

SUN ART

Retail Group Limited

Stock Code: 6808

**Financial Results Announcement
For the six months ended 30 September 2025**

让生活更精彩 大润发

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Executive Summary

Group Overview

- A retailer offering **multi-format and omni-channel** services to customers.
- Network of **501 stores**:
 - ✓ 462 hypermarkets,
 - ✓ 32 superstores,
 - ✓ 7 membership stores, and
 - ✓ 5 front warehouses.
- Total revenue has exceeded **RMB70 billion⁽¹⁾**, underpinned by a solid business foundation and extensive market coverage.

Operational Adjustments and Progress

- Proactively advancing a series of **operational optimization initiatives**, covering:
 - ✓ Store layout upgrading;
 - ✓ Online channel expansion;
 - ✓ Product structure optimization;
 - ✓ Pricing strategy upgrading;
 - ✓ Management system enhancement.
- All initiatives are progressing smoothly **with initial results**.
- We are confident that the current **strategic direction is correct and steadily** moving towards the set goals.

Long-term Strategic Outlook

- Upon successful execution of this transformation, the Group will achieve the following breakthroughs:
 - ✓ Pioneer a full business model **upgrade as the first large-scale retail operator in the industry**.
 - ✓ Build a truly integrated **O2O ecosystem** by seamlessly merging hypermarkets and online operations;
 - ✓ Enhance gross margin through an optimized product mix, building **a more profitable business model**.

Risk Management and Financial Resilience

- Despite challenges, we believe **the downside risks are contained**.
- The Group is well positioned with **ample cash reserves** and **substantial considerable property asset value** as a risk buffer, providing a solid financial support and confidence to execute our strategy.

Note: (1) The total revenue of the Group for the fiscal year 2025 was RMB71.552 billion.

Investment Highlights

1

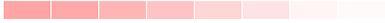
As a **leading retailer** in China, the Group has an outstanding brand reputation and widespread customer recognition.

2

Stable cash flow and **solid tangible real estate value** provide strong protection against downside risks.

3

There's significant room for the Group's operation improvement, and **considerable potential** for future **efficiency improvement** and **profit growth**.



Financial Review

Financial Highlights

For the six months ended 30 September			
RMB in million	2023	2024	2025
Number of Stores	505	502	501
Revenue	35,768	34,708	30,502
Gross Profit	8,889	8,526	7,719
Gross Profit Margin	24.9%	24.6%	25.3%
Adjusted EBITDA⁽¹⁾	1,612	1,936	1,580
Adjusted EBITDA Margin	4.5%	5.6%	5.2%

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

(1) Calculated as operating profit margin (EBIT) adjusted for: add-back of depreciation and amortization, impairment losses on investment properties and other property, plant and equipment, and goodwill impairment; with deduction of interest income (including interest income from financial assets measured at amortized cost and gains from financial assets at fair value through profit or loss).

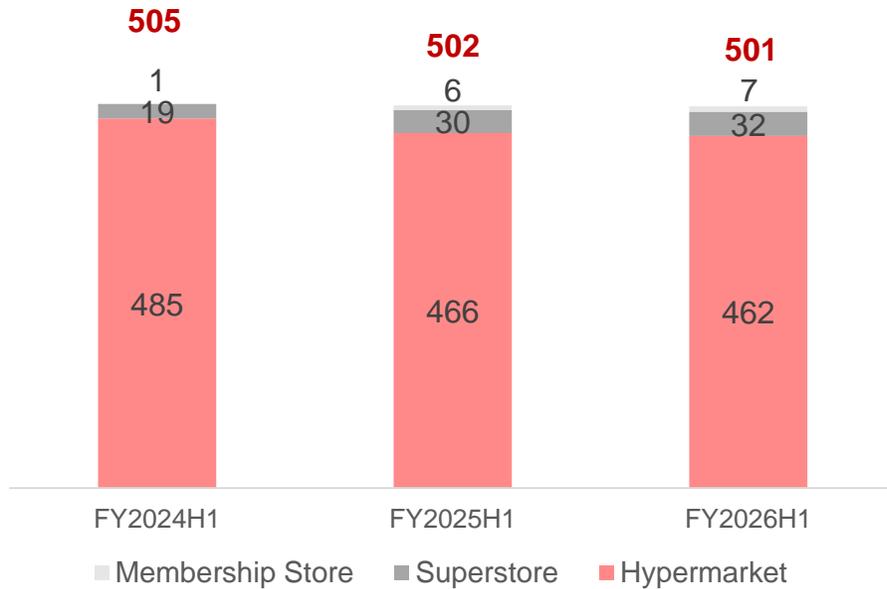
Financial Highlights

For the six months ended 30 September			
RMB in million	2023	2024	2025
+ Cash and Cash Equivalents, Time Deposits, Financial Assets (not restricted deposits)	22,073	17,627	13,208
- Bank Loan	1,180	2,992	1,250
Net Cash Position	20,893	14,635	11,958
+ Inventory Turnover Days	58	54	60
- Accounts Payable Turnover Days	81	76	79
Working Capital Turnover Days	-23	-22	-19
CAPEX	524	543	265

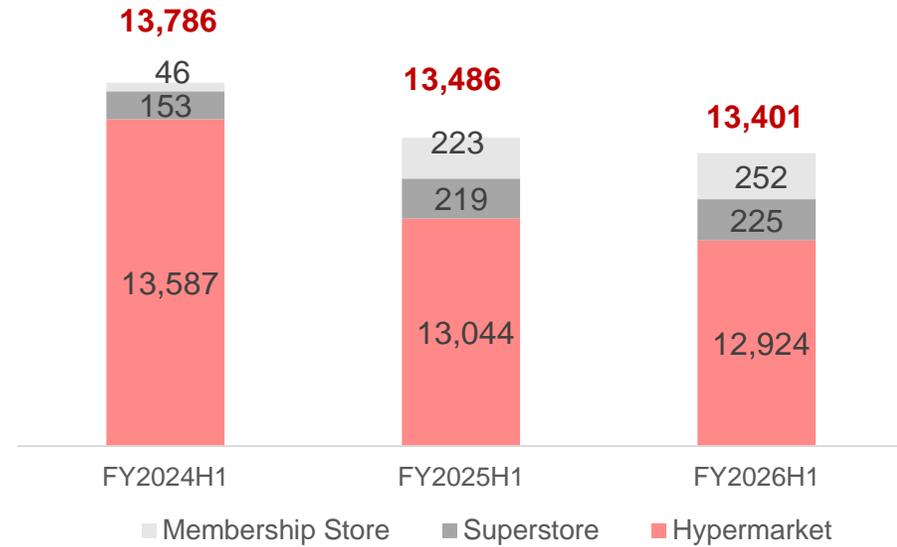
Store Expansion

Expanding in core regions through **multi-format rollout**, new transformation models and underperforming store closures.

No. of stores



GFA (000'sqm)



Secured **2** superstore sites

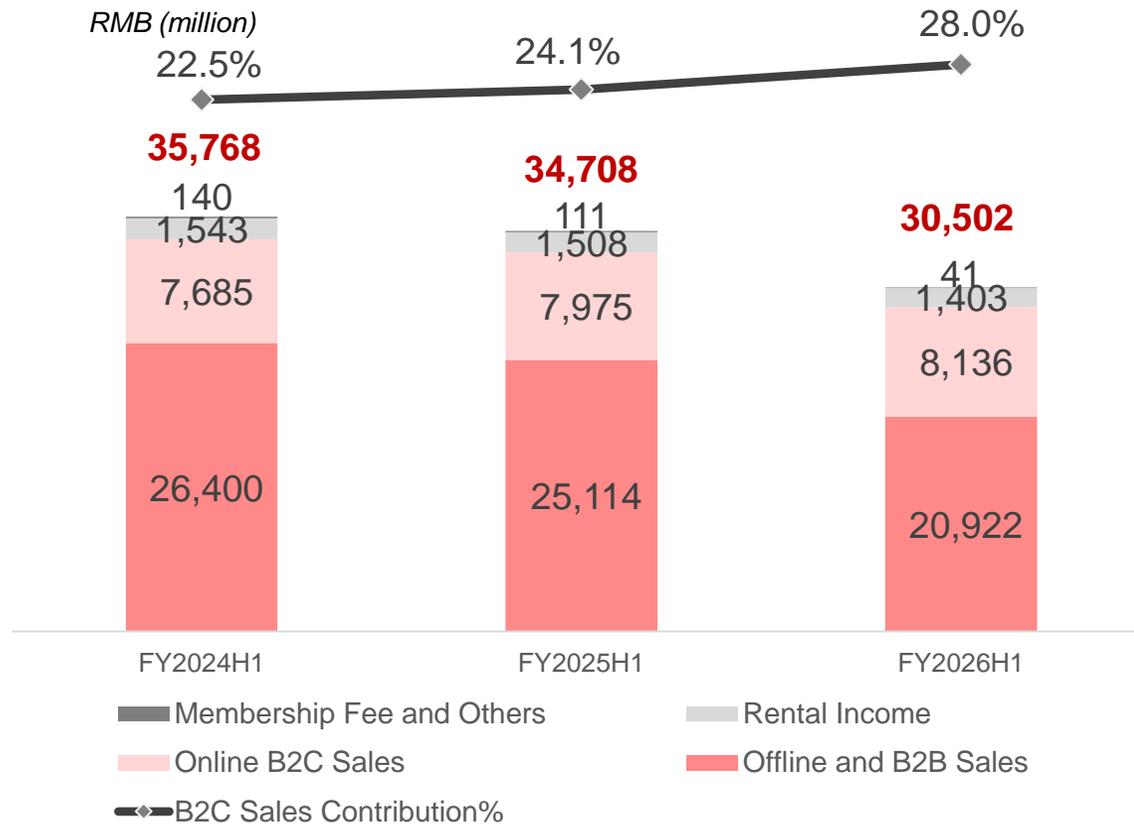
New opening of **3** hypermarkets

Covering **205** cities

Total Revenue

Online B2C business demonstrated steady performance and showed **a positive trajectory** in **customer traffic**.

Revenue Breakdown



- Revenue of the Group amounted to RMB30,502 million, representing a year-on-year decrease of RMB4,206 million, or -12.1%.
 - ◎ Both units per transaction and average selling price declined, resulting in lower basket value.
 - ◎ The calendar effect of the Mid-Autumn Festival shifting to October.
- Online B2C business remained stable. During the reporting period,
 - ◎ B2C Sales Contribution continued to grow.
 - ◎ Same-store order volume increased by approximately 7.4%, driving a 2.1% increase in SSSG.
 - ◎ Average daily orders per store exceed 1,200.
- Excluding the impact of calendar effect in September, same-store order volume from April to August increased by approximately 0.4%.

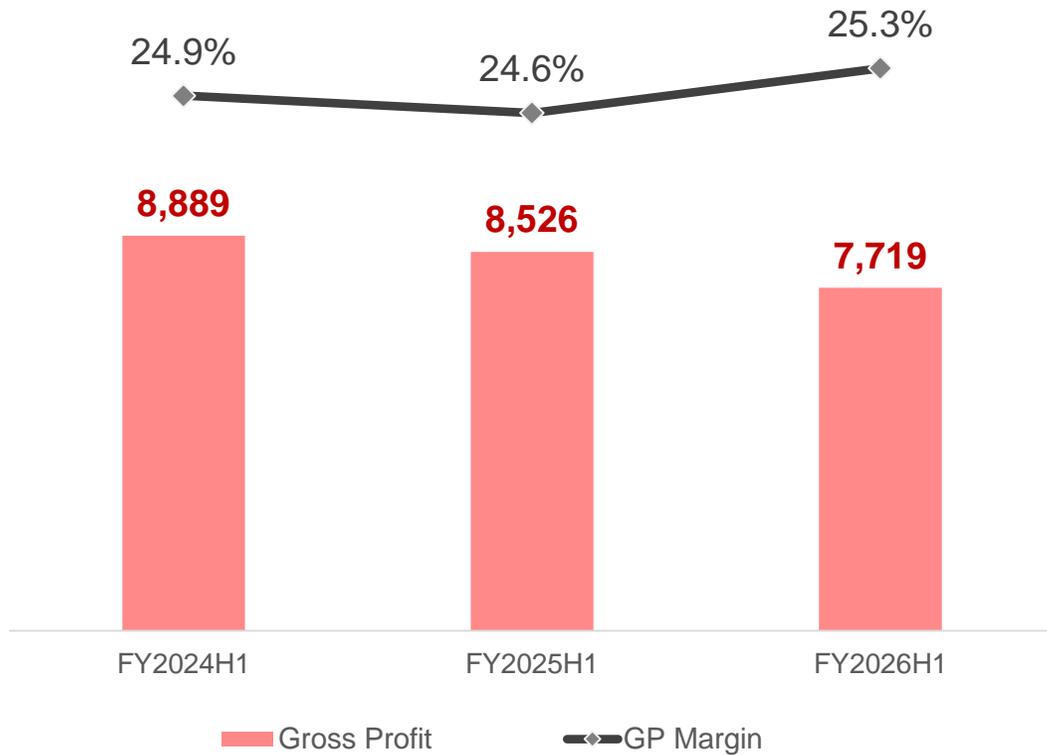


Gross Margin

Gross margin increased by 0.6 percentage points, driven by **product mix optimization** and **supply chain efficiency improvements**.

Gross Profit and Gross Profit Margin

RMB (million)

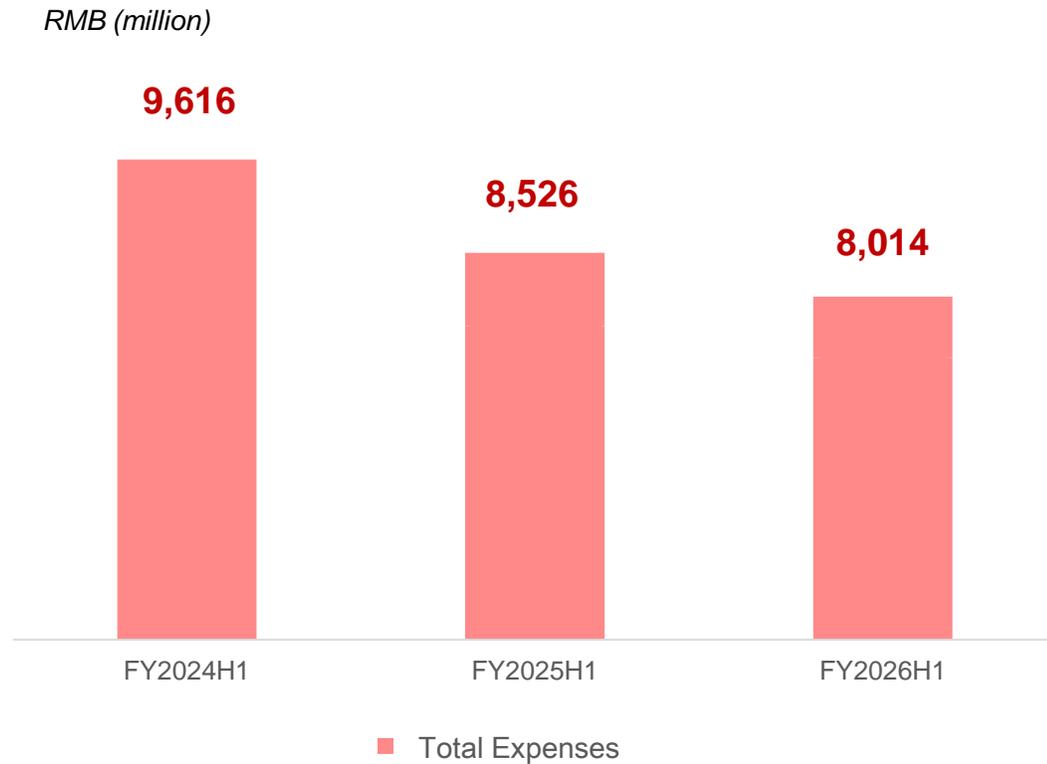


- Gross profit was RMB7,719 million, representing a year-on-year decrease of RMB807 million, or -9.5%.
- Gross margin was 25.3%, with merchandise margin at 21.7%, representing a year-on-year increase of 0.7 and 0.6 percentage respectively. Merchandise margin improvement was driven by:
 - ⦿ Optimizing the product mix by phasing out long-tail and low-efficiency items.
 - ⦿ Accelerating new product launches and enhancing private brand penetration.
 - ⦿ Strengthening supply-chain collaboration and efficiency gains.

Expenses

Total expenses amounted to RMB8,014 million, representing a decrease of RMB512 million or **-6.0% year-on-year**.

Total Expenses

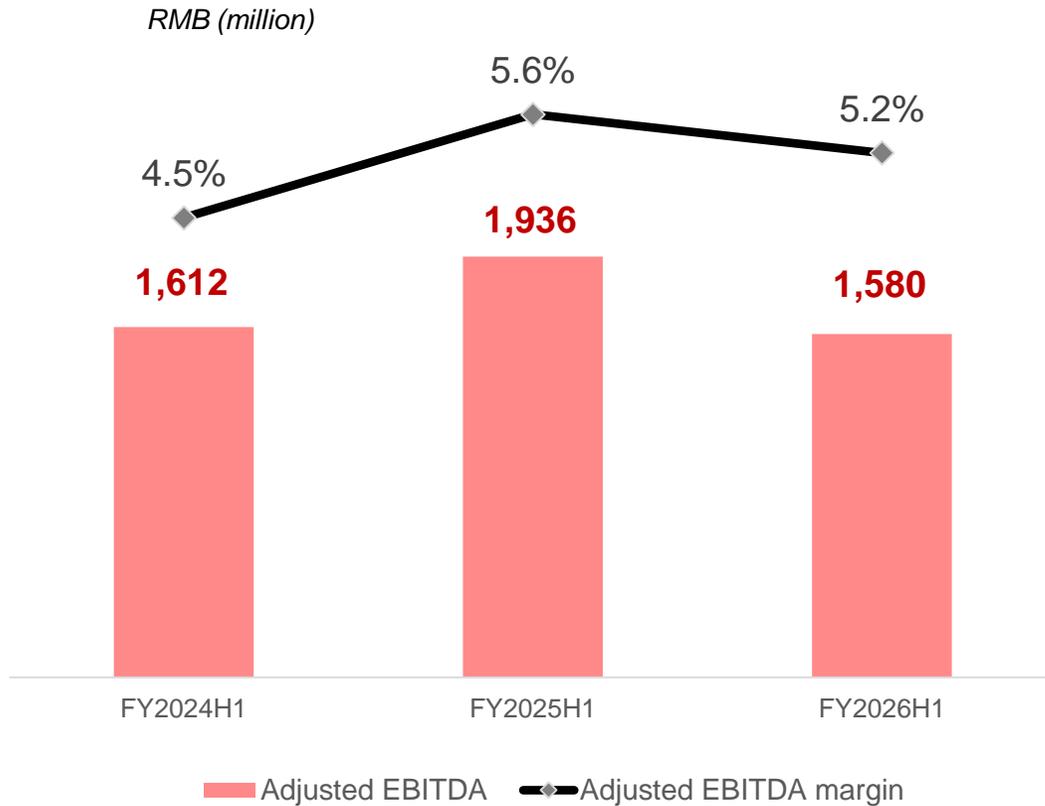


- Total expenses amounted to RMB8,014 million, representing a year-on-year decrease of RMB512 million, or -6.0%. The decrease in expenses was mainly resulted from:
 - ◎ Savings in store personnel expenses and headquarters expenses.
 - ◎ Rental cost reductions through negotiations.

Adjusted EBITDA

Cost savings partially mitigated revenue softness, while reduced rental income and organizational optimization affected current period result.

Adjusted EBITDA and Adjusted EBITDA%



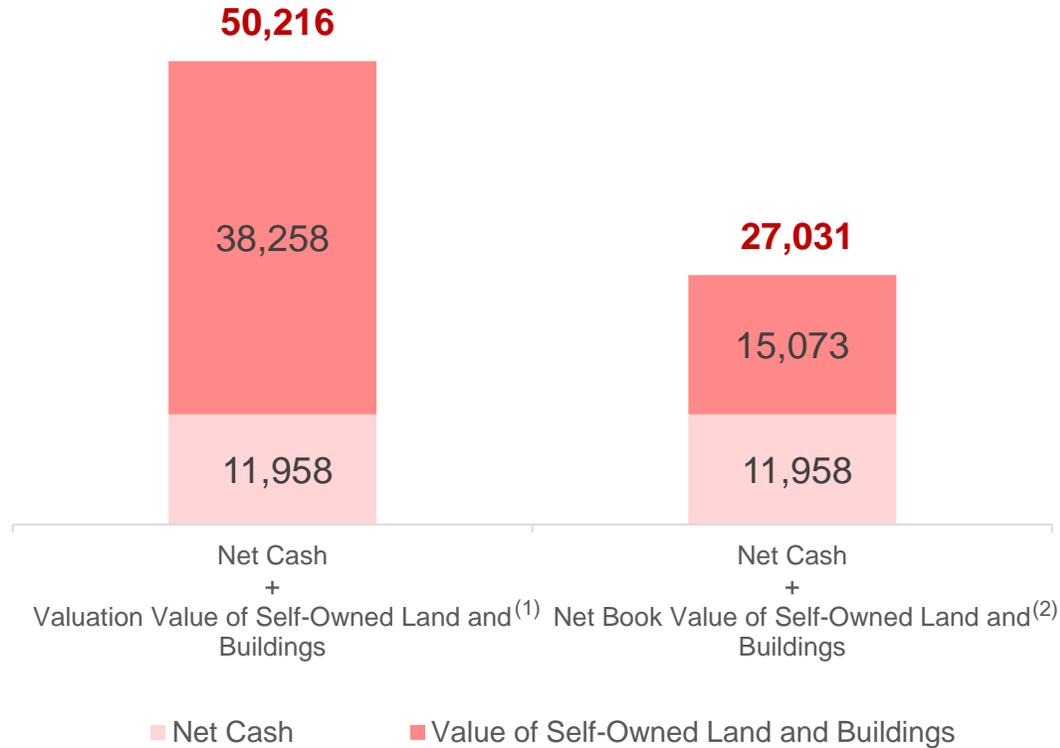
- Adjusted EBITDA was RMB1,580 million, with an adjusted EBITDA margin of 5.2%.
- Adjusted EBITDA decreased by RMB356 million year-on-year, mainly resulted from:
 - ⊙ Pressure on merchandise sales and rental income.
 - ⊙ Organizational optimization impact in Central China.
 - ⊙ Cost savings largely mitigating the impact of revenue decline.

Property Valuation and Net Cash Position

Maintained a robust asset structure exceeding RMB50 billion, with **ample net cash** and **high-quality owned properties** forming a defensive moat against downside risks.

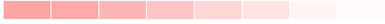
Property Valuation and Net Cash Position

RMB (million)



- High-quality self-owned properties:
 - ◎ 35%⁽³⁾ of the stores are self-owned properties.
 - ◎ Net book value and valuation value of self-owned properties are RMB15,073 million and RMB38,258 million respectively.

Note: (1) From the valuation report as of March 31, 2025
 (2) Net book value as of September 30, 2025.
 (3) Calculated based on the GFA of hypermarkets, superstores, and membership stores as of September 30, 2025.



Three-Year Strategic Overview

Vision and Three-Year Strategy

A retailer Trusted by Customers, and Embraced by Employees

Be preferred "Daily Essentials Hub" for all customers within a 3-kilometer radius,
Serving the diverse needs of both families and younger consumers.

Building community lifestyle centers with “Healthy Products, Enjoyable Experiences, and Caring Services”.

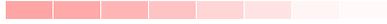
- Product Competitiveness Upgrading
 - Enhance fresh product differentiation.
 - Upgrade products with private brands & customized offerings.
 - Accelerate product renewal.
 - Upgrade pricing strategy.
- Store Experiences Transformation
 - Execute product excellence.
 - Redesign layouts to create immersive “One step, one scene” journey.
 - Optimize store size to 6,000–7,500m².
 - Develop community lifestyle centers .
- Advantage Areas’ Multi-format and Omni-channel Deployment
 - Hyper/super + Front warehouses + M Club.
 - Expand online channels to target 40%-50% sales mix.
 - Deploy front warehouse network.

Leveraging digital capabilities to enhance product improvement, optimize supply chain and upgrade membership experience.

- Implementing nationwide joint procurement to reduce cost and develop multi-category industry solutions.
- Optimizing end-to-end logistics to enhance supply chain resilience
- Strengthening membership operations to improve customer loyalty.

Organizational Optimization to secure strategy implementation.

- Transformation Management Office (TMO)
- Optimize incentive systems
- Management team rejuvenation with internal-external talent integration
- Integrity culture and corporate values enhancement



Business Progress and Highlights

Store Transformation

Before

Long aisles and high shelves,
Poor navigation



Old-fashioned packed food,
Lack of differentiation



Plain product placement



After

Open and Airy Layout,
Easy Navigation



Made Fresh, Sold Fresh
Hustle and Bustle



Themed Corners
with Appealing Designs



Store Transformation | Shanghai Zhangjiang Store

Building a **compact hyper store model** through optimized layout and product mix to enhance customer experiences and operational efficiency.

11-year-old Store | Hyper | Leased | Reopened on August 27 2025

Selling area : \approx **7,400** m²

SKUs \approx **15,000** post-renovation, representing a reduction of **10,000** SKUs.

Launched **3,000+** new products.

Enhanced “freshness” and create **catering** area.

Doubled 3R area, expanded SKUs, and introduced **local specialties**.

Optimized FMCGs layout with more **younger** product mix.

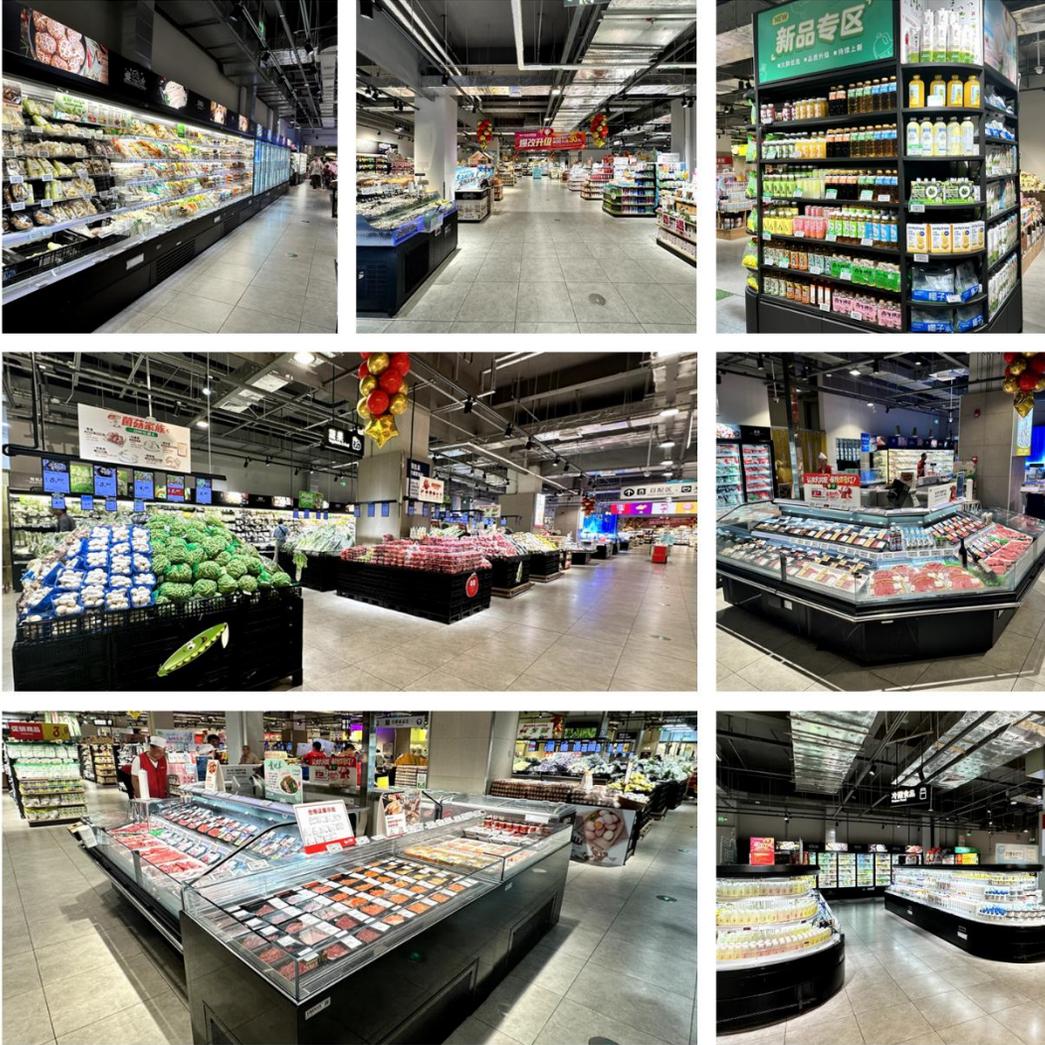
Add **emotional value** zones in BAZAAR to attract young customers.

Reduced \approx **1/3** textile floor space with innovative displays and optimized categories.



Store Transformation | Kunshan Huaqiao Store

Leveraging the hypermarket's product portfolio to optimize selection and drive significant growth in **gross margin** and **profitability**.



Sub-12-Month store | Super | Leased | Reopened on August 7 2025

Selling area \approx **2,700** m²

SKUs \approx **8,000**, replacement rate \approx **45%**, New SKU rollout rate \approx **1/3**.

Open **aisles** to create better navigation and capture impulse demand.

Floor space allocated to Fresh & 3R expanded to **35%**.

 and  series reached \approx **5%** of total sales.

Streamlined ineffective promotions, building customer trust in our pricing:

“ **White tags** for affordability and **Red tags** for worry-free choices”.

Private Brand | “1+1 Dual Brand” Strategy

To achieve 10% sales contribution rate within three years.



Low price with Quality Guaranteed | Entry-point Pricing | Quality Control

Strengthen Price Competitiveness

1+1 超省
大润发自有品牌

超省好物
品质严选 | 源头工厂

- Core Essentials
- Market Best-Sellers
- Extreme Value

大润发

High Quality with Competitive Price | Benchmarks against Top Brands | No Brand Markup

Enhance Product Differentiation

RT-Mart 润发甄选
大润发自有品牌

品质保证
匠心研发 | 优中选优

- Health trends
- Local flavors
- Authoritative certification

大润发

Private Brand | Cultivating Blockbuster Products with RMB100 Million Potential

"RT-Mart Select" organic milk: first private brand product to reach **RMB 50M** annual sales.

全程可追溯
RT-Mart 润发甄选
大润发自有品牌 倾情出品

北纬40°限定牧场

沙漠孕育更好有机

1瓶 约等于 1.5 瓶
4.3g/100ml 乳蛋白含量
高于国际最低标准 48%
1瓶约等于 1.6 枚鸡蛋

原生A2β-酪蛋白
4.3有机纯牛奶
限定牧场 智慧有机牧场
黄河几字湾 内蒙古库布其沙漠 北纬40°黄金奶源带

2025年8月19日上市

*本产品蛋白质含量4.3g/100ml，以灭菌乳国家标准最低蛋白质含量要求为2.9g/100ml对比计算
**每颗鸡蛋以50g计，鸡蛋蛋白质含量依据《中国食物营养成分标准版》中数据计算

原生A2β-酪蛋白内蒙古沙漠 4.3有机纯牛奶

我都4.3g乳蛋白了，「有机」会喝我一口吗？
我都从沙漠绿洲来了，「有机」会喝我一口吗？
我都天生自带A2β-酪蛋白了，「有机」会喝我一口吗？

大润发 优鲜

4.3g 乳蛋白

4.3g Milk Protein

vs 市场高端4.0蛋白

vs. High-end 4.0g Protein

品质保证

Quality Guaranteed

有机认证 + 沙漠限定牧场

Organic Certified + Desert-Exclusive Ranch

高质价比

Great Value For Money

vs 市场同类高端产品

vs. Market Premier Products

Supply Chain Optimization | Nationwide Joint Procurement for Costs and Efficiency Gains

First trial of nationwide pork procurement delivered growth in **both volume and profit**, will expand to **beef** and **poultry** in H2 this fiscal year.

2025 Self-operated Pork	Volume in Sep + 18.5%	Gross margin in Sep + 3.8pt	Gross profit in Sep +RMB4.3 million	Gross profit from Sep to Oct +RMB10 million
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Note: By the end of September 2025, 95% of regions had completed the switch to national unified procurement suppliers for self-operated pork, and 100% of regions had completed the switch by the end of October 2025.

Deployment of Front Warehouse Network

Low-cost setup, **leverage** hypermarket's unified inventory and online operation capabilities, achieve **efficient nearby** delivery, and **gain incremental customers**.

Deployment begins end of **June** 2025.

Current **5** front warehouses: Shanghai, Jiangyin, Shenyang, Jinan, and Qingyuan

Average area: \approx **500** m² per site

Average daily sales: \approx RMB **50,000**⁽¹⁾ per warehouse

Hypermarket-based product selection.

Daily & Multi-daily delivery fulfillment.

Online sales target: **40%~50%** within 3 years.

Note(1): Calculated based on the average daily sales of the existing 5 warehouses from July to September 2025.



Operating area : **400+** m²

SKUs : **2,000+**

Peak daily orders : **3,000+**

Ave. daily orders : **1,400+**

Sales per m² : **50,000+** RMB

CAPEX : **300,000** RMB

Store Expansion | Kunshan Chaoyang Store

Achieved a record-breaking re-launch through comprehensive remerchandising and layout redesign.



Hyper | Property | 2001 | Reopened in September 2025

Two-level selling area \approx **8,400** m² .

Parking capacity increased to **900** spaces.

RMB5.75 million sales (incl. tax) , **30,000+** visits on 1st day.

Assortment renewal rate : **50+%**

Average price reduction : **20+%**

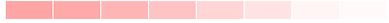
Fresh foods & 3R contributed \approx **30%** sales.

Fresh food SKUs expanded to **2,000** .

New kitchen providing **30+** freshly cooked dishes daily.

Store Expansion | Kunshan Chaoyang Store





Thank you