[For Immediate Release]

# Sun Art Retail Group Limited Announces Interim Results For the Six Months Ended 30 September 2025

(11 November 2025 - Hong Kong) Sun Art Retail Group Limited ("Sun Art" or the "Group", HKEX stock code: 6808), today announced its interim results for the six months ended 30 September 2025.

Mr. Julian Juul WOLHARDT, Chairman of the Group affirmed, "Amid market challenges, Sun Art Retail has consistently taken the initiative to adapt and proactively seek breakthroughs. We continued to optimize our business portfolio, maintained growth momentum in online operations, achieved notable progress in private brand development, and steadily enhanced our supply chain capabilities. We are pleased to see multiple localized breakthroughs and phased achievements within just six months. Looking ahead, we expect these successes to become interconnected, scaling from isolated gains into comprehensive and systematic capabilities that collectively drive a qualitative leap in our overall performance."

Mr. Hui SHEN, Chief Executive Officer of the Group commented, "Our core mission is to ensure full execution of our Three-Year strategy. We will focus on product optimization and differentiation by reducing SKUs, eliminating homogeneous products, and concentrating on high-efficiency core items. At the same time, we will enhance store transformations to redefine shopping environments and customer experiences, leverage nationwide joint procurement and upgraded private brands to strengthen cost advantages and price competitiveness, and accelerate the deployment of our front warehouse network to capture online growth. Moving forward, we will drive progress through supply chain efficiency and member-centric operations, translating our Three-Year strategy into sustainable performance that deliver quality growth."

## Financial Highlights

**<u>Interim Results for the Six Months Ended 30 September 2025:</u>**

- **Revenue** was RMB30,502 million. Intensified market competition and soft consumer demand led to declines in both units per transaction and average selling price, resulting in lower ticket size. This, combined with the calendar effect of the Mid-Autumn Festival shifting to October, contributed to a decrease of 12.1% compared to the same period of the last fiscal year. Excluding the calendar effect in September, customer traffic saw a slight same-store growth from April to August.

- **Rental income** was RMB1,403 million, representing a decrease of RMB105 million from the same period of the last fiscal year. The decline was primarily attributable to rental concessions for tenant retention, tenant mix optimization, and temporary impacts from gallery transformations.

- **Online B2C business** remained stable despite the decline in ticket size, with order volume increasing approximately 7.4% and driving a 2.1% increase in online same store sales growth ("SSSG"), achieving over 1,200 daily orders per store.

- **Other income** was RMB566 million, representing a decrease of RMB55 million from the same period of the last fiscal year, mainly due to an RMB84 million decline in interest income.

- **Gross profit** was RMB7,719 million, representing a decrease of RMB807 million from the same period of the last fiscal year. Gross profit margin was 25.3%, with merchandise margin at 21.7%, up 0.7 and 0.6 percentage points compared to the same period of the last fiscal year, respectively. Gross profit margin improvement was driven by: (i) optimized assortment through pruning of long-tail and low-efficiency SKUs; (ii) accelerated new product launches and enhanced private brand penetration; and (iii) strengthened supply chain collaboration and efficiency.

- **Total expenses** were RMB8,014 million, a reduction of RMB512 million from the same period of the last fiscal year, partially offsetting the gross profit shortfall. The Group advanced cost-saving initiatives in store labor savings, headquarters efficiency gains, and rental cost reductions through negotiations.

- **Adjusted EBITDA**[Note1] was RMB1,580 million, with an adjusted EBITDA margin of 5.2%.

- **Net cash inflow from operating activities** was RMB1,323 million, an increase of RMB1,964 million from the same period of the last fiscal year, primarily due to a RMB 3,205 million change in restricted cash.

- The Group maintains a **net cash position** of RMB11,958 million, with **total assets** exceeding RMB50,000 million including self-owned property valuations[Note2], forming a solid financial foundation of cash and quality property assets that provides dual protection for business operations, strategic implementation, and risk prevention.

- Due to the calendar effect of the Mid-Autumn Festival overlapping with National Day, **Inventory turnover days** was 60 days, an increase of 6 days compared to the same period of the last fiscal year.

- The Board proposed an interim dividend of **HK$0.085** per ordinary share.

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Note1: 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).
Note2: The valuation of self-owned properties is based on the appraisal report dated March 31, 2025.

## Three-Year Strategy & Business Performance

### ▪ Three-Year Strategic Roadmap Overview

Over the next three years, the Group will build on a foundation of "Healthy Products, Enjoyable Experiences, and Caring Services" to develop a retail model that balances experience and efficiency for all customer segments within a three-kilometer radius. This approach aims to meet the needs of both families and younger consumers, fully unleashing operational resilience and long-term growth potential.

The Group will continue to strengthen its "Daily Essentials" leadership with enhanced differentiation in fresh categories. By optimizing SKUs, reducing product homogenization, and accelerating assortment renewal, it will sharpen its category competitiveness. An efficient supply chain will be the key to improving product quality and price value. The Group’s "1+1 Dual Brand" private brand strategy will further solidify differentiated product offerings.

Through its multi-format portfolio — combining hypermarkets, superstores, front warehouses, and membership stores — the Group will have hypermarkets as its core while actively expanding superstores and front warehouse operations to align with diverse consumer scenarios. The "One Store, One Plan" initiative will advance store renovations, phase out underperforming locations, and catalyze the transition of stores into community lifestyle centers. The Group will also deepen member engagement through an upgraded service system to continuously strengthen loyalty.

To ensure effective execution of its Three-Year strategy, the Group has established a dedicated Transformation Management Office ("TMO") to oversee strategy implementation. The Group is also optimizing incentive structures to enhance team effectiveness, while developing younger leadership to build a more agile organization capable of responding to dynamic competitive pressures.

### ▪ Business Progress and Highlights

**National Sourcing Cuts Costs, Pork Leads Breakthrough**

In September 2025, the Group officially launched a nationwide joint procurement program for self-operated pork. Adopting a "direct sourcing + focus on leading suppliers" model, the Group established deep collaboration mechanisms with upstream partners, ensured full traceability for safer and more consistent product quality, and strictly implemented an integrated management system covering four key areas: contract terms, pricing mechanisms, quality standards, and review mechanisms.

The nationwide joint procurement model and its integrated management system enabled volume-based price negotiations, effectively reducing procurement costs across all regions. Simultaneously, the Group implemented end-to-end solutions to improve efficiency, including continuous optimization of product hierarchy, standardized merchandising execution, refined consumption scenario development, and enhanced customer experience and value perception.

In September 2025, the self-operated pork category had nearly 20% year-on-year growth in sales volume, with gross profit margin increasing by approximately four percentage points and gross profit rising by over RMB4 million. From September to October 2025, cumulative gross profit growth exceeded RMB10 million year-on-year, demonstrating significantly enhanced category profitability. Moving forward, the Group will remain customer-centric, aligning with seasonal and festive occasions to better meet consumer needs and deliver greater customer value and commercial value. The Group aims to replicate the success of the pork joint procurement model by gradually expanding it to poultry, beef, and other categories, while continuously broadening the scope of national centralized procurement.

## Private Brand Strategy Upgraded with "1+1 Dual Brand Matrix" Implementation

The Group is strengthening its private brand offerings by leveraging hypermarket-based nationwide supply chain resources to build end-to-end quality control systems and price competitiveness from the source.

The "Super Save" series focuses on value-for-money, connecting directly with manufacturers to eliminate intermediaries and brand premiums. While adhering to national and higher quality standards, it builds core competitiveness around daily essentials, market best-sellers, and extreme cost-effectiveness. The "RT-Mart Select" series meets consumer demand for "high quality at affordable prices, balancing health and taste." It emphasizes health trends, regional flavors, and authoritative certifications, translating healthy eating from concept to practical application.

During the reporting period, the dual brands launched over 500 SKUs spanning more than 50 categories, achieving sales growth of over 50% compared to the same period of the last fiscal year. In September 2025, the dual brands contributed over 2% of total revenue. Moving forward, the Group will continue to deepen the "1+1 Dual Brand Strategy", using their differentiated positioning to create synergies that cover diverse consumer needs — from daily necessities to premium quality upgrades — while steadily increasing their share in overall performance.

## End-to-End Logistics Optimization Enhances Supply Chain Resilience

The Group has implemented systematic optimization across its warehousing and logistics network. This initiative aims to provide stores and suppliers with efficient, low-cost fulfillment support while improving on-time delivery rates and supplier satisfaction. The optimized system also enhances inventory turnover and effectively reduces return-to-warehouse and product return rates, thereby strengthening overall supply chain resilience.

By consolidating national warehousing resources, the Group has established a core network of 13 dry warehouses and 25 cold chain facilities, while simultaneously reducing the number of stores' external warehouses. The adoption of competitive bidding for dry and cold chain services has introduced leading logistics providers, with projected cumulative cost savings exceeding RMB100 million over the coming years.

## Development at Its Core

### Advancing store transformations

During the reporting period, the Group completed full-store remodels at 3 East China stores, achieving double-digit foot traffic growth, and department-level upgrades in fresh & prepared food (“3R”)[Note 3] sections at 3 South China stores, driving over 20% category sales growth. The Group will accelerate this program with plans to remodel over 30 stores this fiscal year, targeting 200+ store transformations by the next fiscal year.

Remodeled stores focus on product differentiation through new item introductions, underperforming SKU rationalization, and expanded private brand penetration. The Group has upgraded 3R sections through partnerships with local heritage brands.

The store layout redesign prioritizes a highly shoppable environment: converting long-span shelves to shorter-span ones, removing forced traffic routes, and lowering shelving for improved sightlines. The seasonal promotion zones and featured item areas were created to achieve “one step, one scene” with products “made fresh, sold fresh” to generate a vibrant market atmosphere. Tasting stations enhance customer interaction and engagement. Future stores will optimize at 6,000–7,500 sqm — a more efficient match for the curated 15,000 SKUs — while expanding gallery spaces to strengthen community lifestyle center positioning.

### Accelerating new store openings

During the reporting period, the Group launched 3 new hypermarkets. The Kunshan Chaoyang and Anhui Wuwei stores, which opened in September 2025, have fully adopted the store remodeling approach in their layout planning, traffic flow design, and merchandise selection, establishing them as benchmark stores for the new generation of hypermarkets. Those two new stores have both achieved a sales contribution of over 30% from their fresh and 3R sections, significantly exceeding company-wide average.

### Deploying front warehouse network

During the reporting period, the Group officially launched its front warehouse initiative. Using a low-cost setup model, the project leverages the hypermarket's unified inventory and digital operations to enable efficient nearby delivery and capture new online customers.

As of September 2025, the Group had established front warehouses in five locations: Shanghai, Jiangyin, Shenyang, Jinan, and Qingyuan. The average size per facility is approximately 500 square meters, with average daily sales of around RMB50,000. The front warehouses utilize hypermarket resources to develop assortment plans based on local customer demand, achieving either single or multiple daily deliveries. Over the next three years, the Group plans to increase the proportion of online sales to 40%-50% of total revenue.

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Note3: The term "3R" refers to "Ready to Cook, Ready to Eat, Ready to Heat." Products in the prepared foods section include delicatessen, bakery, and dim-sum.

**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, superstores and membership stores under “RT-Mart”, “RT-Super” and “M-Club”. As of 30 September 2025, Sun Art had a total of 462 hypermarkets, 32 superstores and seven membership stores in China with a total gross floor area (“GFA”) of approximately 13.40 million square meters, covering 205 cities across 29 provinces, autonomous regions and municipalities. The Group has always been committed to high quality-to-price ratio and the customer value of health and pleasure by providing high-quality shopping experience for customers with fresh and inexpensive commodities, comfortable and convenient environment, as well as lump-sum buying. The Group aims to become life service centers, a good neighbor of communities and a trustworthy shopping representative of customers.

As of 30 September 2025, 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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