

SUN ART

Retail Group Limited

Stock code: 6808

**Financial Results Announcement
For the twelve months ended 31 March 2024**

让生活更精彩 大润发

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Financial Highlights

	For the twelve months ended 31 March		
RMB in million	2022	2023	2024
Number of Stores	499	498	507
Revenue ⁽¹⁾	88,134	83,662	72,567
Same Store Sales Growth	-6.7%	-4.0%	-6.6% ⁽²⁾
Gross Profit	21,473	20,581	17,958
Gross Profit Margin	24.4%	24.6%	24.7%
EBIT	18	1,177	-1,009
EBIT Margin	0.0%	1.4%	-1.4%
Profit for the period	-826	78	-1,668
Net Profit Margin	-0.9%	0.1%	-2.3%
<i>Profit attributable to equity shareholders</i>	<i>-739</i>	<i>109</i>	<i>-1,605</i>
Earnings per share - Basic and diluted (RMB) ⁽³⁾	-0.08	0.01	-0.17

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

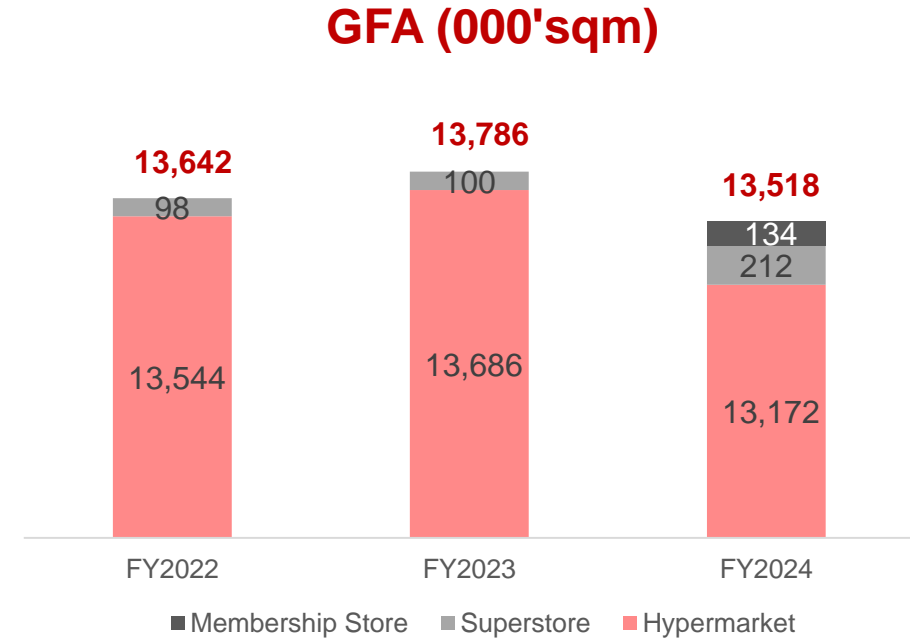
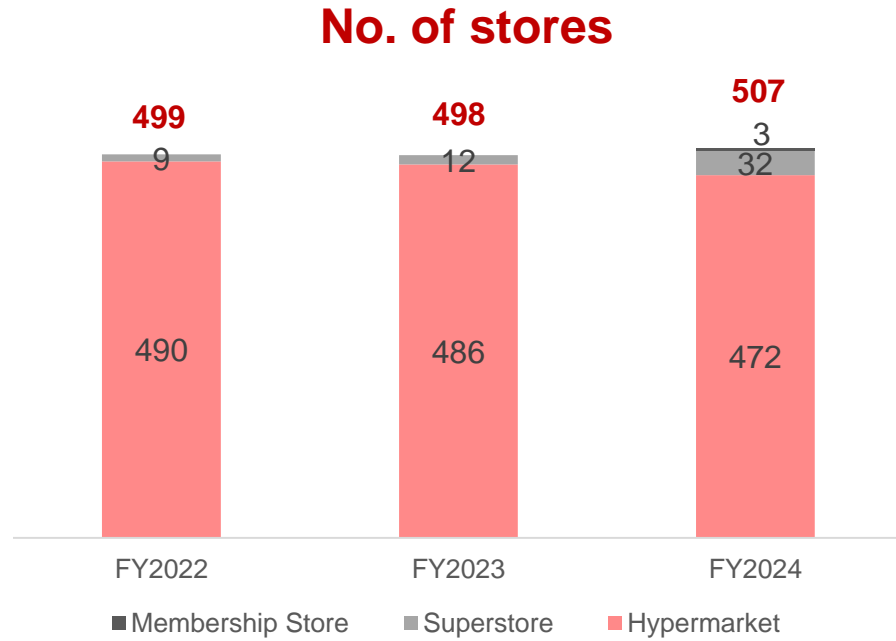
(1) In our electronic appliance department, the business model was changed from self-operation to consignment from August 2018. Since then, only consignment fees received have been recognized in revenue instead of gross sales.

(2) Same Store Sales Growth: for stores that have been open for more than twelve full months as of March 31, 2024. It is calculated by comparing the sales derived from those stores during their operating periods in the twelve months ended 31 March 2024 with sales during the corresponding periods ended 31 March 2023. Same Store Sales Growth is calculated based on sales excluding supply chain business (supply chain business includes Taocai 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

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



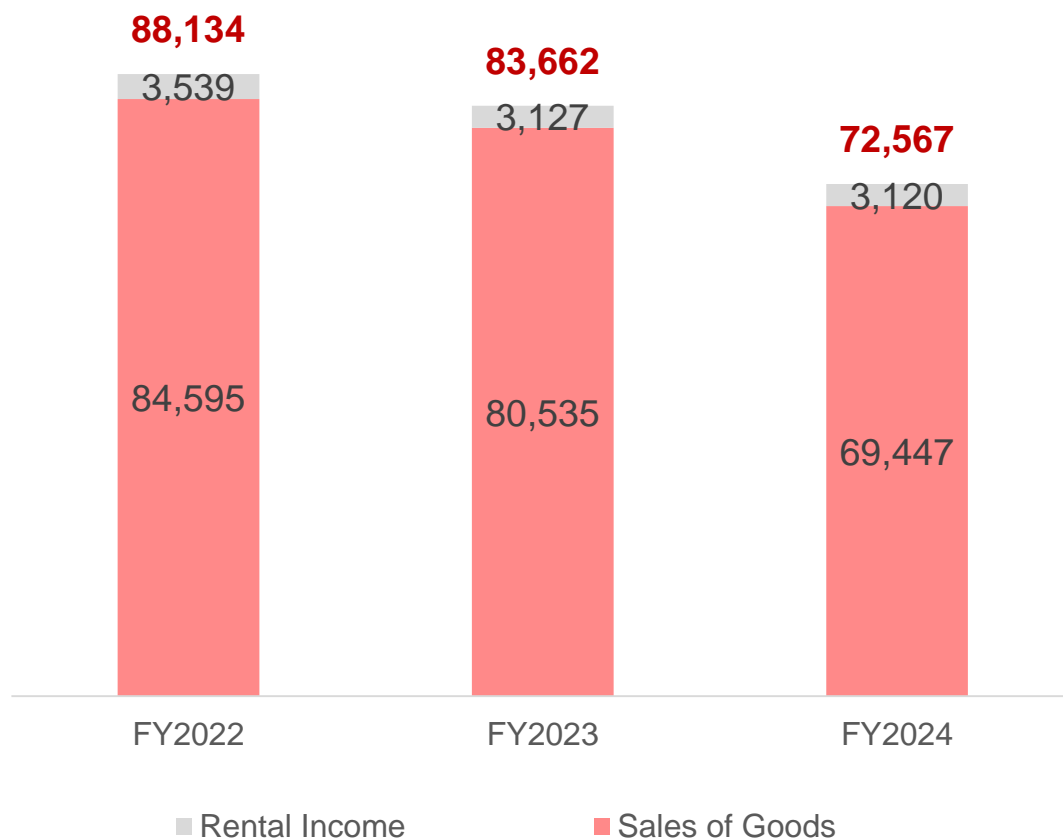
*New opening of **6** hypermarkets New opening of **14** superstores New opening of **3** membership stores*

*Secured **4** hypermarket sites Secured **13** superstore sites Covering **207** cities*

Total Revenue

Revenue decreased by 13.3% that traffic recovered partially offset the decline in ticket size. Rental income stabilized.

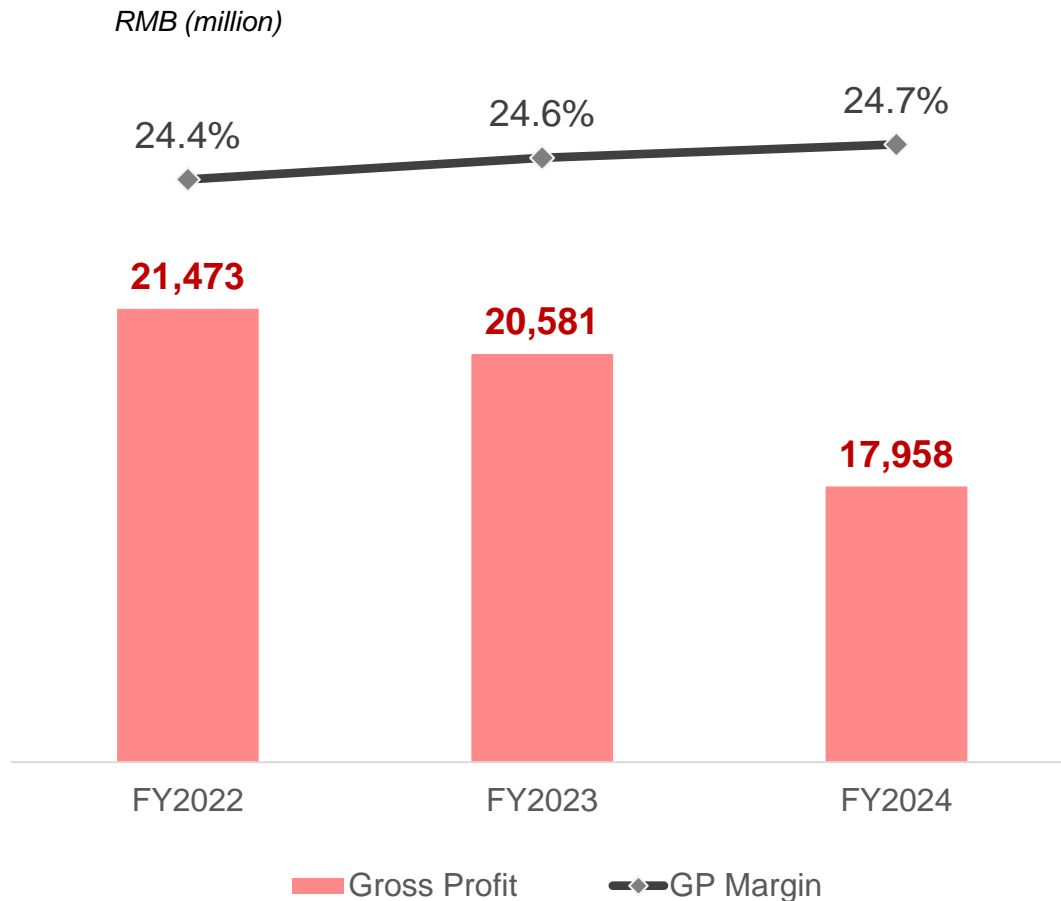
RMB (million)



- Revenue of the Group amounted to RMB72,567 million, representing a year-on-year decrease of RMB11,095 million, or -13.3%.
 - ◎ The contraction of supply chain business and store closures have approximately 8.4% impact on revenue.
 - ◎ Traffic was recovering, the decline in ticket size resulted in a decrease in sales.
- The rental income reached RMB3,120 million, basically remained consistent as compared to the same period of the last fiscal year.
 - ◎ Continued to adjust and optimize the tenant mix of galleries.
 - ◎ The vacancy rate declined and remained low.

Gross Profit Margin

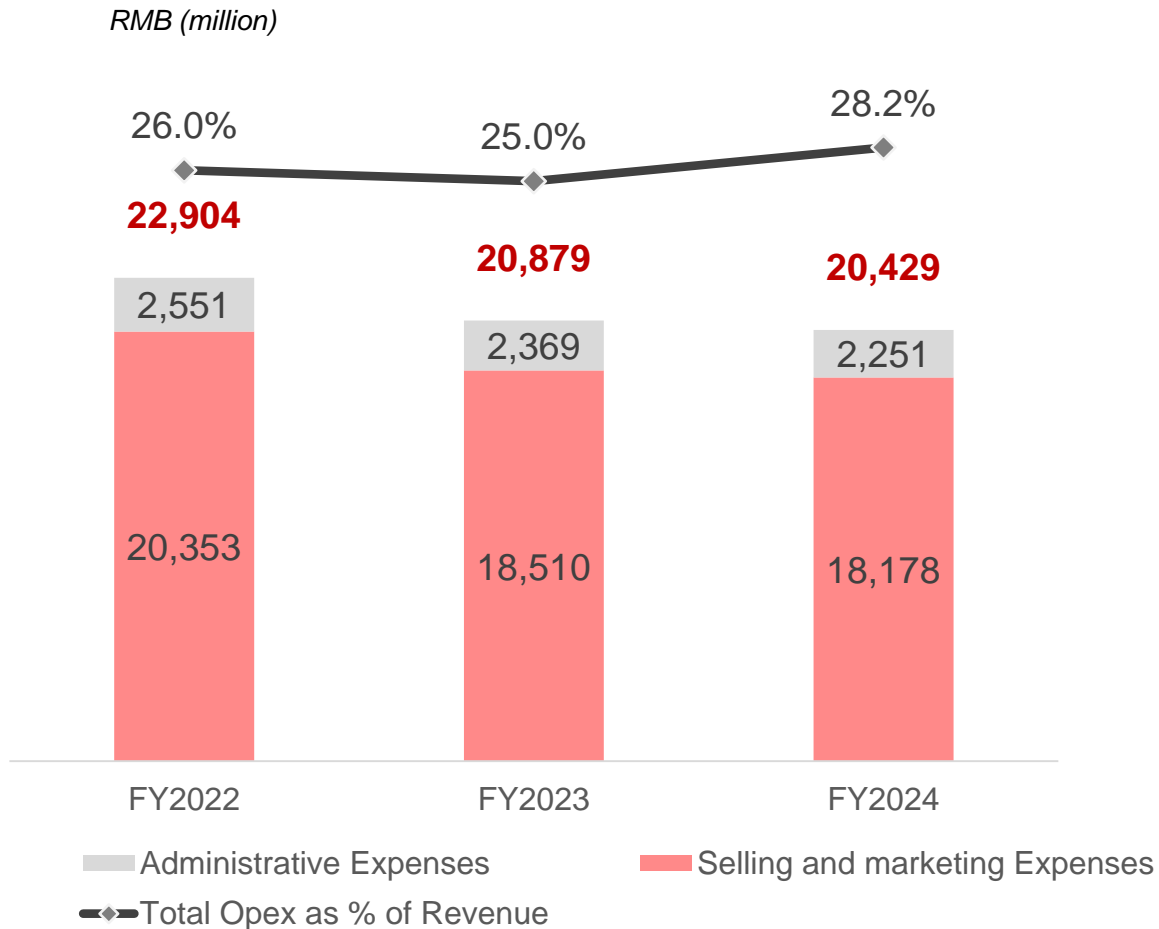
The decrease in revenue from sales of goods resulted in a decrease in gross profit, and the gross profit margin was slightly higher than that of the same period of the last fiscal year.



- Gross profit was RMB17,958 million, representing a year-on-year decrease of RMB2,623 million. The decrease in gross profit was mainly resulted from:
 - ⊙ A decrease in offline sales;
 - ⊙ Increased marketing investments and price subsidies to maintain price competitiveness.
 - ⊙ Contraction of supply chain business.
- The gross profit margin was 24.7%, slightly higher than that of the same period of the last fiscal year.

Expenses

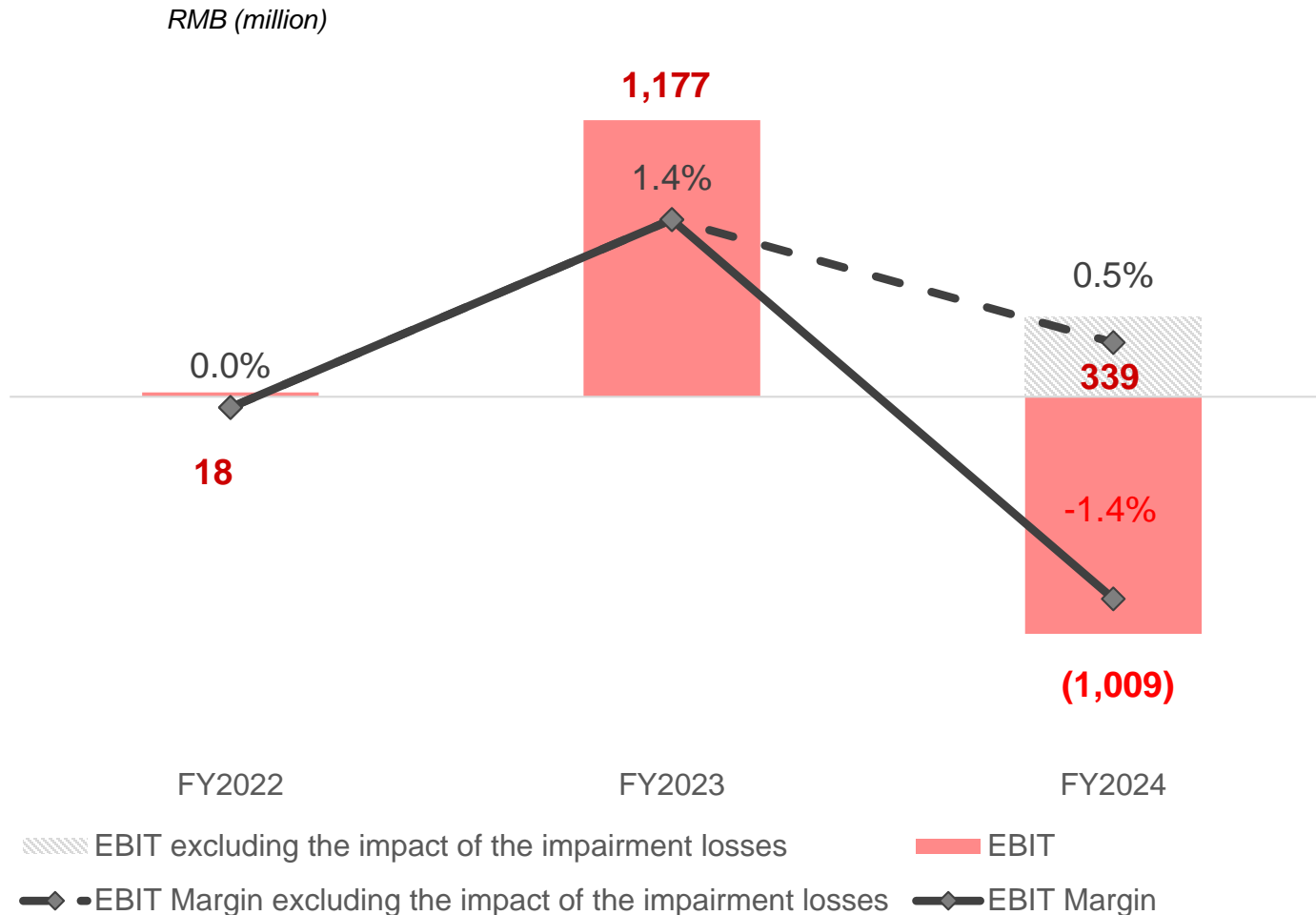
Continued to reduce costs and increase efficiency. Without taking into account the impact of the impairment losses, expenses decreased by RMB1,414 million year-on-year.



- Expenses amounted to RMB20,429 million, representing a year-on-year decrease of RMB450 million, or -2.2%.
- Without taking into account the impact of the impairment losses, expenses amounted to RMB19,081 million, representing a year-on-year decrease of RMB1,414 million, or -6.9%.

EBIT

Without taking into account the impact of the impairment losses, EBIT decreased by RMB1,222 million year-on-year.

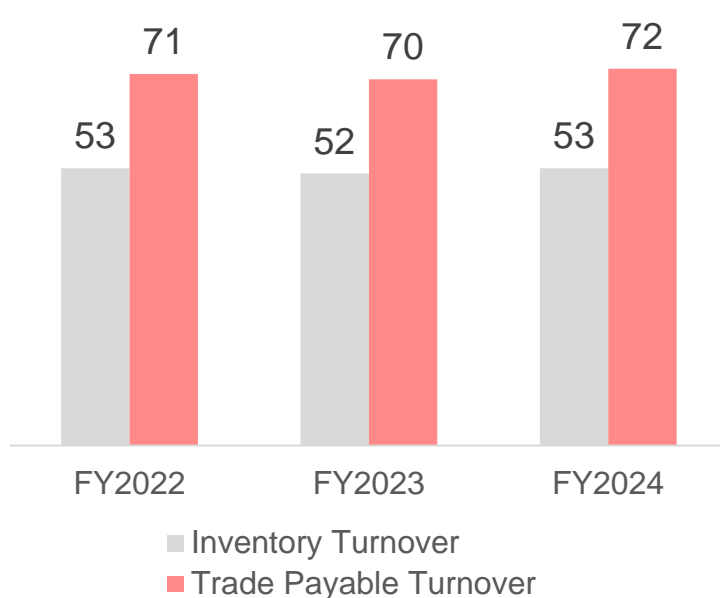


- The operating loss was RMB1,009 million, representing a year-on-year decrease of RMB2,186 million.
- Without taking into account the impact of the impairment losses, the operating profit was RMB339 million, representing a year-on-year decrease of RMB1,222 million.

Working Capital Days, CAPEX and Net Cash Position

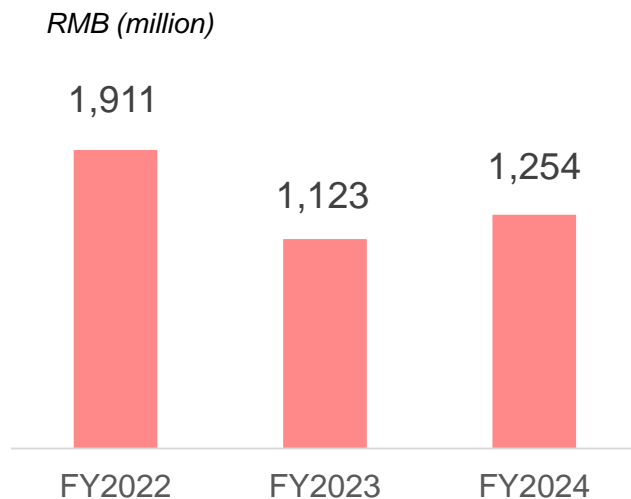
Working capital was stable, net cash decreased due to an increase in restricted deposits and free cash flow was stable.

Working Capital Days⁽¹⁾



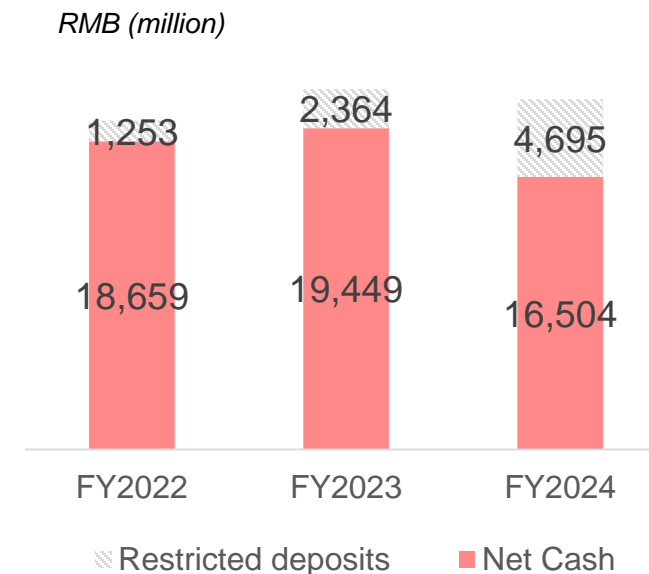
- Inventory turnover days and trade payable turnover days were 53 days and 72 days respectively. Working capital remained stable.

CAPEX



- CAPEX was RMB1,254 million. Continued to expand with multi-format.

Net Cash Position⁽²⁾



- Net cash position was RMB16,504 million, representing a year-on-year decrease of RMB2,945 million, mainly due to the increase in restricted deposits and decrease in operating profit.

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..

Return to customer needs and the essence of retail

Return to the initial aspiration of the RT-Mart.

Build upon outstanding retail professionals and business operation model of the RT-mart,

Understanding customers' needs and ensure their satisfaction.

“Sell more and more high-quality products to more and more customers at lower and lower prices”

Focus on revenue growth and return to profit

Focus on the SSSG⁽¹⁾ of offline traffic, stabilize revenue and realize top line growth.

- Reshape the core advantage of price competitiveness, enhance bastion products and restore the price image.
- Review the products offerings of different price quartiles to enable customers' needs.
- Return to the customers' perspective and enhance refined operational management, service and experience.

Note:
(1) Same store sales growth

Focus on revenue growth and return to profit

Accelerate cost reduction and efficiency improvement, and return to healthy development.

- Review controllable expenses and lower the rates, restore hypermarket's profitability and realize omni-channel profitability.
- Improve efficiency throughout the entire chain by reducing inventory and bettering product turnover, and enhance efficiency regarding human, products and square meter.
- Enhance profitability of individual stores.

Focus on revenue growth and return to profit

Continue multi-format and omni-channel development, drive membership stores and superstores to be 2nd growth curve.

- Roll out superstores with flexibility and continuously optimize the business model and profit model.
- Roll out membership stores with differentiation and refine profit models.
- Develop multi-channel of online business and drive growth and profitability.

Focus on revenue growth and return to profit

“Becoming a thriving and prosperous entity, allowing customers and employees to work and live a healthy and happy life”