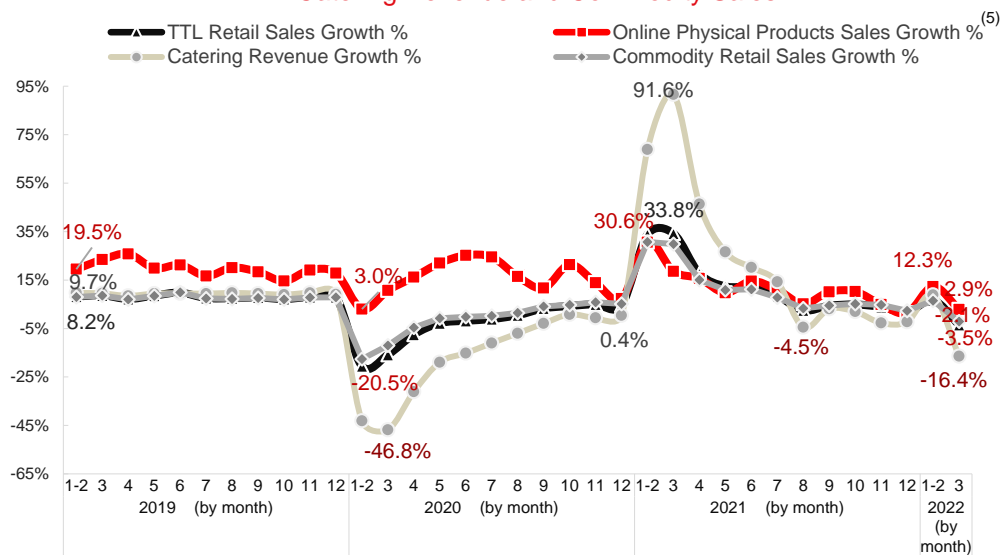


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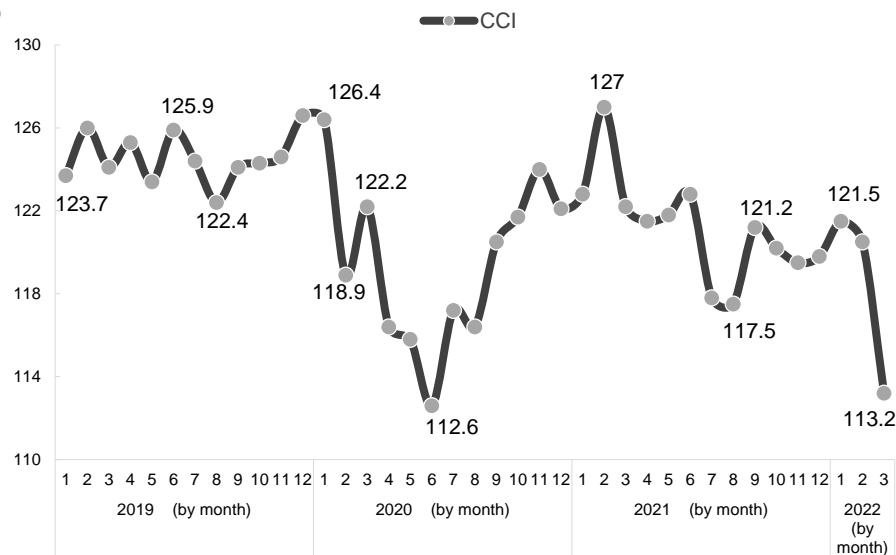
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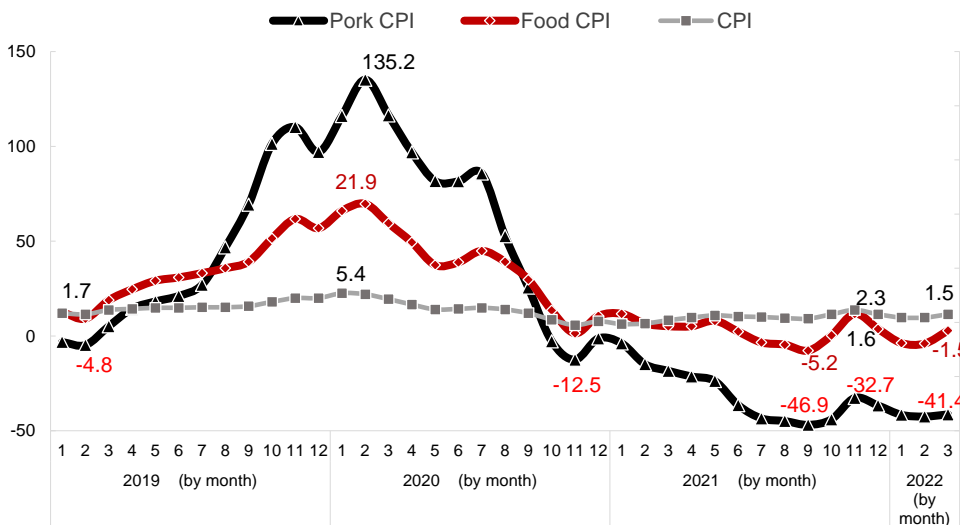
⁽¹⁾ Growth of Total Retail Sales of Consumer Goods, Online Physical Products, Catering Revenue and Commodity Sales



⁽²⁾ Consumer Confidence Index (CCI)



⁽³⁾ Growth Rate of Consumer Price Index (CPI)



⁽⁴⁾ Sales Growth Rate of China Top 100 Key Retailers



Source: (1), (2), (3) from National Bureau of Statistics of China. (4), (5) from the China National Commercial Information Center (CNCIC).

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EXPANSION STATUS

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As of 31 March 2022



Region	No. of stores (as of 31 March 2022)				GFA (sqm) (as of 31 March 2022)			
	Hyper-market	Super-store	Mini Store	Total	Hypermarket	Superstore	Mini Store	Total
Eastern China	185	4	75	264	5,437,220	51,895	16,657	5,505,772
Northern China	51	1	0	52	1,327,103	10,283	0	1,337,386
N-Eastern China	54	2	0	56	1,700,658	15,810	0	1,716,468
Southern China	98	1	0	99	2,428,494	13,547	0	2,442,041
Central China	76	1	28	105	1,958,931	6,425	6,936	1,972,292
Western China	26	0	0	26	691,724	0	0	691,724
<u>Total</u>	490	9	103	602	13,544,130	97,960	23,593	13,665,683

New opening of **5** hypermarkets

Secured **22** hypermarket sites

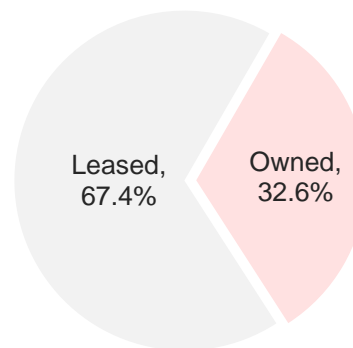
New opening of **3** superstores

Secured **19** superstore sites

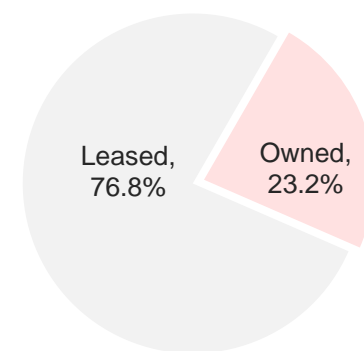
New opening of **73** mini stores

Covering **239** cities

GFA breakdown



Store no. breakdown



Note: GFA breakdown and store number breakdown only include hypermarkets and superstores.

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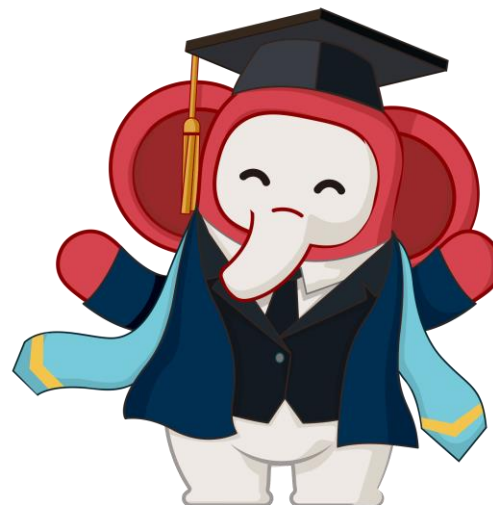
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FINANCIAL HIGHLIGHTS



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For comparison purpose, major indicators of the financial results for the year ended 31 March 2022 and 31 March 2021 are summarized in the table below.

For the twelve months ended 31 March			
RMB in million	2022 Audited	2021 Unaudited	Change
Revenue ⁽¹⁾	88,134	93,086	-5.3%
Same Store Sales Growth ^{(2) (3)}	-6.7%	-	-
Gross Profit	21,473	24,126	-11.0%
Gross Profit Margin	24.4%	25.9%	- 1.5ppt
EBIT	18	3,604	-99.5%
EBIT Margin	0.0%	3.9%	-3.9ppt
Profit for the period	-826	2,294	-136.0%
Net Profit Margin	-0.9%	2.5%	-3.4ppt
<i>Profit attributable to equity shareholders</i>	<i>-739</i>	<i>2,183</i>	<i>-133.9%</i>
Earnings per share - Basic and diluted (RMB) ⁽⁴⁾	-0.08	0.23	

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 March 31, 2022. It is calculated by comparing the sales derived from those stores during their operating periods in the twelve months ended 31 March 2022 with sales during the corresponding periods ended 31 March 2021.

(3) Same Store Sales Growth: calculated based on sales of goods excluding electronic appliance.

(4) 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.

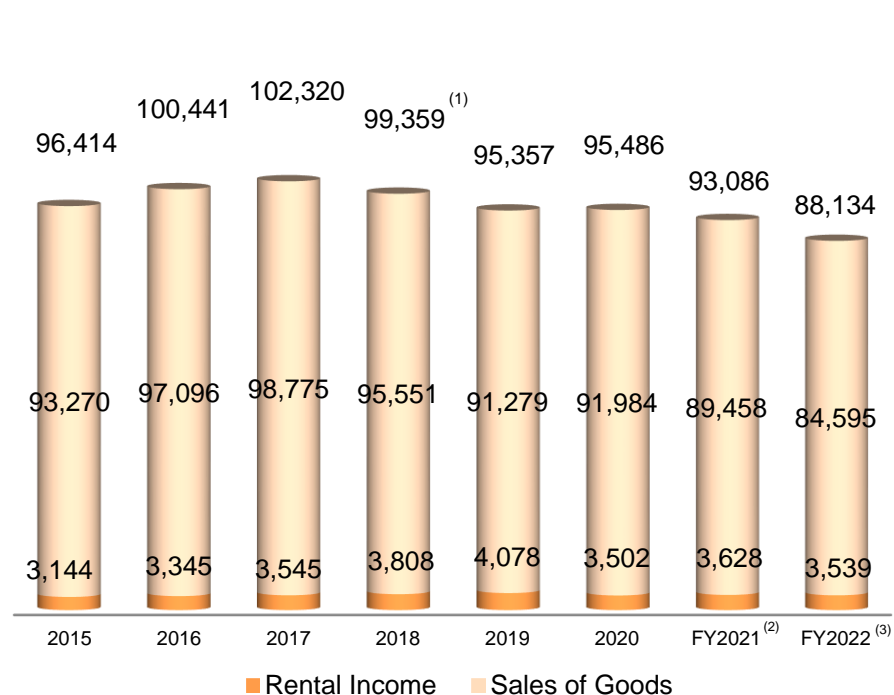
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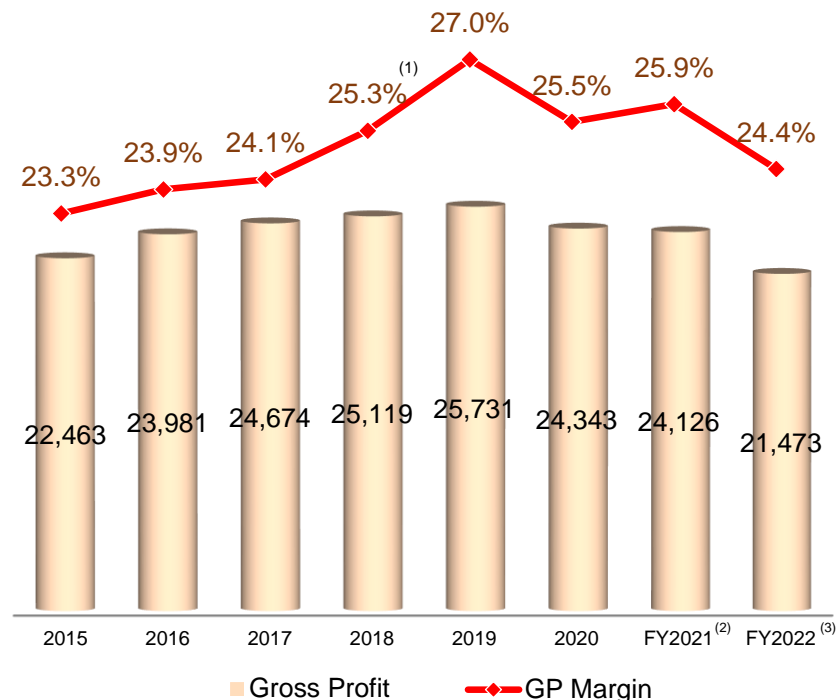
Revenue

RMB (million)



Gross Profit and Margin

RMB (million)



Note:

(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)、(3) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021 and FY2022 show the major indicators of the financial results for the twelve months ended March 31, 2021 (unaudited) and March 31, 2022 respectively.

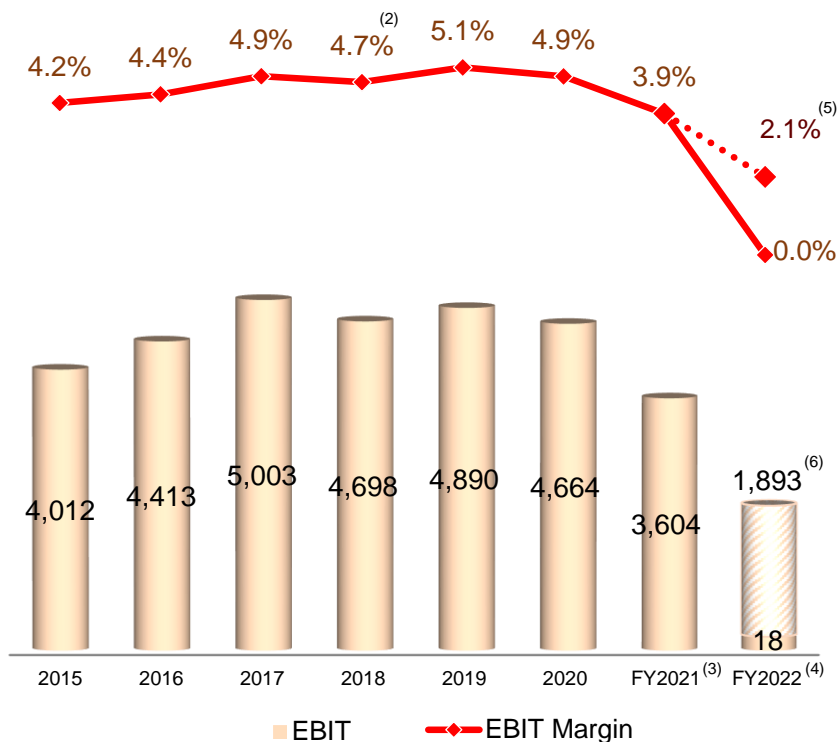
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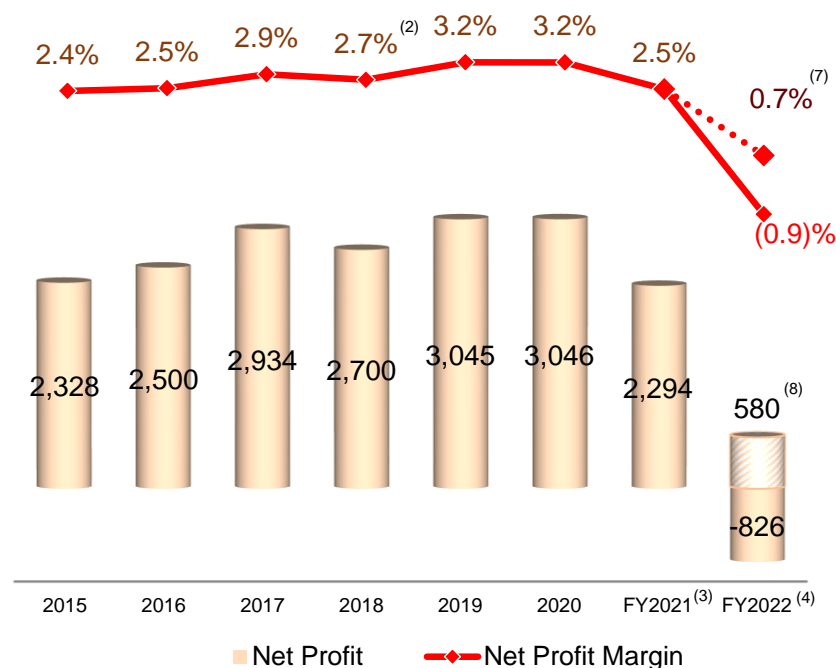
Operating Profit

RMB (million)



Net Profit⁽¹⁾ and Margin

RMB (million)



Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, figures in the 4 years earlier than 2019 (i.e. since 2015) are restated retrospectively.

(1) Showing profit for the period, i.e. including the non-controlling interests.

(2) 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.

(3)、(4) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021 and FY2022 show the major indicators of financial results for the twelve months ended March 31, 2021 (unaudited) and March 31, 2022 respectively.

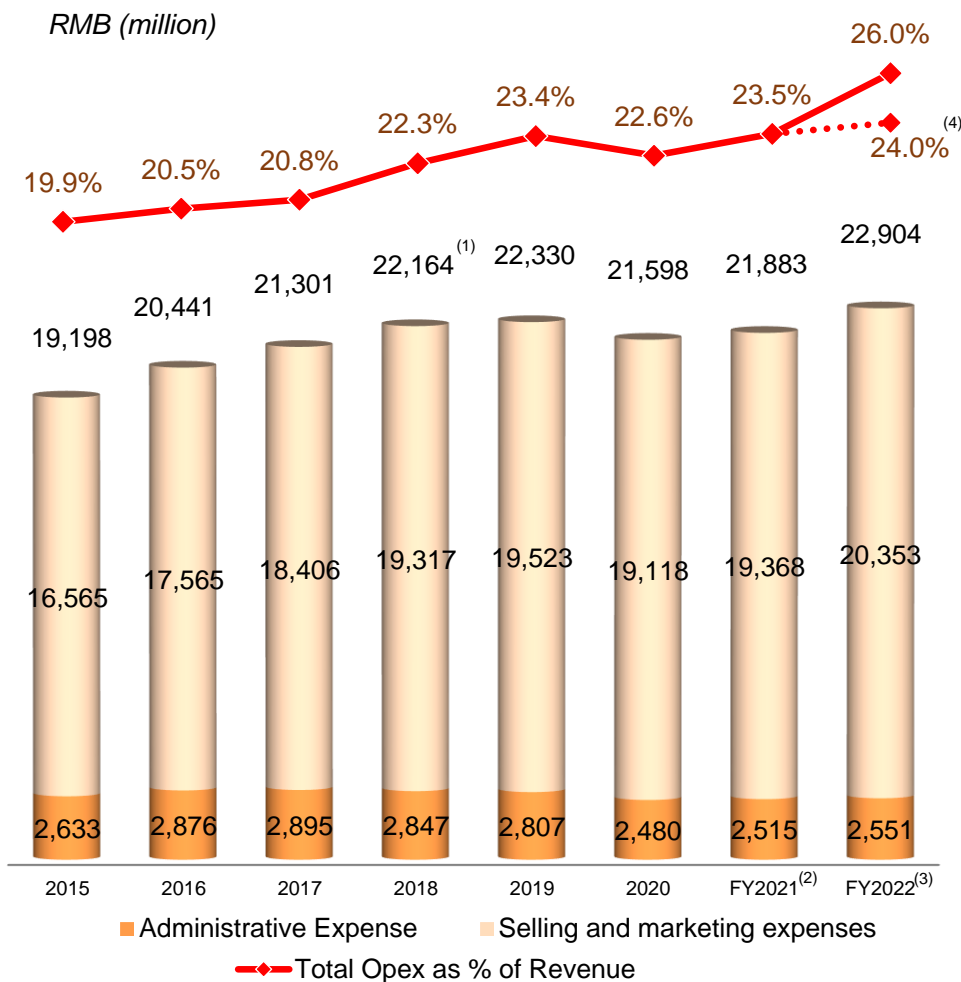
(5)、(6)、(7)、(8) Estimated results after deduction of provision.

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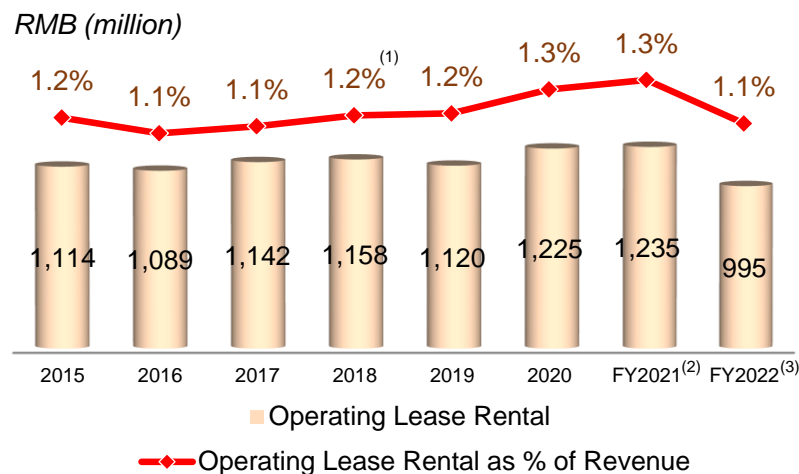
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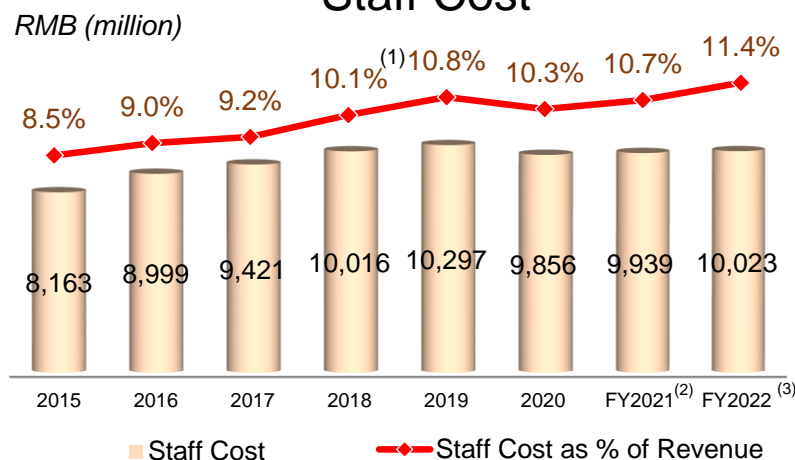
Expenses



Operating Lease Charges



Staff Cost



Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, figures in the 4 years earlier than 2019 (i.e. since 2015) are restated retrospectively.

(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)、(3) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021 and FY2022 show the major indicators of financial results for the twelve months ended March 31, 2021 (unaudited) and March 31, 2022 respectively.

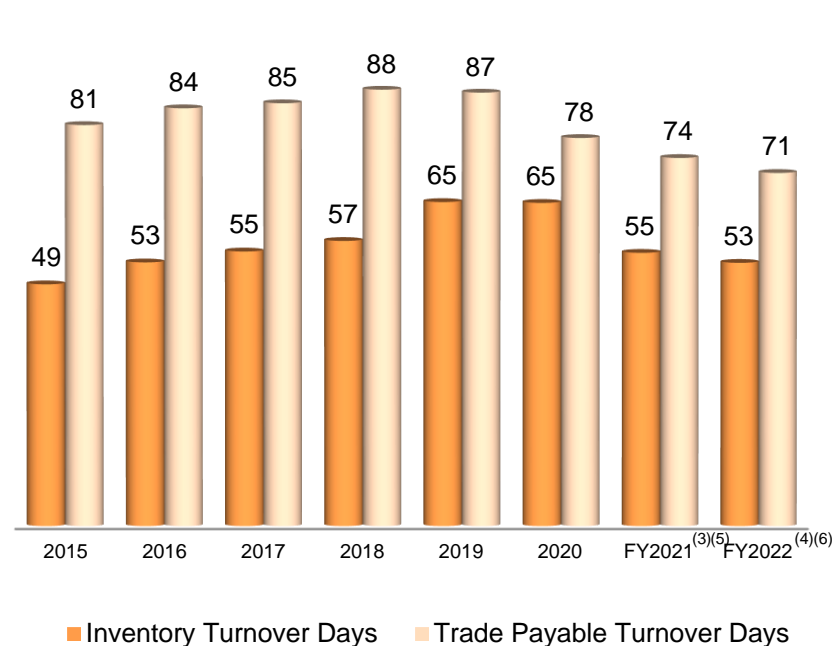
(4) Estimated results after deduction of provision.

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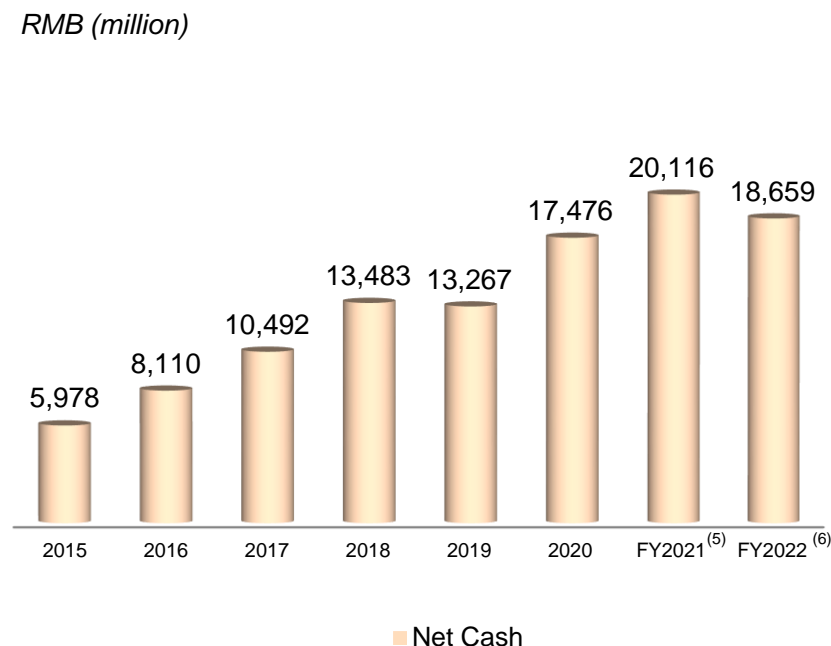
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Working Capital Days ⁽¹⁾



Net Cash Position ⁽²⁾



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 12 months. Data has been restated since 2015.

(2) The balance of net cash position is calculated as the sum of cash and cash equivalents, financial assets measured at FVPL and time deposits minus bank loans.

(3) For the twelve months ended 31 March 2021, 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.

(4) For the six months ended 31 March 2022, 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.

(5)、(6) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021 and FY2022 show the major indicators of financial results for the twelve months ended March 31, 2021 (unaudited) and March 31, 2022 respectively.

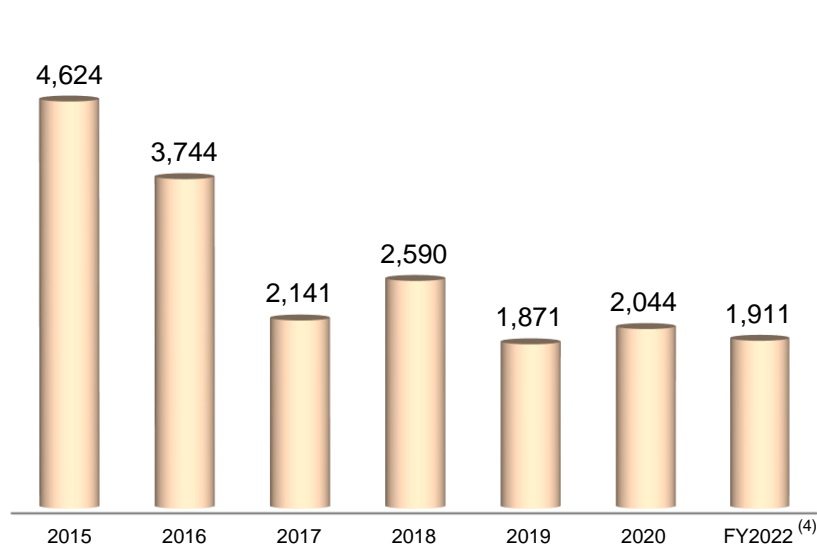
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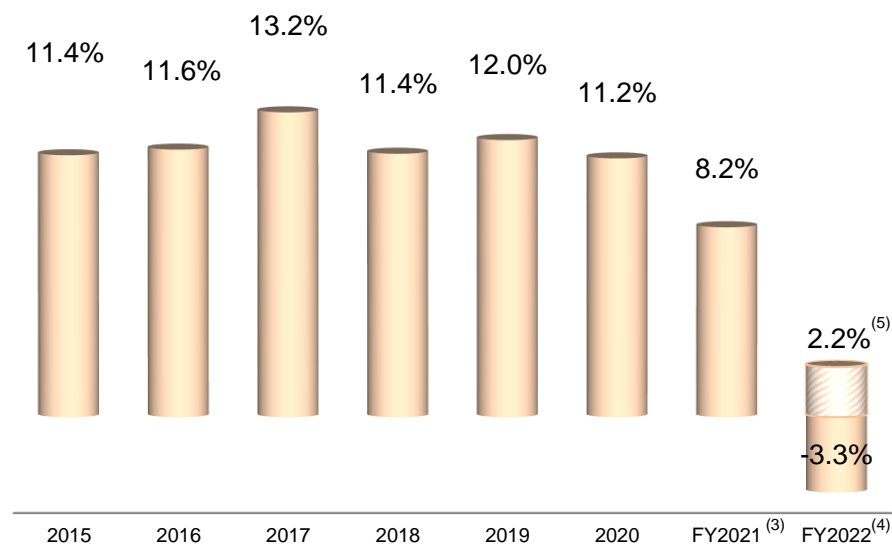
CAPEX

RMB (million)



CAPEX

ROE ^{(1) (2)}



ROE

Note:

(1) ROE is calculated by dividing net profit for the period by total equity amounts as at the end of the period.

(2) The Group has initially applied HKFRS 16 at 1 January 2019 using the full retrospective approach. Under this approach, figures in the 4 years earlier than 2019 (i.e. since 2015) are restated retrospectively.

(3)、(4) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021 and FY2022 show the major indicators of financial results for the twelve months ended March 31, 2021 (unaudited) and March 31, 2022 respectively.

(5) Estimated results after deduction of provision.

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STRATEGY PROGRESS

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Create incentives for customers' shop-in-store and become offline experience centers.

Continued to revamp more than 70 hypermarkets, focusing on the remodeling version 2.0 with remarkable results.

The first store of version 2.0 ceased revenue decrease and rebounded in the second half of the fiscal year, achieving a positive revenue growth of more than 10%.

- Scenario:
 - Connected displays and scenes from perspective of customers.
 - Create large display scenes and extend secondary aisles to improve shopping experience.
- Product:
 - Highlight core categories, reinforce frozen foods, hot foods and fresh products.
 - Introduce new products as well as eliminating long tail products, and operate products according to customer's hierarchy.
- Gallery:
 - Adjust tenant structure, increase merchants which can attract traffic.
- Service:
 - Create neighborhood centers in communities with diversified services.



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Optimize store warehouses and become online fulfillment centers.

By further leveraging the “Big box” advantages of RT-Mart, the online business achieved the revenue growth of nearly 13%.

- The Group had industry-leading digitalized fulfillment capabilities.
 - More than 80% of stores have installed the automated conveyor-belt system.
 - The quick-picking warehouses covering omni channels are shared in nearly half of the stores.
 - In fiscal year 2022, the average daily order per store (“**DOPS**”) exceeded 1,250. In the second half of the fiscal year, the ticket size was more than RMB70 per order, representing an increase of 6.5% over the same period.
- The B2C business achieved revenue growth of 12.5%. The accelerated growth of self-owned APP businesses has laid a foundation for the digital operation of customers.
- Undertook the core supply of Alibaba community group buying business and deeply cooperated with central warehouses of TAOCAICAI (“**TCC**”) business across the country with a support team of more than 250 employees.
- The construction of fresh product processing centers developed in order. Vegetables and fruits have realized classification and packaging standardization. The fresh product processing centers in Eastern China have covered more than 60% of the stores.



The multi-format and omni-channel development.

Both RT-Super and RT-Mini have made breakthroughs in business model exploration.

- RT-Super's profit model is basically practicable.
 - Two-thirds of the stores have achieved breakeven or profitability.
 - Explore a low-cost, low-investment expansion model.
 - Collect new store sites for future expansion.



- RT-Mini has developed four different store business patterns.
 - The cost and wastage have been controlled, and the gross margin of products has been improved.
 - The loss ratio of more than one-year-old stores has narrowed significantly.

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Adhere to the multi-format and omni-channel development strategy

Stay helpful in daily life, Be neighborly in communities

Energy Conservation and Emission Reduction • Food Safety • Green and Healthy

Create incentives for customers' shop-in-store, become offline experience centers for the getting-old group and families with kids.



Leverage the near-fields advantages of store warehouses, become online fulfillment centers for the working person.



Continue to explore the new business formats of superstores and mini stores.



Develop fresh product supply chain capabilities

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Adhere to the multi-format and omni-channel development strategy

Offline Experience Center

- Focus on the offline getting-old group and families with kids who have rigid demands.
- Redefine customer value of “shopping, experience, services and social”.
 - ↳ Establish digital precision operation of customers.
 - ↳ Reduce homogeneous products, expand category and improve quality.
 - ↳ Facilitate the modular and scene-based remodeling version 2.0.

Online Fulfillment Center

- Focus on busy working persons who enjoy the convenience of online shopping.
- Expand near-field categories, separate offerings arrangement of omni channels for customers.
- Leverage near-field advantages of stores, deepen online cooperation with Alibaba, improve supply chain efficiency and service capabilities.

Multi-format and Omni-channel

- Combine the expansion of RT-Mart, RT-Super and RT-Mini and achieve economic scale with regional coverage.
- Accelerate the accumulation of RT-Super sites for expansion.
- Continue to develop store pattern of RT-Mini and community economy.

Develop fresh product supply chain capabilities to support the multi-format and omni-channel development

- Facilitate the infrastructure construction of fresh product processing center network.
- Strengthen the construction of supply network including near-fields, far-fields and wholesale markets.
- Establish buyer and seller teams with digital capabilities, and enhance product quality and variety to form competitiveness and differentiation.

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