

SUN ART

Retail Group Limited

Stock code: 6808

**Financial Results Announcement
For the twelve months ended 31 March 2025**

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Financial Highlights (1/2)

	For the twelve months ended 31 March		
RMB in million	2023	2024	2025
Number of Stores	498	507	505
Revenue ⁽¹⁾	83,662	72,567	71,552
Same Store Sales Growth ⁽²⁾	-4.0%	-6.6% ⁽³⁾	0.6% ⁽³⁾
Gross Profit	20,581	17,958	17,236
Gross Profit Margin	24.6%	24.7%	24.1%
EBIT	1,177	-1,009	1,425
EBIT Margin	1.4%	-1.4%	2.0%
Adjusted Profit for the period⁽⁴⁾	78	-1,636	692
Adjusted Net Profit Margin	0.1%	-2.3%	1.0%

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, 2025. It is calculated by comparing the sales derived from those stores during their operating periods in the twelve months ended of March 31, 2025 with sales during the corresponding periods ended of March 31, 2024.

(3) Same Store Sales Growth is calculated based on sales excluding supply chain business (supply chain business includes Taocaicai and Tmall inventory sharing business).

(4) Adjusted Profit for the period excluded dividend withholding tax and the tax provision accrued in connection with the announcement dated on 27 February 2025.

Financial Highlights (2/2)

	For the twelve months ended 31 March		
RMB in million	2023	2024	2025
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Special Impacts ⁽⁴⁾	0	32	306
Profit for the period	78	-1,668	386
Net Profit Margin	0.1%	-2.3%	0.5%
<i>Profit attributable to equity shareholders</i>	<i>109</i>	<i>-1,605</i>	<i>405</i>
Earnings per share - Basic and diluted (RMB) ⁽⁵⁾	0.01	-0.17	0.04

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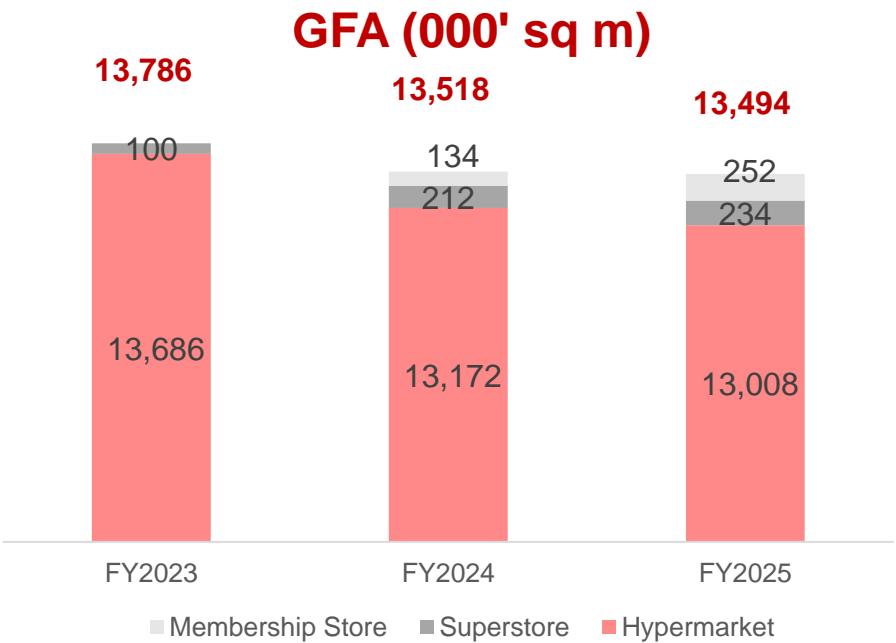
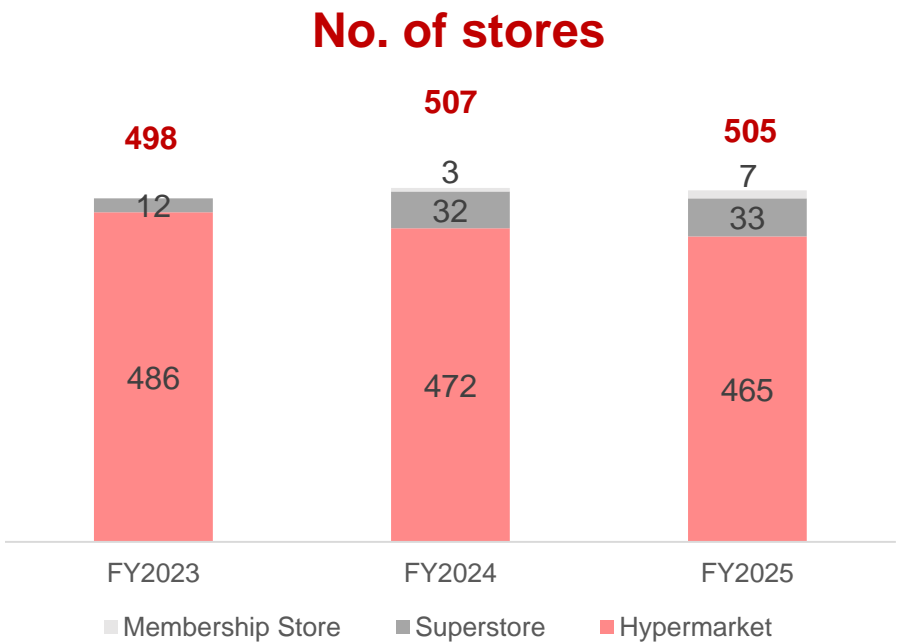
(3) Same Store Sales Growth is calculated based on sales excluding supply chain business (supply chain business includes Taocaicai and Tmall inventory sharing business).

(4) Special impacts were dividend withholding tax and the tax provision accrued in connection with the announcement dated on 27 February 2025.

(5) 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

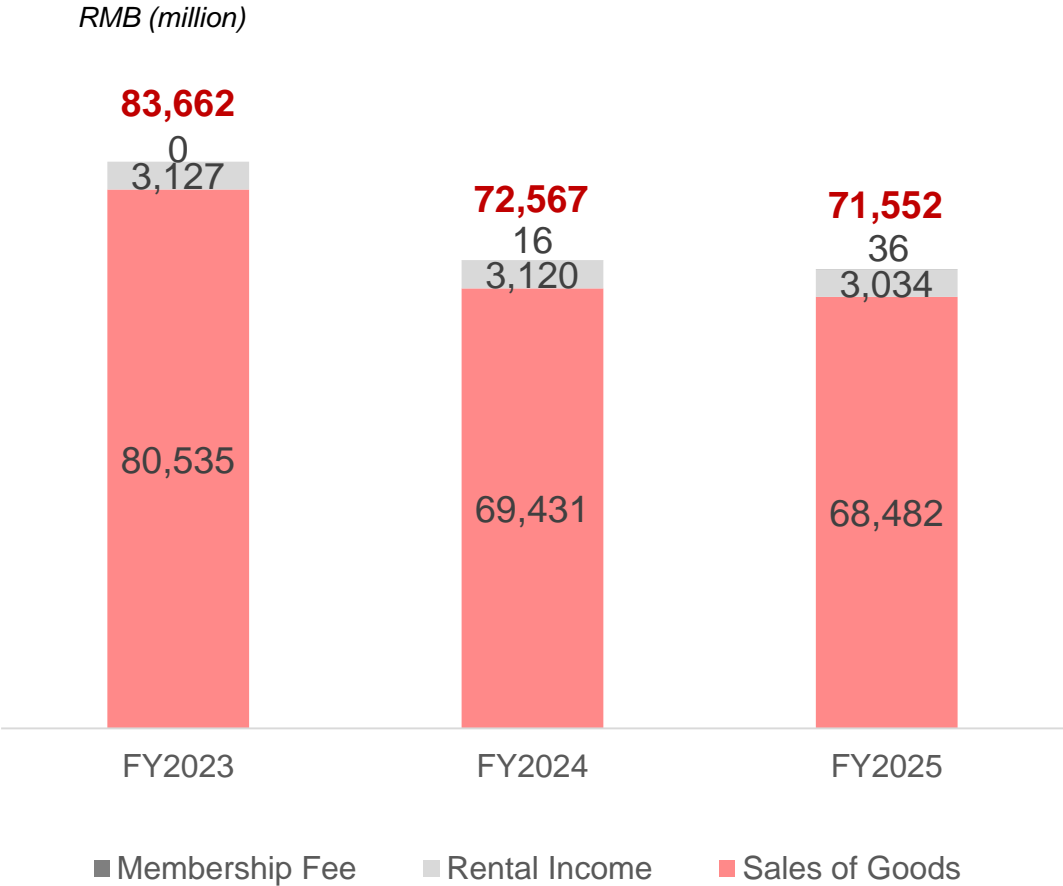
New opening of **4** supermarkets

New opening of **4** membership stores

Secured **3** hypermarket sites Covering **207** cities

Total Revenue

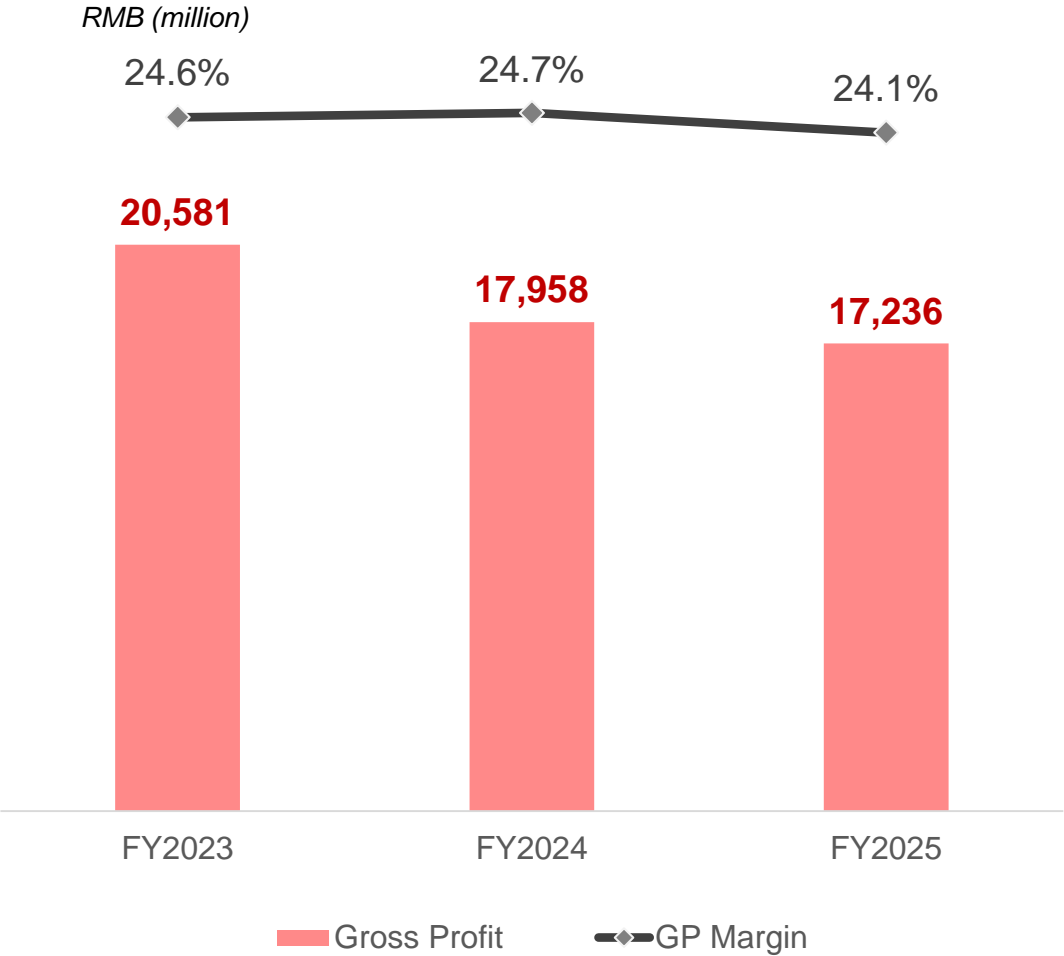
For the fiscal year, ticket size increased while customer traffic stabilized. Without taking into account the impact of the scaling down of supply chain business and store closures, revenue increased by approximately 1.6%.



- Revenue of the Group amounted to RMB71,552 million, representing a year-on-year decrease of RMB1,015 million, or -1.4%.
 - ◎ The scaling down of supply chain business has approximately 1.4% impact on revenue.
 - ◎ Store closures have approximately 1.6% impact on revenue.
- The rental income reached RMB3,034 million, representing a year-on-year decrease of RMB86 million, or -2.8%.
 - ◎ Reduction of gallery areas caused by the store closures.
 - ◎ Ongoing adjustment of tenant mixture.

Gross Profit Margin

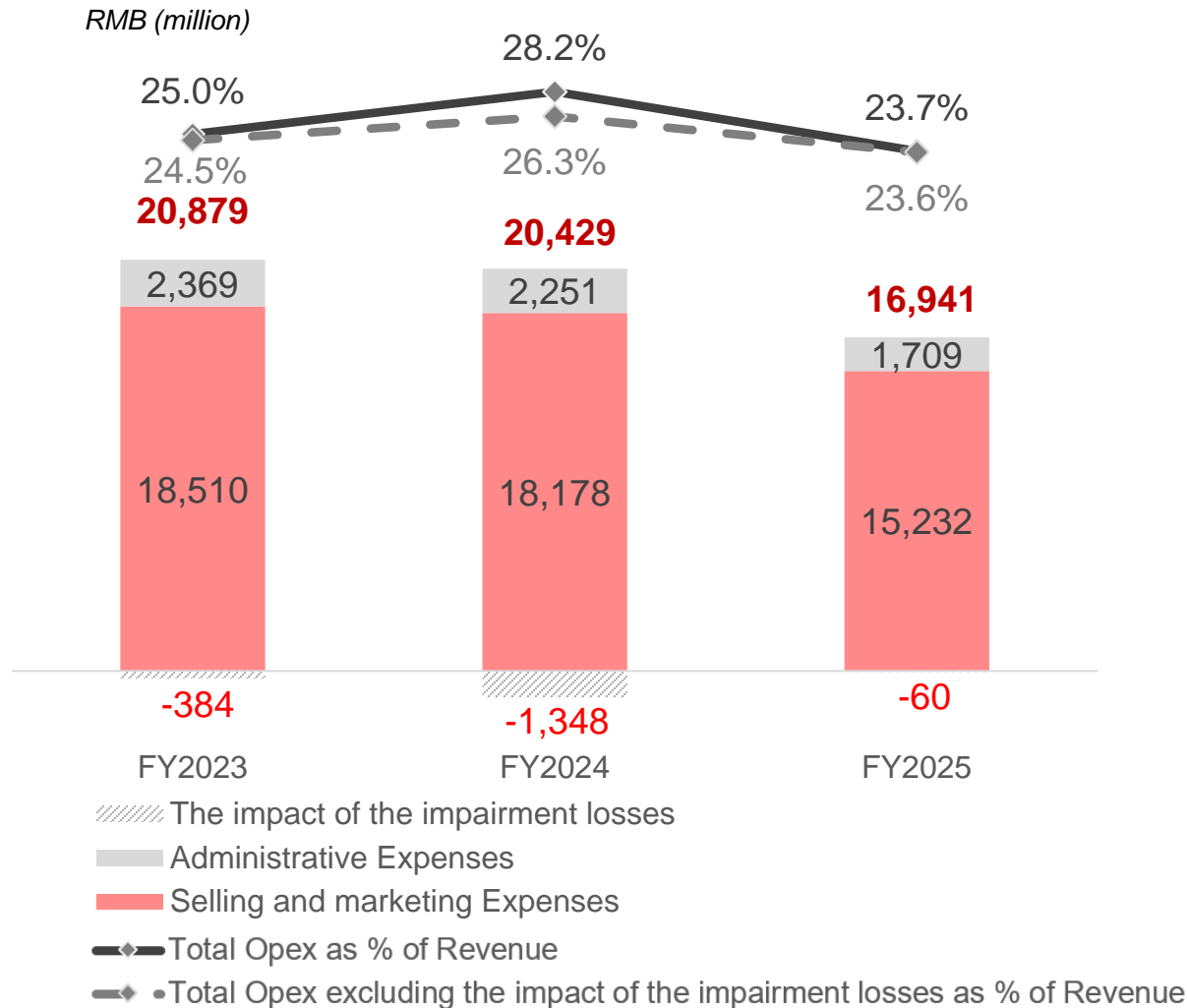
Reshaped low-price strategy, the gross profit was slightly lower than previous fiscal year.



- Gross profit was RMB17,236 million, representing a year-on-year decrease of RMB722 million, or -4.0%.The decrease was mainly resulted from:
 - © Reshaping price competitiveness and enhancing customer pricing perception.
- The gross profit margin was 24.1%, representing a year-on-year decrease of 0.6 percentage points.

Expenses

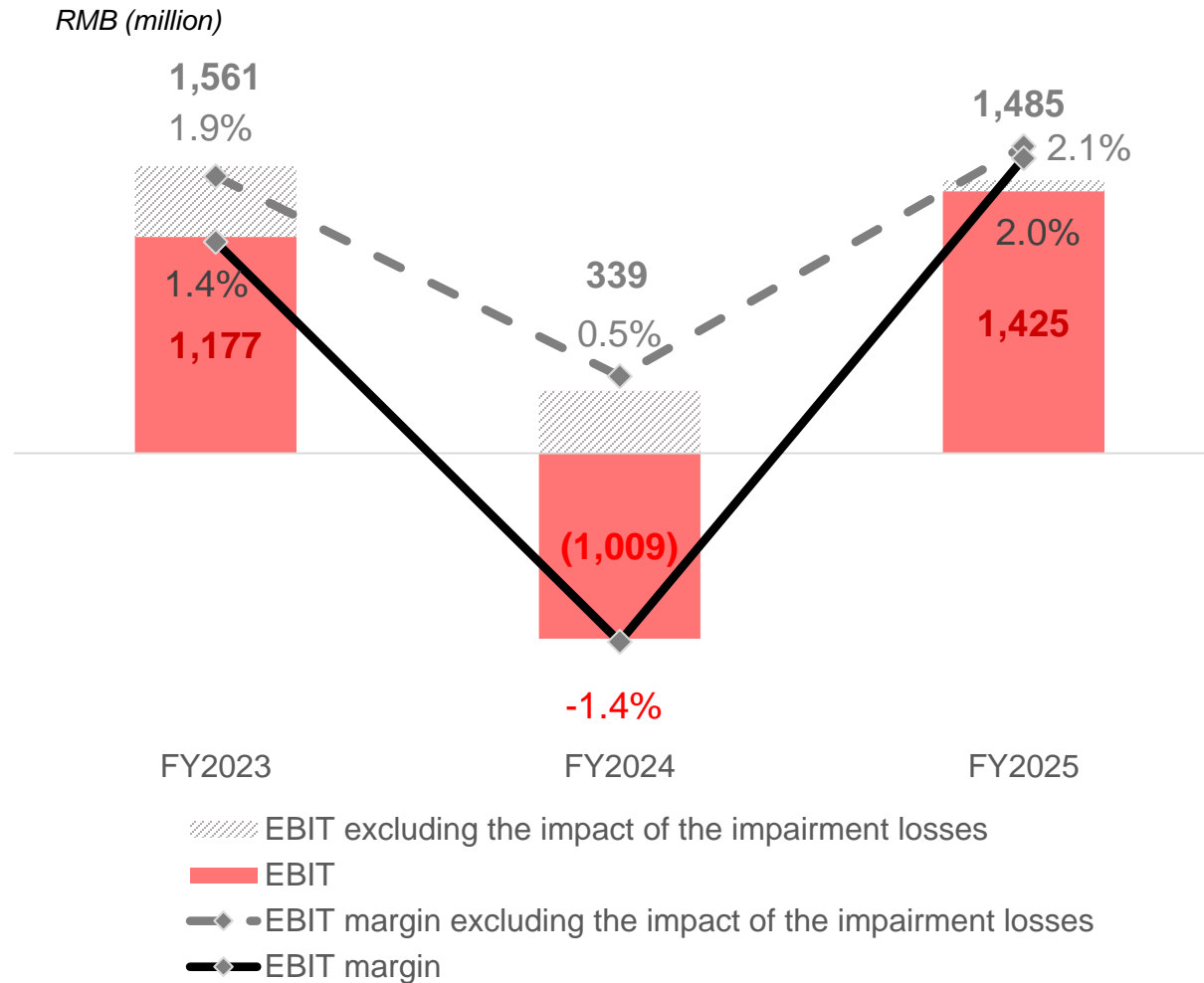
Implemented multi-dimensional cost-optimization and efficiency-enhancement initiatives, expenses decreased by RMB3,488 million and expense rate decreased by 4.5 percentage points year-on-year.



- Expenses amounted to RMB16,941 million, representing a year-on-year decrease of RMB3,488 million, or -17.1%.
- Without taking into account the impact of impairment losses, expenses decreased by RMB2,200 million, and the expense rate was 23.6%, representing a year-on-year decrease of 2.7 percentage points, which was mainly resulted from:
 - ◎ Optimization of store expense structure.
 - ◎ Significant savings on headquarter personal costs.
 - ◎ Optimization of the online fulfillment expenses.
 - ◎ Intensify negotiation efforts for rental cost reduction.

EBIT

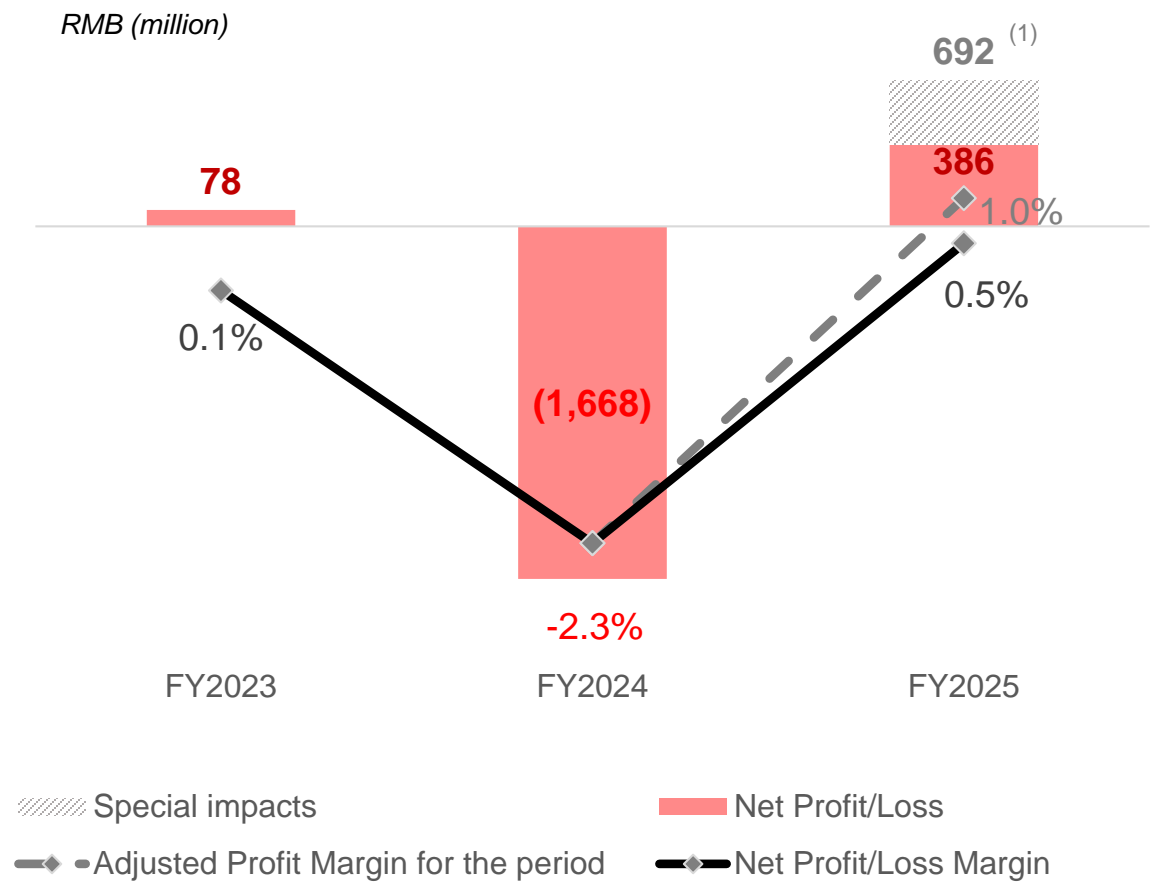
EBIT increased by RMB2,434 million with EBIT margin increased by 3.4 percentage points year-on-year.



- The operating profit was RMB1,425 million, representing a year-on-year increase of RMB2,434 million, from operating loss RMB1,009 million compared to the same period of the last fiscal year.
- Without taking into account the impact of impairment losses, the operating profit increased by RMB1,146 million year-on-year.

Net Profit

Net profit during the period was RMB386 million, achieving a turnaround from loss to profit.



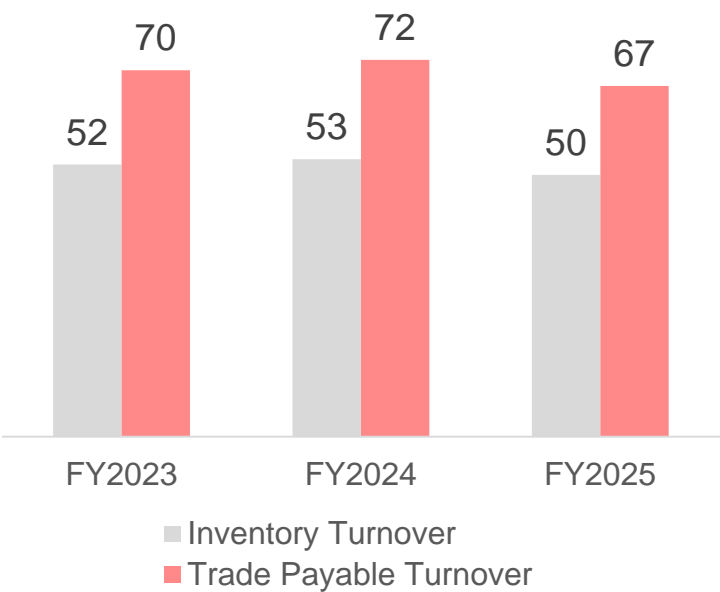
- Net profit during the period was RMB386 million, representing a turnaround increase of RMB2,054 million, from a loss of RMB1,668 million compared to the same period of the last fiscal year.
- Without taking into account the impacts of dividend withholding tax and the tax provision, the profit after tax was RMB692 million and the net profit margin was 1.0%.

Note(1): Special impacts were dividend withholding tax and the tax provision accrued in connection with the announcement dated on 27 February 2025.

Working Capital Days, CAPEX and Net Cash Position

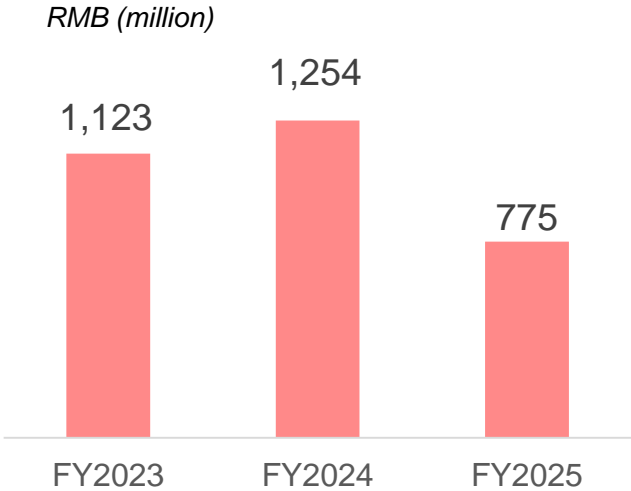
Continued to optimize working capital, even though net cash decreased due to an increase in restricted deposits, free cash flow remained healthy and stable.

Working Capital Days⁽¹⁾



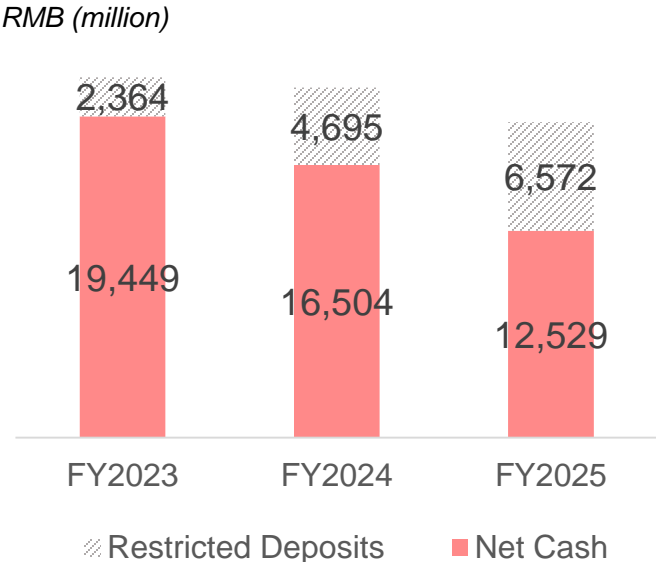
- Inventory turnover days and trade payable turnover days were 50 days and 67 days respectively. Working capital remained stable.
- Trade payable turnover days decreased by 5 days, mainly due to the early arrival of 2025 Chinese New Year and process optimization facilitated the healthy development of retailer-supplier relationships.

CAPEX



- CAPEX was RMB775 million. Continued to expand stores with multi-format.

Net Cash Position⁽²⁾



- Net cash was RMB12,529 million, representing a year-on-year decrease of RMB3,975 million, which was due to the impacts of dividends and decrease in the prepaid cards balances.
- The restricted deposits were approximately RMB6,572 million, representing a year-on-year increase of RMB1,877 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..

Product Strategy

Enhance product competitiveness & differentiation to build high-value community hubs

Product Efficiency Enhancement

- Focus on hero products and trending categories to optimize assortment to phase out homogeneous and low-efficiency merchandise.
- Accelerate private label development to build a high-quality, cost-effective product portfolio.
- Implement data-driven product evaluation and scenario-based merchandising to enhance product efficiency and sales per square meter.

Price Advantage

- Flexible market research enables precise pricing.
- Reinforce "quality at low prices" positioning to deliver true customer value.

Community Lifestyle Hub Construction

- Comprehensive upgrades across merchandise, pricing, services and experiences with optimized tenant mix to create one-stop neighborhood destinations.

Management Upgrade

Data-driven lean operations for enhanced efficiency

Lean Operations

- Data-driven end-to-end supply chains optimization boosts staff efficiency while optimizing operations, procurement and sales performance.
- Promotion strategies are refined to eliminate ineffective discounts.
- Seasonal-themed activities create delightful "Weekly Surprise" experiences for customers.

Quality Control

- Advance fresh product standardization and establish a full chain quality control system.
- Adhere to quality management with measurable metrics to ensure consistency and customer satisfaction.

Team Building

Motivate frontline staff, nurture talents and uphold core values

Frontline Staff Motivation

- Enhanced reward systems drive frontline motivation.

Talent Development

- Succession planning and systematic training cultivate high-performance teams.

Corporate Values Implementation

- Cultural immersion and employee care enhance satisfaction and belonging, strengthening organizational core.

Development Strategy

Integrate omni-channels, diversify business formats, and focus on comparable store growth

Development is the Overriding Principle

- Achieve seamless integration of membership systems and shopping scenarios to enhance customer experience and loyalty, driving synergistic growth across online and offline channels.
- Optimize brick-and-mortar store layouts and integrate warehouse-distribution networks to establish multi-level retail coverage and improve regional market penetration.
- Focus on comparable store growth by continuously enhancing operational efficiency and profitability.
- Refine the membership store model through improved product selection strategies and differentiated offerings, strengthening member retention and repeat purchases via superior product offerings and premium experiences.

Thank you