

# SUN ART

## *Retail Group Limited*

Stock code: 6808

**Financial Results Announcement  
For the twelve months ended 31 March 2023**

易生活 逛大润发

质价比 • 健康 • 快乐 • 服务 • 体验

Value for money • Health • Fun • Service • Experience



## Speakers



## Operating Environment



## Expansion Status



## Financial Highlights



## Strategy Progress



## Q&A



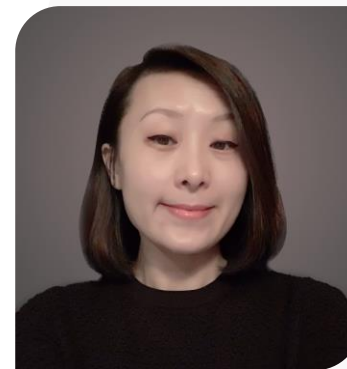
**Kevin Lin**

Chief Executive Officer  
and  
Executive Director



**Desory Wan**

Chief Financial Officer



**Xiaobei Gu**

Head of  
Investor Relations





## OPERATING ENVIRONMENT

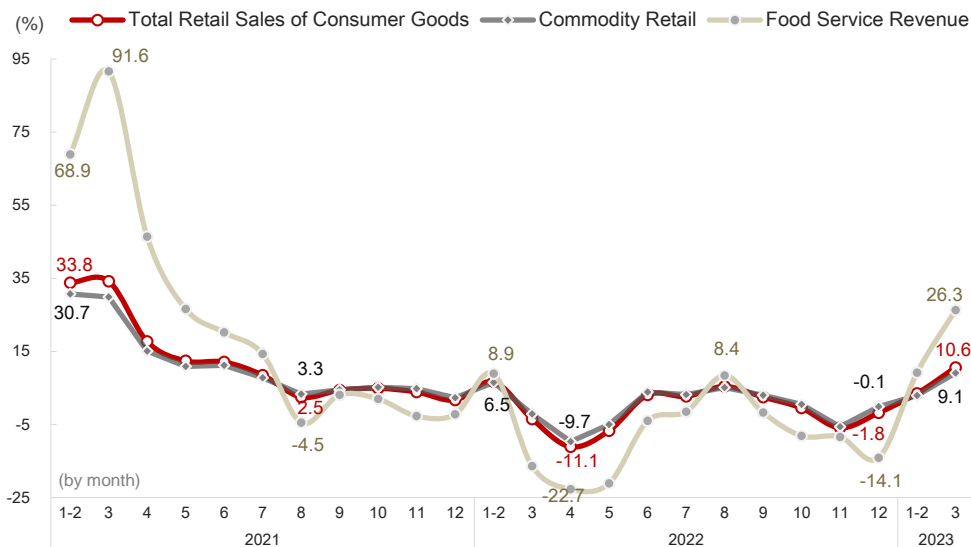
爱生活 逛大润发



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爱生活 逛大润发

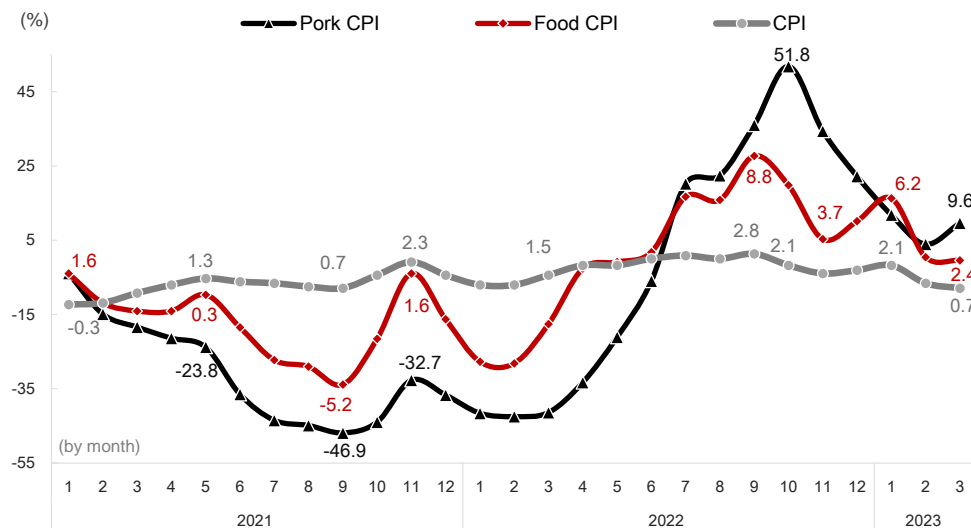
(1) Growth Rate of Total Retail Sales of Consumer Goods, Commodity Retail and Food Service Revenue



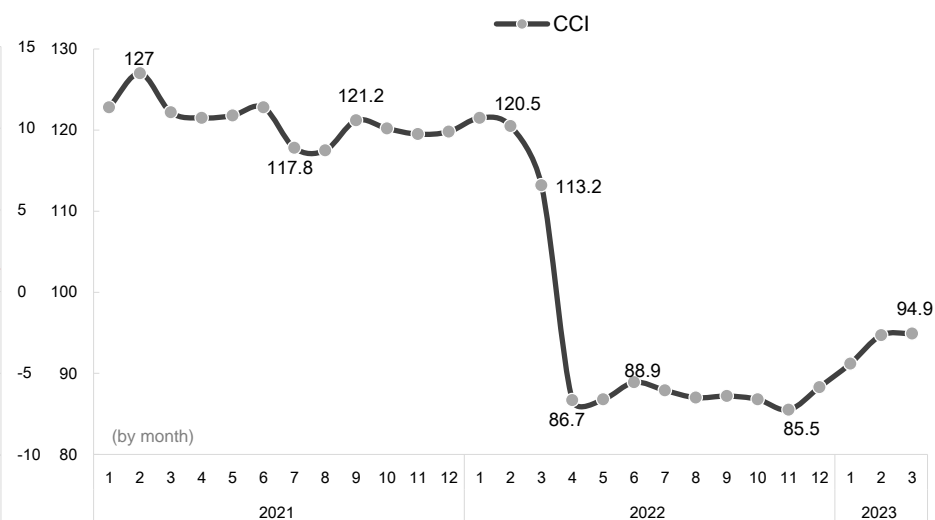
(2) Growth Rate of Offline Retail Sales of Goods and Online Retail Sales of Physical Goods



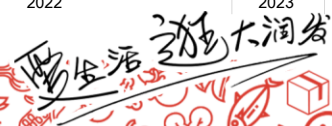
(3) Growth Rate of Consumer Price Index (CPI)



(4) Consumer Confidence Index (CCI)



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



## EXPANSION STATUS

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As of 31 March 2023



Region	No. of stores (as of 31 March 2023)				GFA (sqm) (as of 31 March 2023)			
	Hyper-market	Super-store	Mini Store	Total	Hypermarket	Superstore	Mini Store	Total
Eastern China	185	6	67	258	5,487,957	62,521	14,662	5,565,140
Northern China	52	1	0	53	1,371,352	6,301	0	1,377,653
N-Eastern China	54	2	0	56	1,767,034	15,843	0	1,782,877
Southern China	98	0	0	98	2,465,781	0	0	2,465,781
Central China	74	2	17	93	1,935,115	10,038	4,277	1,949,430
Western China	23	1	0	24	659,070	5,790	0	664,860
<u>Total</u>	486	12	84	582	13,686,309	100,493	18,939	13,805,741

New opening of **1** hypermarket

Secured **22** hypermarket sites

New opening of **5** superstores

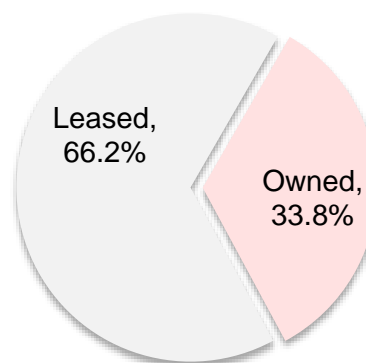
Secured **12** superstore sites

New opening of **21** mini stores

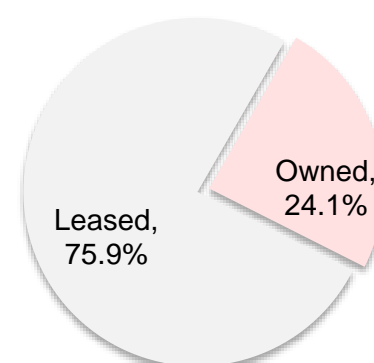
Covering **212** cities

Note: During the reporting period, two superstores were converted into hypermarkets, which were not included in the new opening of hypermarkets.

GFA breakdown



Store no. breakdown



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

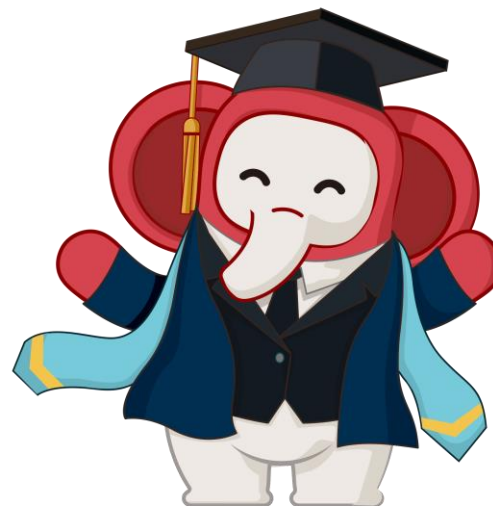
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## FINANCIAL HIGHLIGHTS



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	For the twelve months ended 31 March		
RMB in million	2023	2022	Change
Revenue <sup>(1)</sup>	83,662	88,134	-5.1%
Same Store Sales Growth <sup>(2) (3)</sup>	-4.0%	-6.7%	+2.7ppt
Gross Profit	20,581	21,473	-4.2%
Gross Profit Margin	24.6%	24.4%	+0.2ppt
EBIT	1,177	18	6438.9%
EBIT Margin	1.4%	0.0%	+1.4ppt
Profit for the period	78	-826	Not applicable
Net Profit Margin	0.1%	-0.9%	+1.0ppt
<i>Profit attributable to equity shareholders</i>	109	-739	Not applicable
Earnings per share - Basic and diluted (RMB) <sup>(4)</sup>	0.01	-0.08	

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.

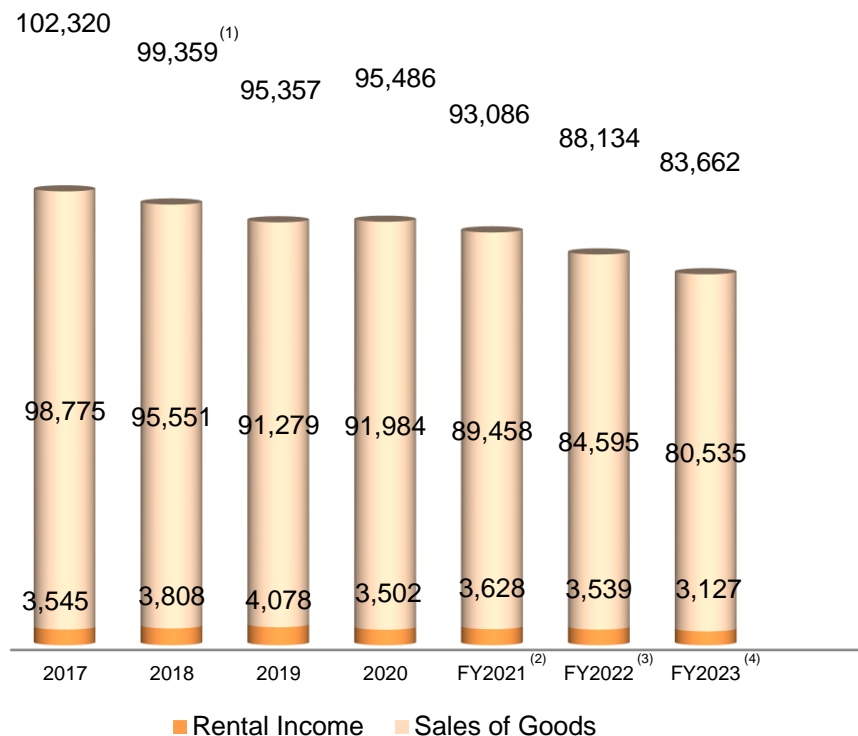
(4) The calculation of basic and diluted EPS is based on the weighted average number of 9,539,704,700 ordinary shares in issue during the period.

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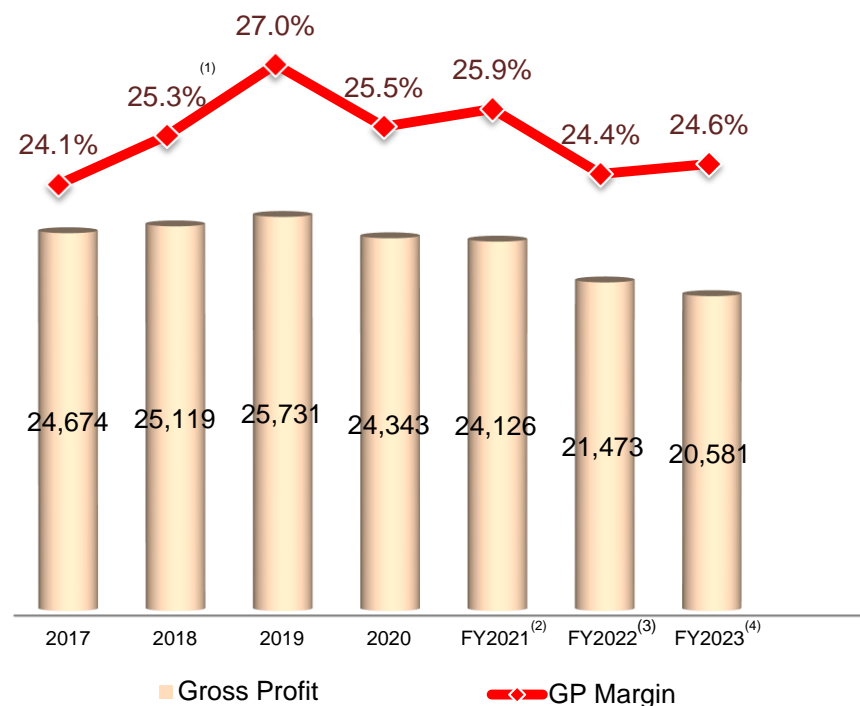
## Revenue

RMB (million)



## Gross Profit and Margin

RMB (million)



Note:

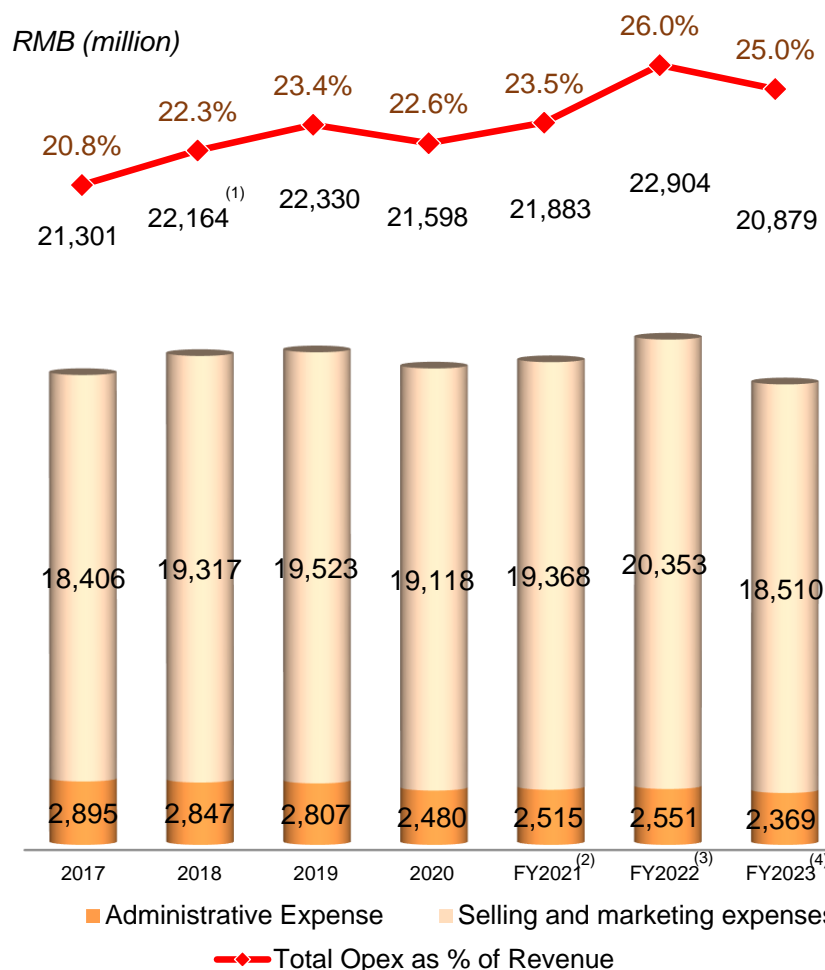
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(2)、(3)、(4) The Group changed the financial year end date from December 31 to March 31 in 2020. Therefore, FY2021, FY2022 and FY2023 show the major indicators of the financial results for the twelve months ended March 31, 2021 (unaudited), March 31, 2022 and March 31, 2023 respectively.

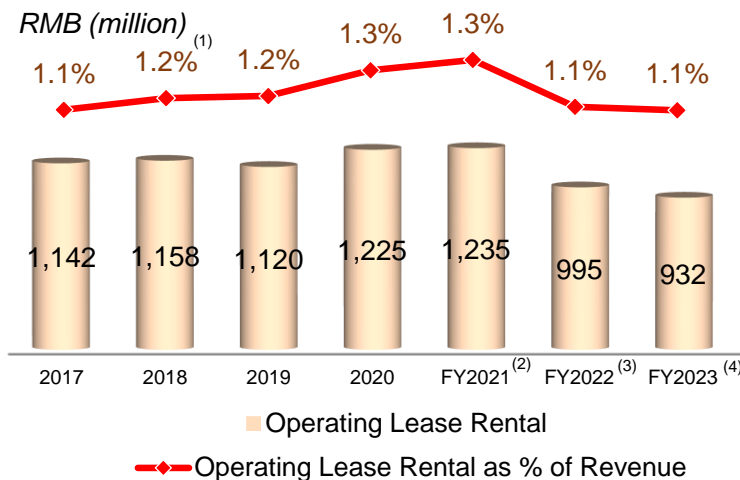
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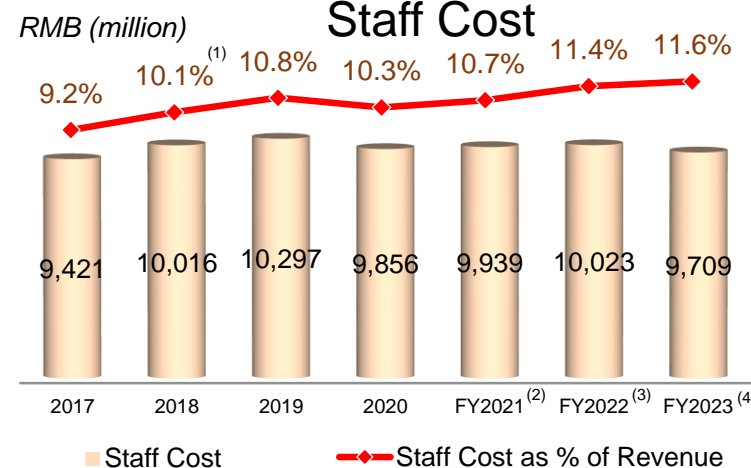
## Expenses



## 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.

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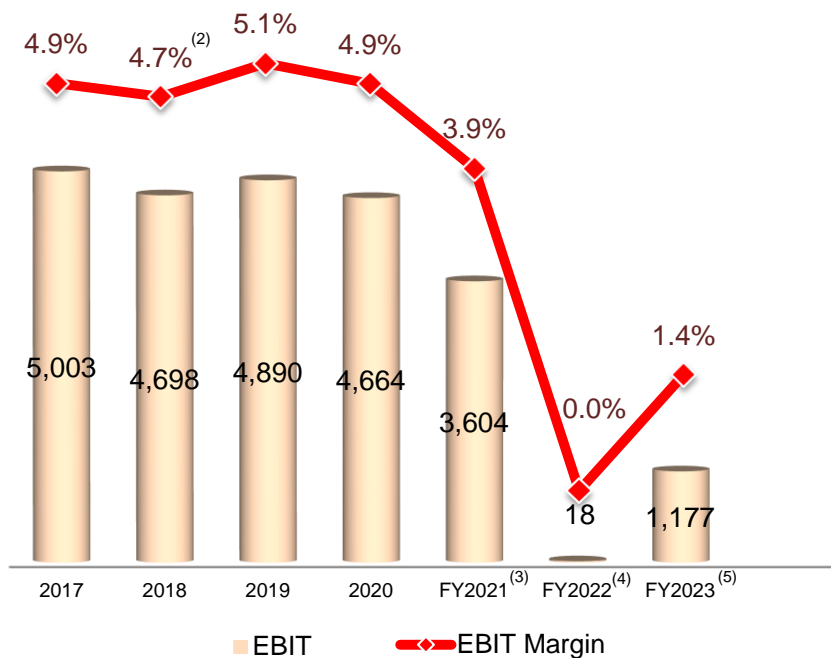
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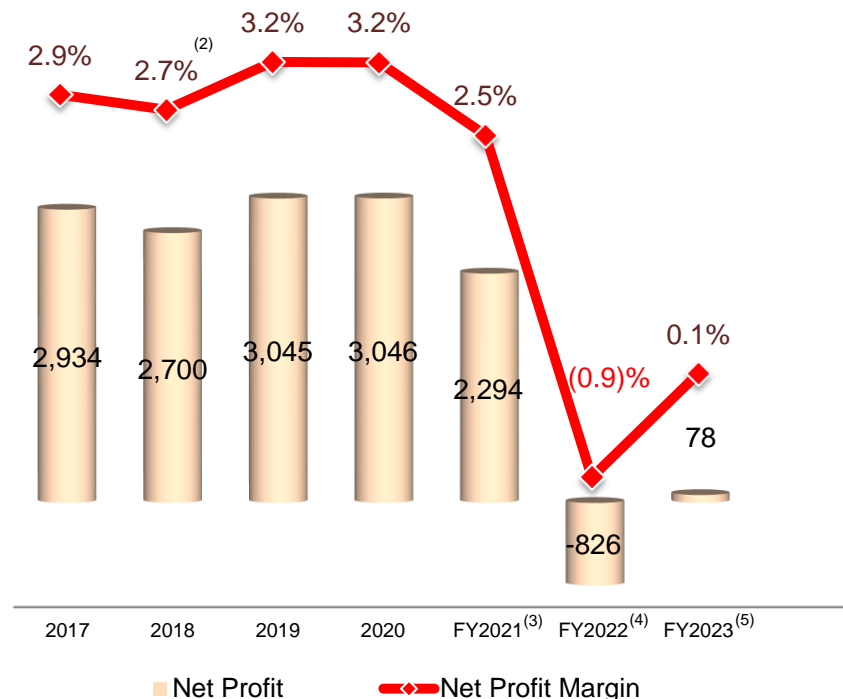
## Operating Profit

RMB (million)



## Net Profit<sup>(1)</sup> 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.

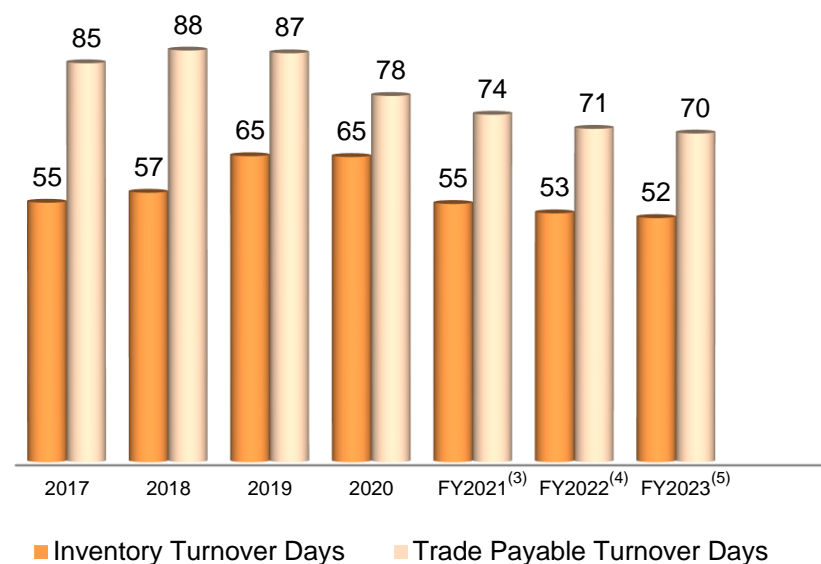
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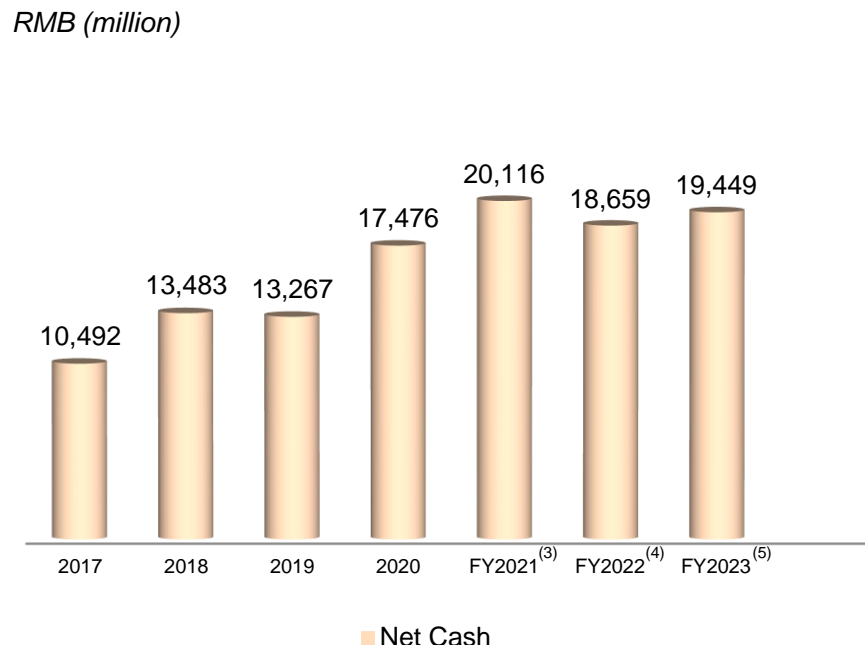




## Working Capital Days<sup>(1)</sup>



## Net Cash Position<sup>(2)</sup>



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.

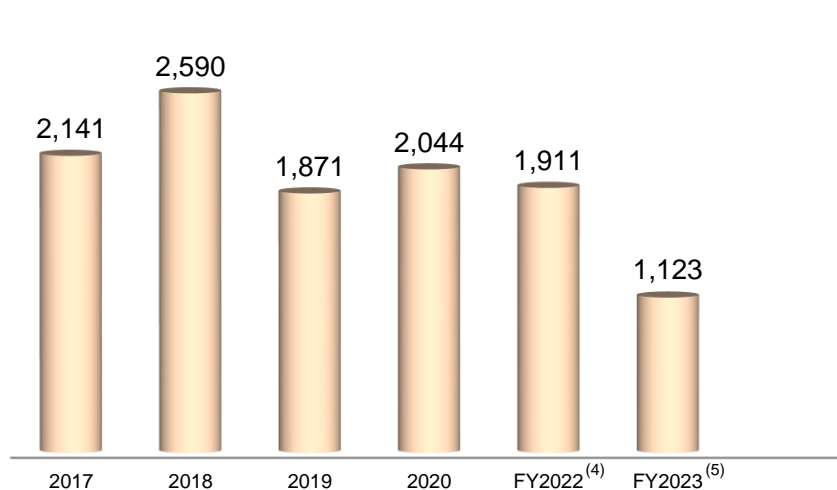
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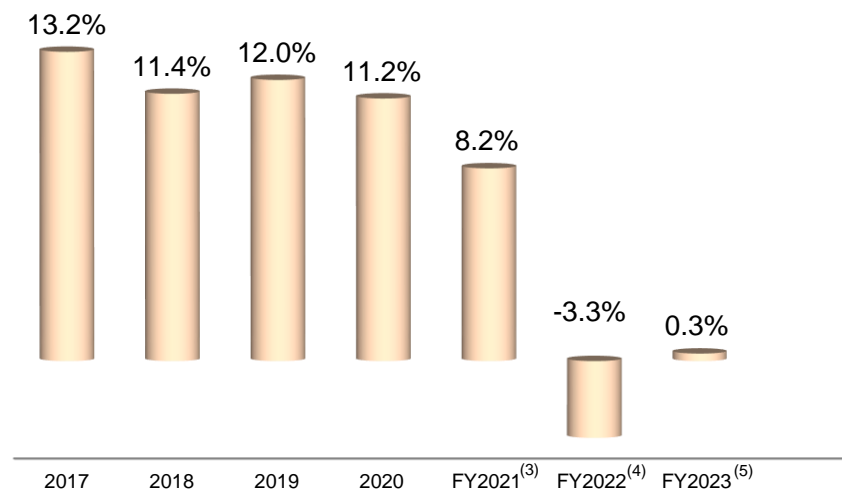
## CAPEX

RMB (million)



CAPEX

## ROE <sup>(1) (2)</sup>



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.

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## STRATEGY PROGRESS

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## Achieve capabilities breakthrough from zero to one in FY2023

### Scale construction of supply chain for fresh product

- Built 14 fresh produce processing centers (“FPPCs”).
- The FPPCs have basically covered all stores nationwide.
- Revenue from direct sourcing was about 50%.
- 100% stores realized self-operation in vegetables.

### R&D capabilities to differentiate products

- Established the private label (“PL”) team and developed PL products.
- Strengthen collaboration with suppliers in improving product differentiation.
- During the fiscal year, several hundred of differentiated products were developed and achieved TOP sales within the categories.

### Omni-channel digital membership operation

- The annual contribution value of digital members was higher than that of non-members.
- Membership system was integrated to full channels, including Taoxianda and Eleme.
- Established content and channels such as Douyin, Xiaohongshu, Weibo and WeChat.



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## Identify target customers and customer value, support multi-format and omni-channel development

### Offline experience centers

- Nearly hundred remodeling 2.0 stores, featuring pleasant scenes and experiences, validated the value of "offline shopping" value.
- The tenant mix of galleries was optimized and the proportion of traffic-generated tenants was continuously increasing. The vacancy rate was kept within 5%.

### Online fulfilment centers

- Enhanced the capabilities of independent procurement and operations for multi-channels to achieve sustainable growth in B2C business.
- The revenue growth of RT-Mart Fresh APP was close to 40%.
- Taoxianda business, as the core near-field supplier of fresh products for Taobao, continued to grow steadily.
- Eleme optimized operation model and its revenue growth was driven by the growth of ticket size.

### Development of multi-format

- RT-Super, the low-cost version of RT-Mart, will focus on dominant regions and become the key store expansion driver.
- RT-Mini was streamlined with focus on Nantong region. It will be developed into a channel for RT-Mart to cover surrounding communities and counties.
- A fully organized team of M club was established. M club will revamp the existing RT-Mart stores and create member value through differentiated products.

### Identified target customers of online and offline.



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**In FY2024, the primary strategy is to differentiate product power, focusing on the target customers and driving the growth of multi-format and omni-channel.**

## Differentiated product power drives the development of multi-format and omni-channel

### Differentiated product power



Create differentiated product power based on high quality-price ratio featuring the user value of health and happiness.

### Develop offline experience centers



Create incentives for offline shopping, featuring pleasant scenes, experiences and attentive services, to let target customers love life and shop in the RT-Mart.

### Create online fulfillment centers



Leverage near-fields advantages to improve customer experiences and maintain sustainable growth.

### Explore multi-format as 2<sup>nd</sup> growth curve



Continue the store expansion based on the competitive advantages of RT-Mart's supply chain, store layout, and operational capabilities.

Fresh product supply chain capabilities

Digital capabilities

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**Q & A**



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