

Pou Sheng International 2022 1Q Results

12 May 2022



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- 02 Business Highlights p 11-15**
- 03 Future Target & Strategy p 17-18**

Pou Sheng Financial Highlights (in RMB)



	1Q 2022		1Q 2021		Y-o-Y	
	RMB'mn	%	RMB'mn	%	%	ppt
Revenue	5,481	100.0	7,307	100.0	-25.0	--
Cost of Sales	(3,536)	-64.5	(4,799)	-65.7	-26.3	+1.2
Gross Profit	1,945	35.5	2,508	34.3	-22.4	+1.2
SG&A	(1,820)	-33.2	(2,094)	-28.7	-13.1	-4.5
Other Income & Expenses, net	70	1.2	104	1.5	-32.7	-0.3
Operating Profit	195	3.5	518	7.1	-62.4	-3.6
Finance Cost*, net	(39)	-0.7	(49)	-0.7	-20.4	0.0
Share of Results of JV	--	--	27	0.4	N/A	-0.4
Other Losses	--	--	(10)	-0.2	N/A	+0.2
Income Tax	(48)	-0.8	(119)	-1.6	-59.7	+0.8
Profit for the Period	108	2.0	367	5.0	-70.6	-3.0
Profit attrib. to Owners of PS	102	1.9	357	4.9	-71.4	-3.0

Source: Based on Pou Sheng's announcement on the HKEX website for the unaudited consolidated income statements of 1Q2022 & 1Q2021

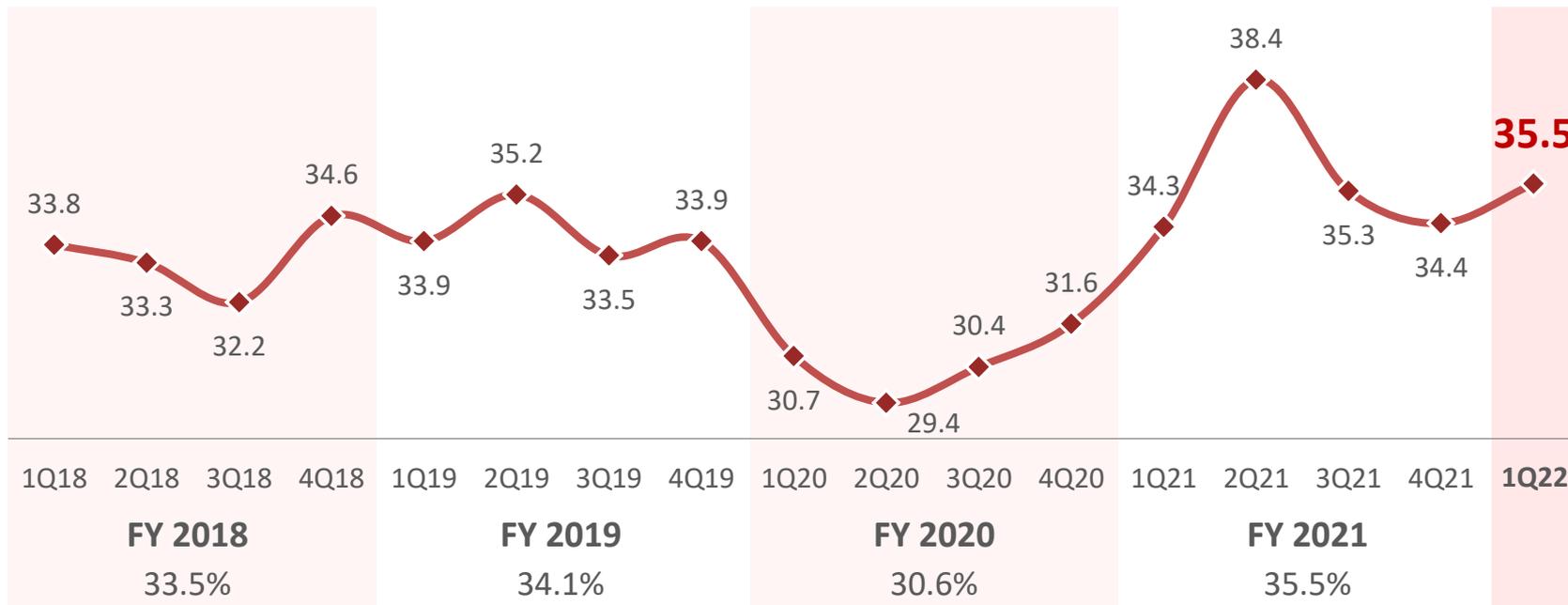
* Finance cost in 1Q22 decreased by 22.7% if excludes interest expenses on lease liabilities which amounted to RMB 29.3mn (1Q21: RMB 35.9mn)

Pou Sheng GP Margin Trend



(%)

◆ Gross Profit Margin

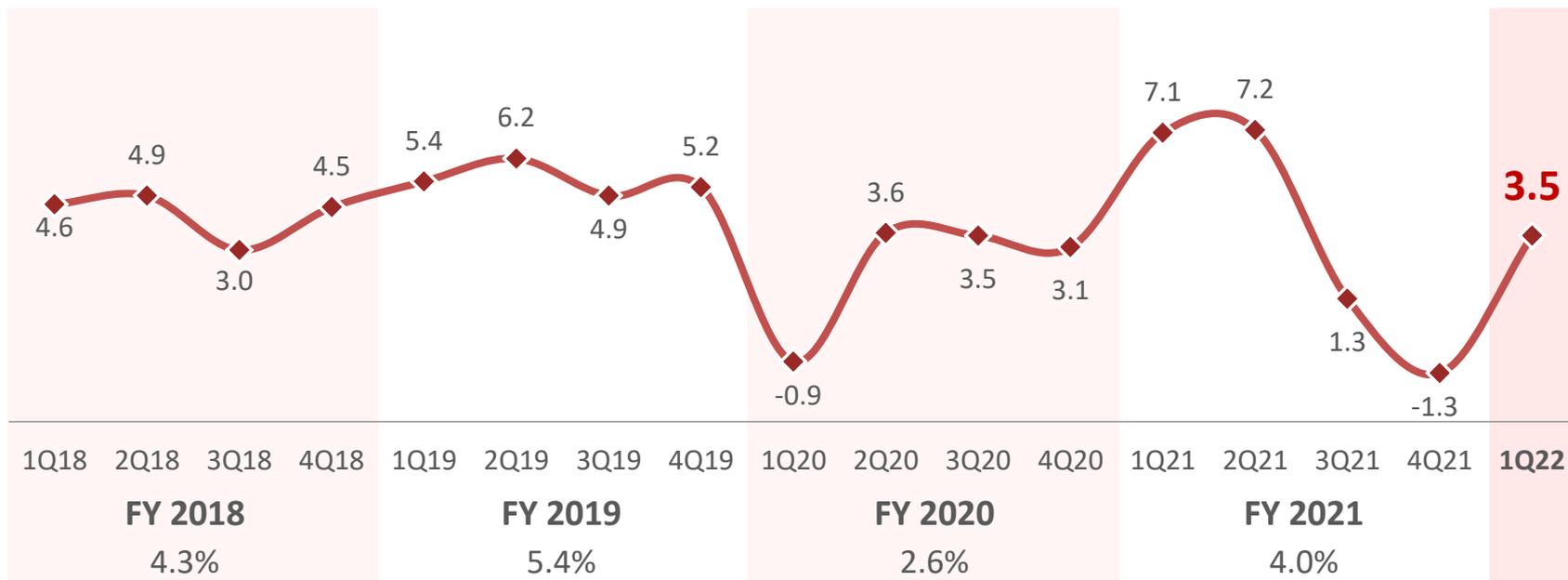


Pou Sheng OP Margin Trend



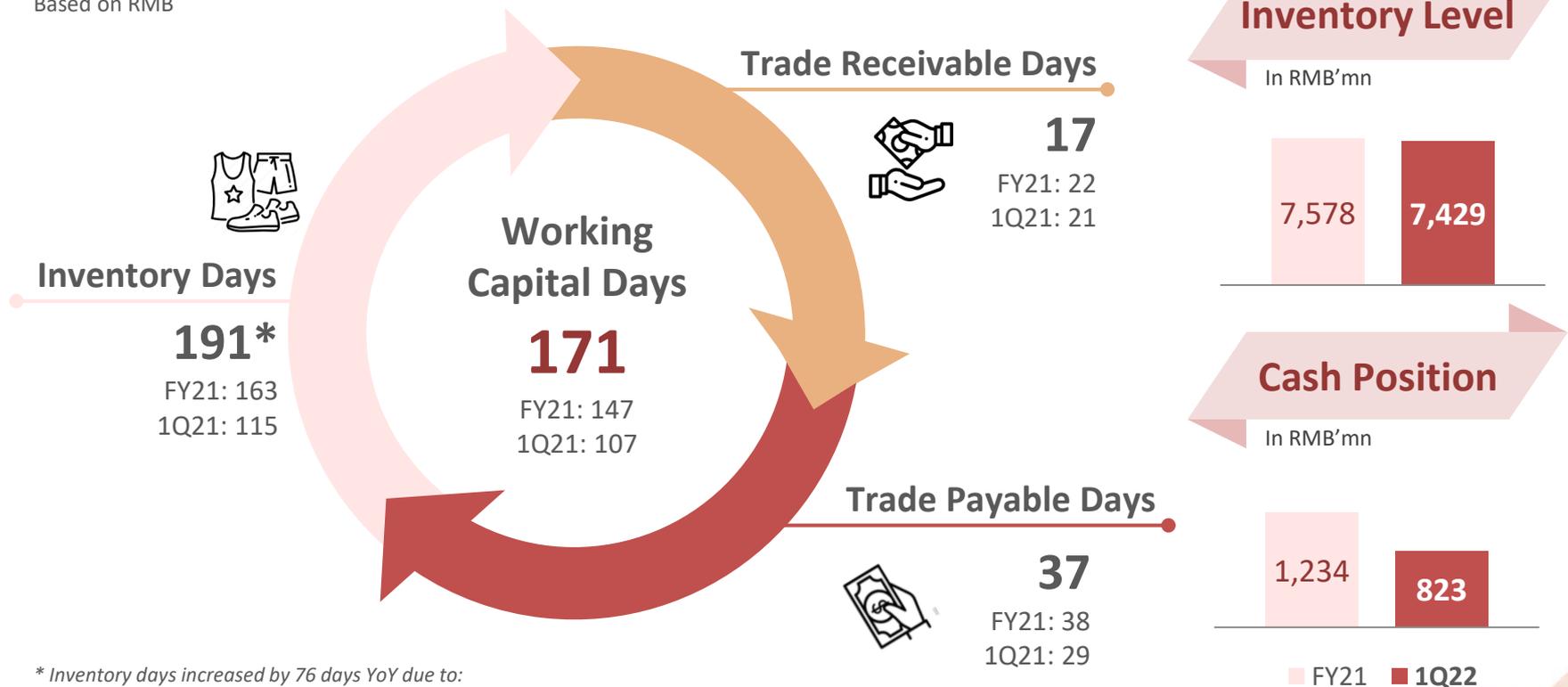
(%)

◆ Operating Profit Margin



Operation Efficiency – 1Q22

Based on RMB



* Inventory days increased by 76 days YoY due to:
 1) Weak sales amid Covid-19,
 2) Acquisition of JV Baowei on 31 Dec 2021,
 3) Optimizing markdowns to prioritize margins

Pou Sheng Financial Ratios (in RMB)



(RMB'mn)	1Q 2022	1Q 2021	Y-o-Y
Depreciation of PPE & Amortization	131.8	160.6	-17.9%
Depreciation of ROUA	285.7	309.6	-7.7%
EBITDA	617.1	1,012.3	-39.0%
EBITDA minus Depreciation of ROUA	331.4	702.7	-52.8%
Capital Expenditure	95.3	123.0	-22.5%
Total Borrowings*	1,710.3	2,084.1	-17.9%
Net Borrowings*	887.3	715.8	+24.0%
Total Borrowings to Equity #	20.6%	25.3%	--
Net Borrowings to Equity #	10.7%	8.7%	--
Total Borrowings* to EBITDA (X) annualized	0.7 X	0.5 X	--
Return on Owner's Equity LTM	1.2%	10.2%	--
Return on Asset LTM	0.7%	4.8%	--

As of
31 Mar

Source: Internal analysis report (figures rounded)

* Total Borrowings and Net Borrowings exclude lease liabilities. Lease liabilities was RMB 2,610.8mn and 3,185.3mn as at 31 Mar 2022 and 2021 respectively

Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 52.0% (1Q21: 63.9%) and 42.1% (1Q21: 47.3%) as at 31 Mar 2022 respectively

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01 Financial Summary p 5-9

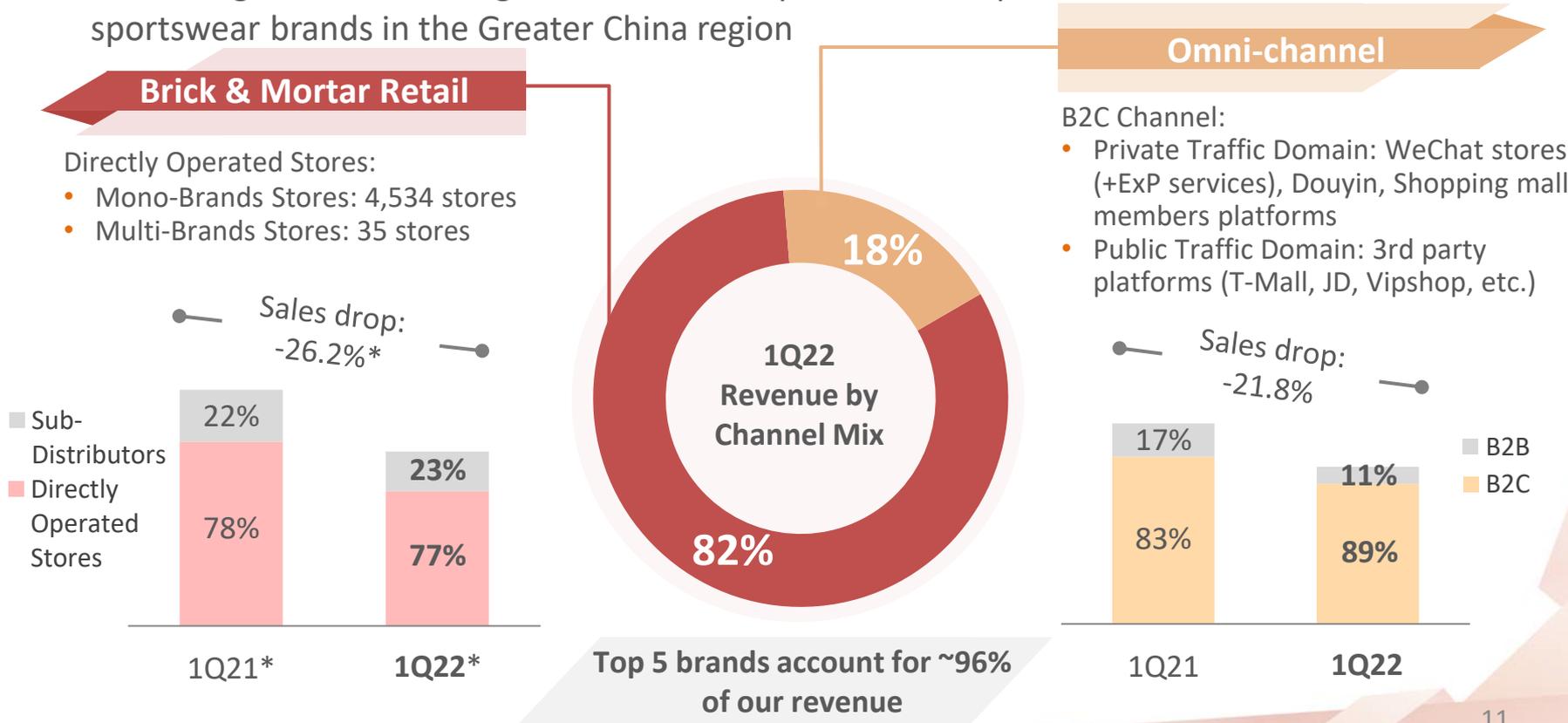
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Pou Sheng Retail Strategy



Y Pou Sheng is one of the largest retailers and sports services providers for world renowned sportswear brands in the Greater China region

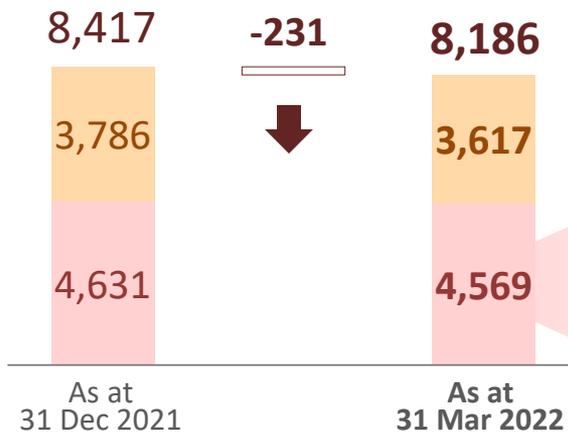


* Excludes other sales

Solid B&M Network *(Number of Stores)*



Total Store



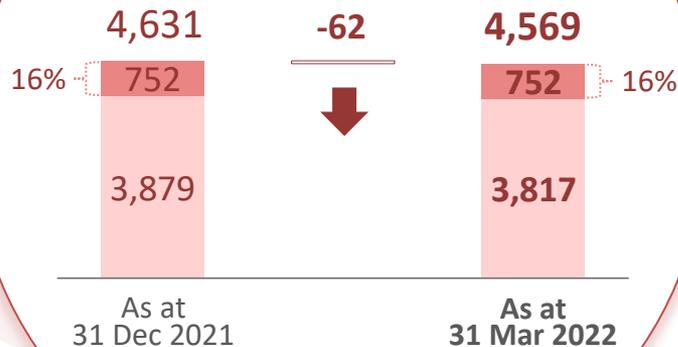
Directly Operated Stores (Own-Store)

Sub-Distributor (Franchisee)

Net Store +/-



Directly Operated Large Store Mix



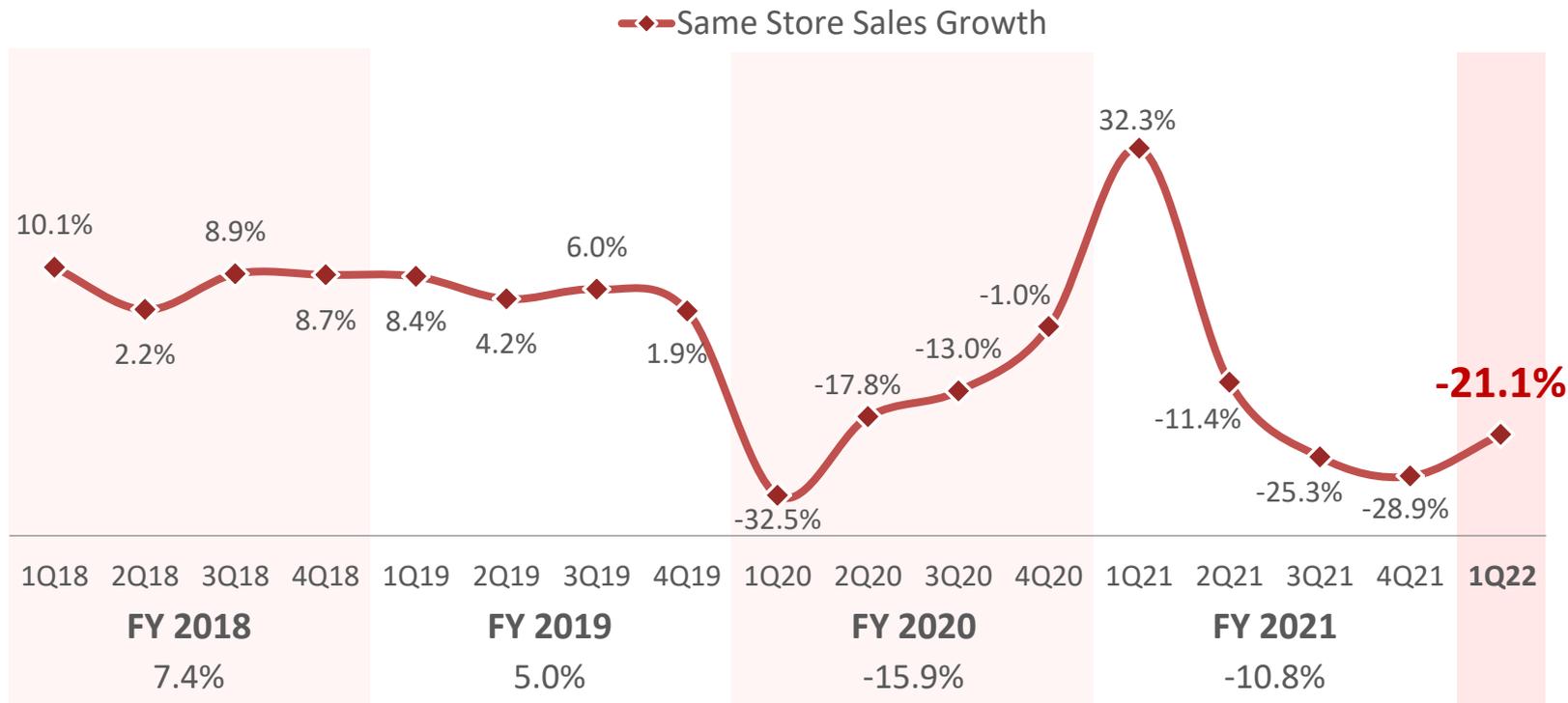
Stores >300m²

Stores <300m²

Pou Sheng Same Store Sales Growth (SSSg)



(%)

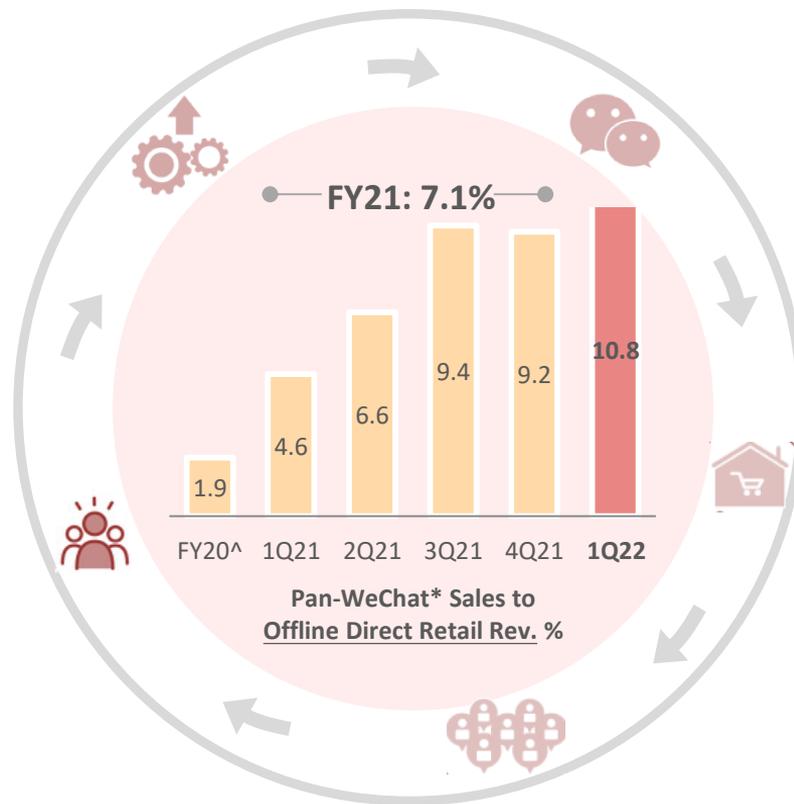


Note: Same-store sales measures revenue of full-price directly-operated stores (incl. WeChat stores' contribution) that have been operated over one year

Our Customized Pan-WeChat Ecosphere



- ✔ Stable and solid foundation with much better **conversion**, **return rate** and **full-price in-season sales**
- ✔ **Better ASP** than 3rd party platform e.g. T-Mall, JD, Vipshop, etc.
- ✔ Connect with digitally-enabled experience stores and EXP (Energy x Power) membership platform to enhance seamless consumer experience
- ✔ Account for 10.8% of direct retail revenue (or ~8% of overall) in 1Q22, with more than 90% inventory pool connected across different regions



* Pan-WeChat Ecosphere consists of private domain channels including WeChat stores, Douyin live-streaming shopping events and shopping mall members platforms

[^] WeChat store was launched in February 2020

Our Customized Pan-WeChat Ecosphere (Cont.)



- Comprehensive relations with members by designated **Key Opinion Staff (KOS)** and **interesting contents (ExP)** as first step to elevate our services to consumers



YYsports My ExP mini-program
>16.7m ExP members out of ~46m YYsports members (as of 31 Mar 2022)

Sports services and membership program

WeChat stores

24-hr digital interface by designated KOS

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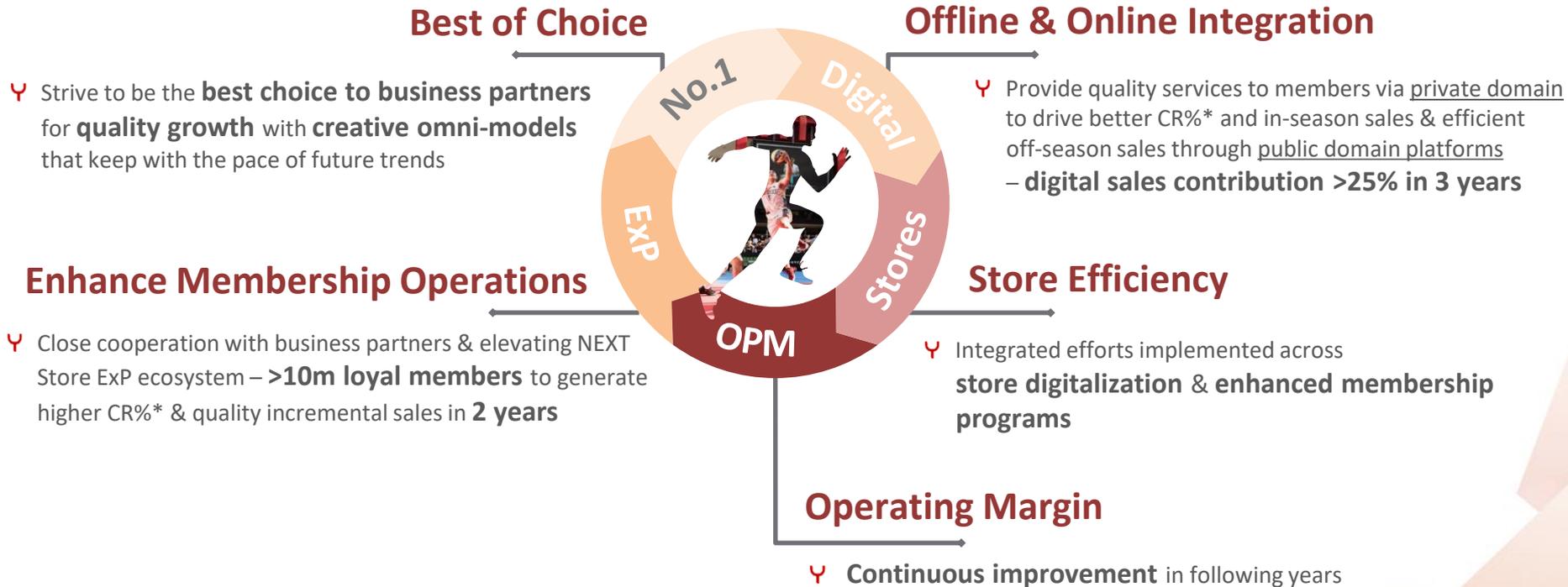
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Critical Missions in 3 Years

“Creating Value-added Services & Quality Experiences to Customers”



Growth by Digital, Membership & Store Efficiency



ISO. POETISM™ BY TOBIAS BIRK NIELSEN

KRAKATAU ANTAGONIST SURVIVAL KIT

11 BY BORIS BIDJAN

HOKA ONE ONE



胜道决



Daily Sports Journey



Product Sales Only

Better Stores

Members Stores



Appendix

Company Milestones



-
- 2021 ● Omni-channel contributed over 20% of total sales
Next Store launched in Shenyang, China
 - 2020 ● Next Store launched in Hsinchu, Taiwan
 - 2018 ● Recorded over RMB 22bn revenue
 - 2016 ● Recorded over RMB 15bn revenue
 - 2014 ● Became sole licensee for Pony in Taiwan & China
 - 2013 ● Recorded over RMB 10bn revenue
 - 2008 ● **Pou Sheng International listed on HKEX (3813.HK)**
 - 2001 ● Expanded into retail business in China

Pou Sheng Financial Highlights *(in USD)*



	1Q 2022		1Q 2021		Y-o-Y
	US\$'000	%	US\$'000	%	%
Revenue	862,455	100.00	1,127,665	100.00	-23.52
Cost of Sales	(556,422)	-64.52	(740,589)	-65.67	-24.87
Gross Profit	306,033	35.48	387,076	34.33	-20.94
SG&A	(285,151)	-33.06	(320,723)	-28.44	-11.09
Other Income & Expenses, net	9,731	1.13	13,590	1.20	-28.40
Operating Profit	30,613	3.55	79,943	7.09	-61.71
Finance Cost, net	(6,212)	-0.72	(7,449)	-0.66	-16.61
Share of Results of JV	--	--	4,145	0.37	N/A
Other Losses	--	--	(1,570)	-0.14	N/A
Income Tax	(7,471)	-0.87	(18,393)	-1.63	-59.38
Profit for the Period	16,930	1.96	56,676	5.03	-70.13
Profit attrib. to Owners of PS	16,059	1.86	55,081	4.88	-70.84

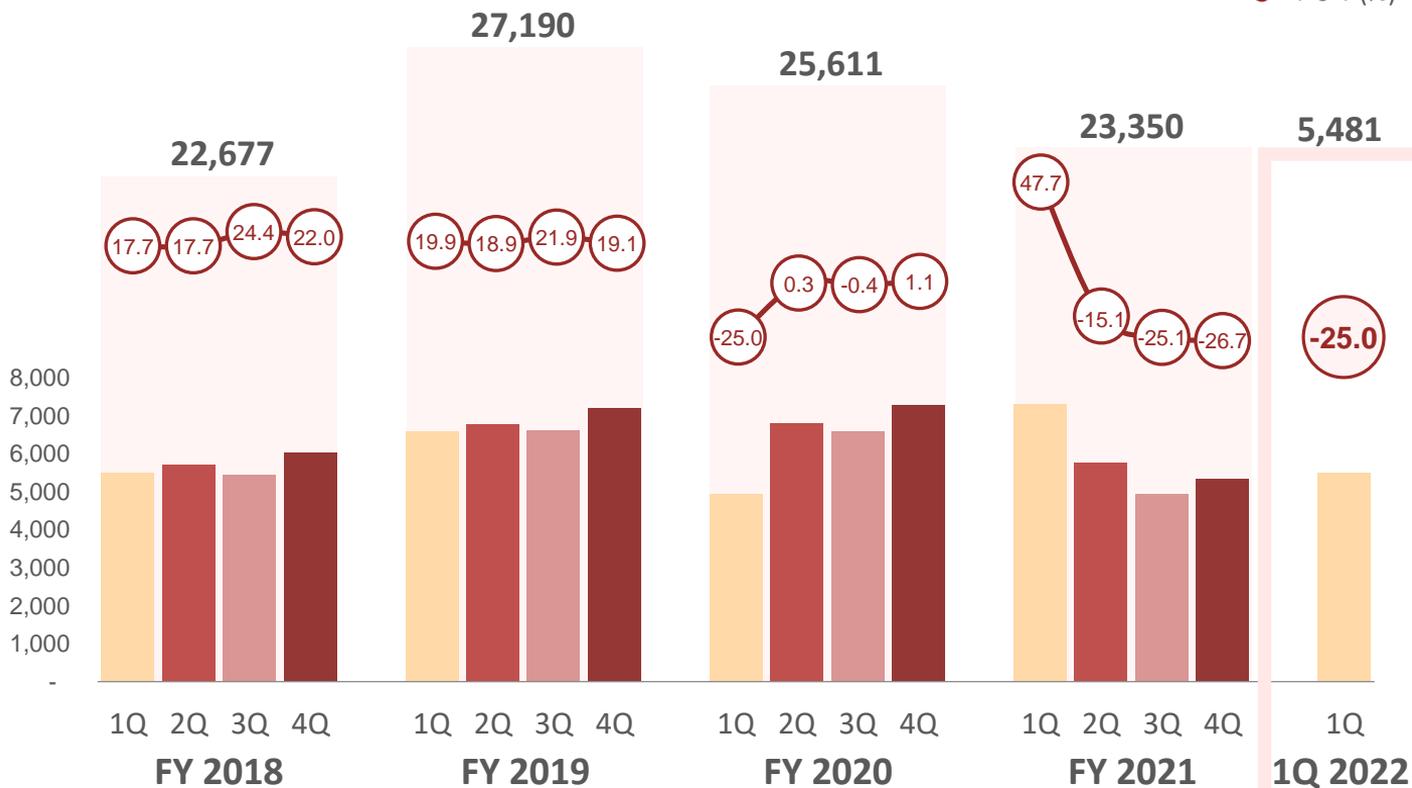
Source: Internal analysis report (figures rounded); various accounting reclassification and adjustments are made to some of the figures when consolidating Pou Sheng numbers into the Yue Yuen Group in order to comply with the requirements of accounting standards

Pou Sheng Revenue Trend



Revenue (RMB'mn)

—○— Y-o-Y (%)



**Thank you
Q&A**