

Pou Sheng International 2023 1Q Results



10 May 2023



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Pou Sheng Strategy & Operating Highlights



Prioritize Profitability

Y 1Q23 OPM \uparrow 2.2pp YoY

Disciplined Discount

Y 1Q23 Discount YoY slightly intensified,
while QoQ **LSD% Improvement**



Prioritizing Profitability \rightarrow

Strategic Partnership with Brands
Accelerating Sales Cycle \rightarrow

Holistic Approach in Channel
Planning & Management \rightarrow

1. Strategic Alliance with Business Partners

Y **INVENTORY integration** \rightarrow **Omni-Hub programme** to share inventory with brand partners, together with PSP & other initiatives to enhance inventory efficiency

- Inventory amount \downarrow 6.4% vs FY22, Days enhanced to **136 days**

Y **MEMBERSHIP integration** \rightarrow allowing consumers to access limited products and services in both PS & brands' directly operated stores

- UPT & ATV \uparrow **HSD% YoY**

2. Retail Refinement Strategy

Y **STREAMLINE & right-size** retail network & enhance productivity

- Average monthly sales per door & sales per m² \uparrow **DD% YoY**
- Larger-format stores account for **19%** of total stores
- Average GFA \uparrow **HSD% YoY**, while overall GFA \downarrow **HSD% YoY**

3. Digital Acceleration

Y **REGIONAL WeChat stores, Douyin live-streaming with collective efforts from KOS** + offer a digitally-enabled experience

- Robust growth in Pan-WeChat Stores, \uparrow **69% YoY**
- Pan-WeChat sales reached **12%** of total sales, contributed **18%** of direct retail revenue

4. Solid Financial Management

- Improved working capital turnover

Our Strategies

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Pou Sheng Financial Highlights (in RMB)

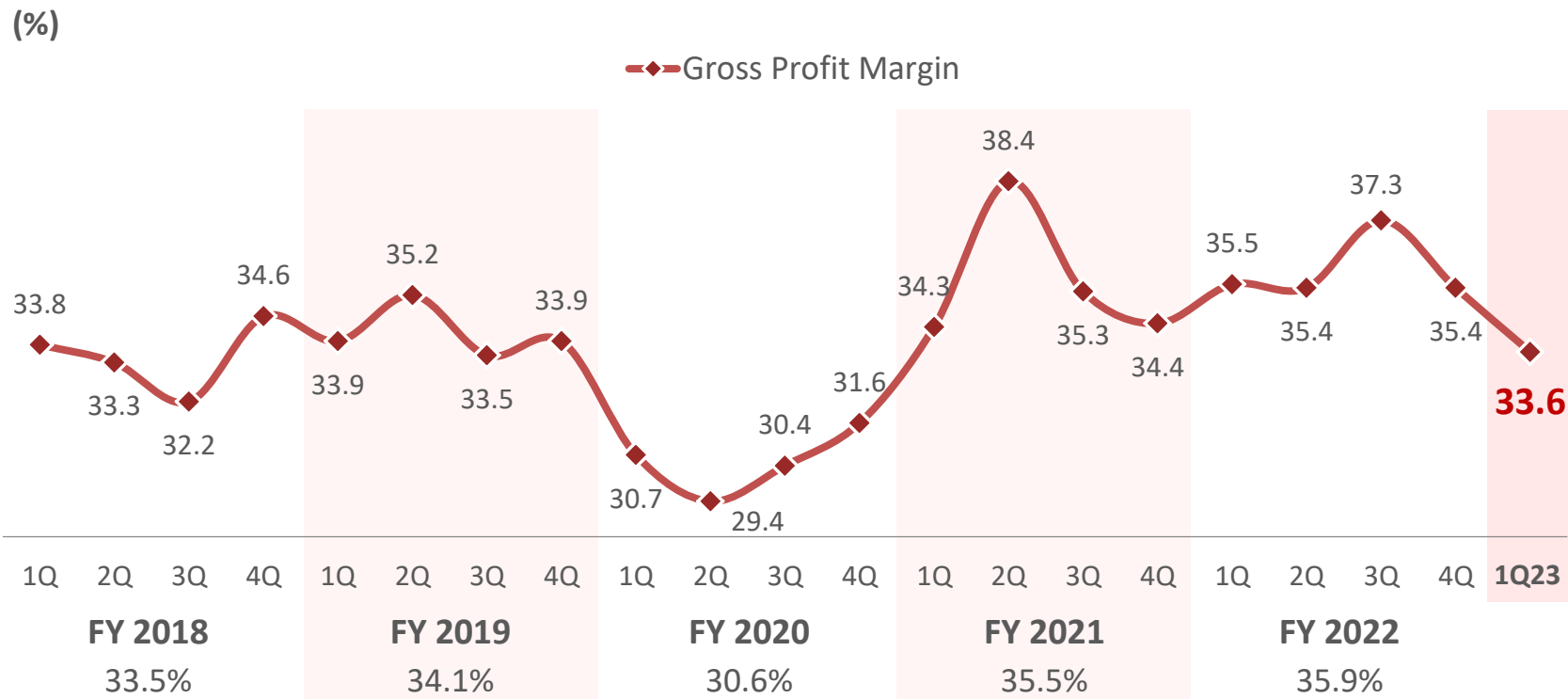


	1Q 2023		1Q 2022		YoY	
	RMB'mn	%	RMB'mn	%	%	pp
Revenue	5,838	100.0	5,481	100.0	+6.5	--
Cost of Sales	(3,878)	-66.4	(3,536)	-64.5	+9.7	-1.9
Gross Profit	1,960	33.6	1,945	35.5	+0.8	-1.9
SG&A	(1,688)	-28.9	(1,820)	-33.2	-7.3	+4.3
Other Income & Expenses, net	61	1.0	70	1.2	-12.9	-0.2
Operating Profit	333	5.7	195	3.5	+70.8	+2.2
Finance Cost*, net	(19)	-0.3	(39)	-0.7	-51.3	+0.4
Other Losses	--	--	--	--	N/A	N/A
Income Tax	(85)	-1.5	(48)	-0.8	+77.1	-0.7
Profit for the Period	229	3.9	108	2.0	+112.0	+1.9
Profit Attrib. to Owners of PS	220	3.8	102	1.9	+115.7	+1.9

Source: Based on Pou Sheng's announcement on the HKEX website for the unaudited consolidated income statements of 1Q2023 & 1Q2022

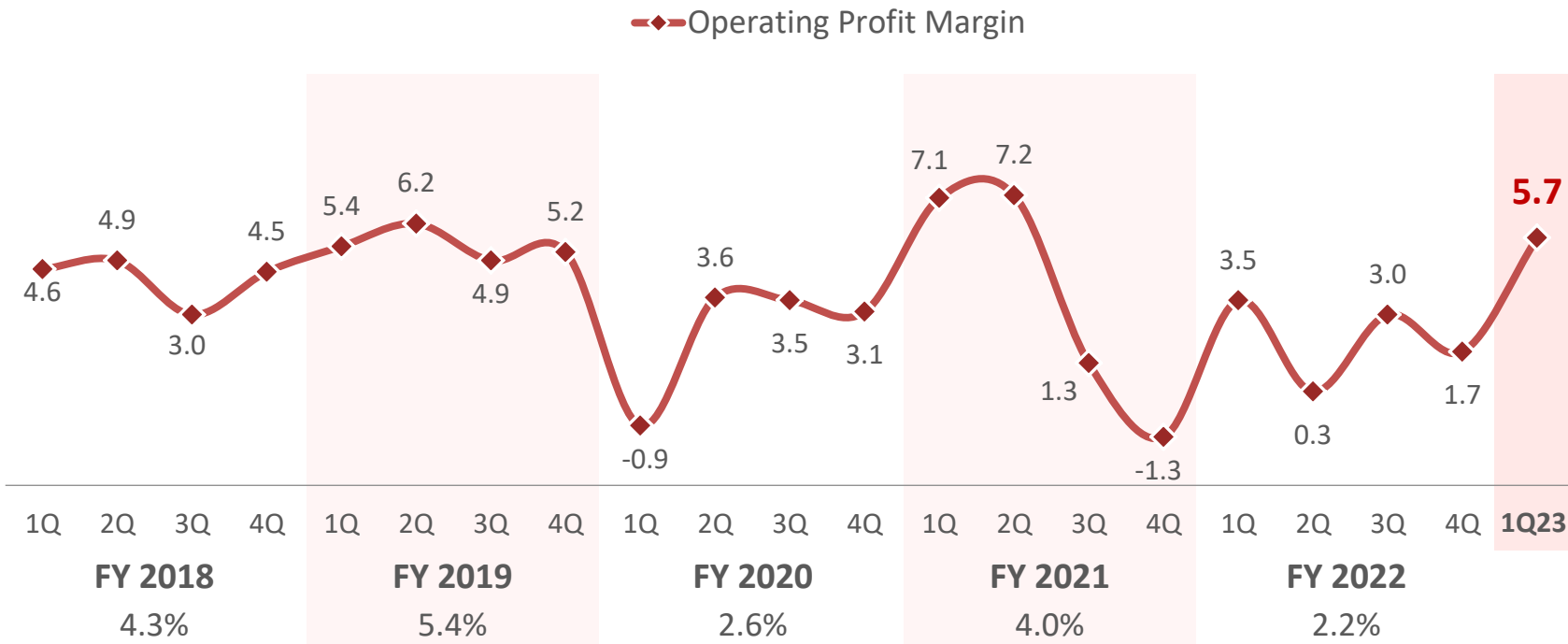
* Net finance cost in 1Q23 decreased by 135.8% YoY if excludes interest expenses on lease liabilities which amounted to RMB 22.3mn (1Q22: RMB 29.3mn)

Pou Sheng GP Margin Trend



Pou Sheng OP Margin Trend

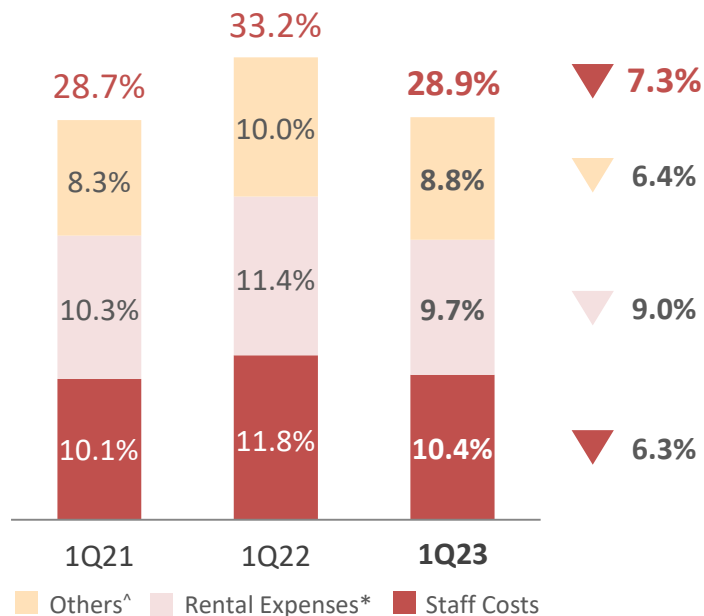
(%)



Pou Sheng SG&A Expenses Breakdown

SG&A Ratio

% of Revenue

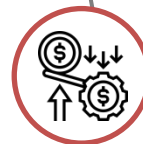


Amount (YoY)



Right-size Retail Network & Enhance Manpower Efficiency

- Pou Sheng's number of employees decreased 15% YoY approximately



Operating Leverage led by Sales ↑



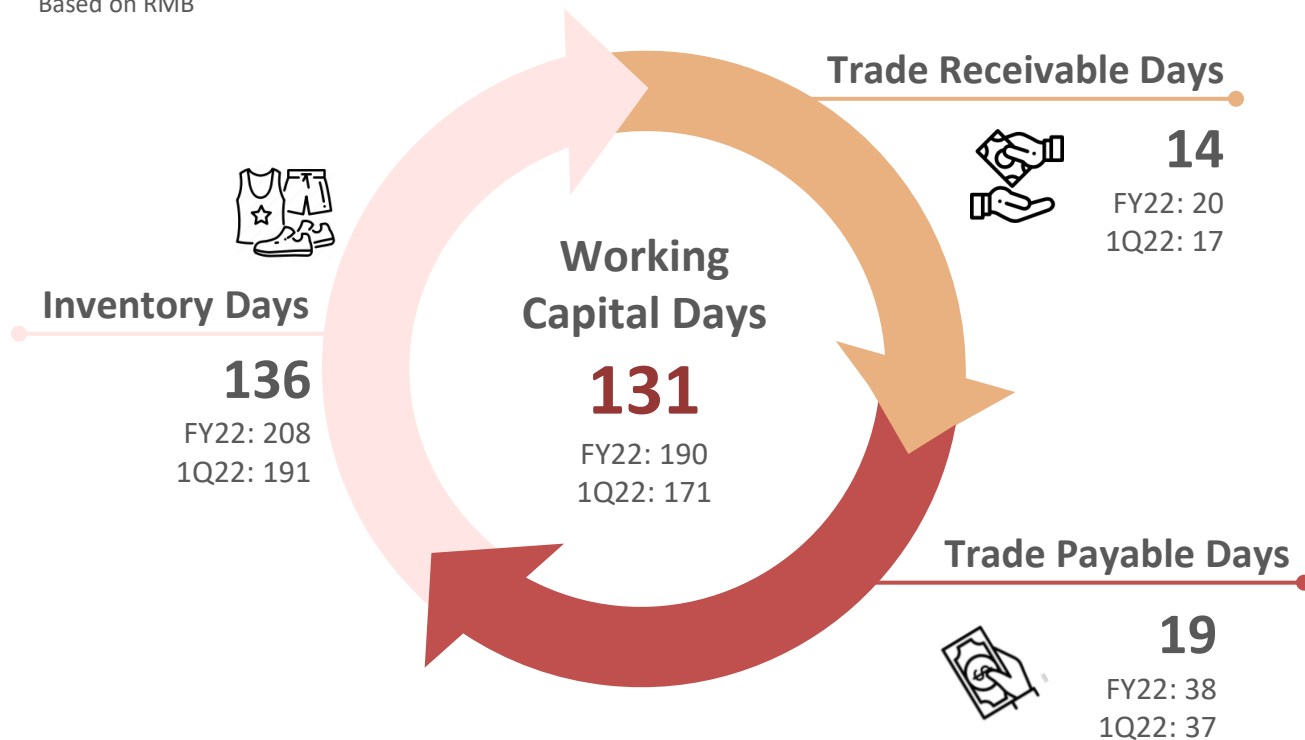
Efforts in Cost Control, Efficiency Enhancement & Rent Negotiations

^ Others include shopping mall expenses, logistic expenses, depreciation of PPE and amortization, etc.

* Rental Expenses include expense of operating leases, concession expenses and depreciation of right-of-use assets

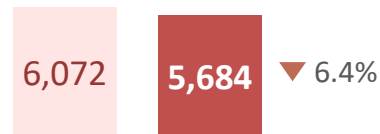
Operation Efficiency – 1Q23

Based on RMB



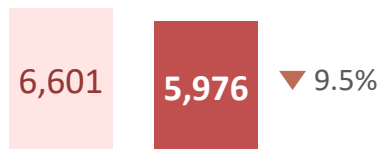
Inventory Level

In RMB'mn



Working Capital

In RMB'mn



■ FY22 ■ 1Q23

Pou Sheng Financial Ratios (in RMB)



As of
31 Mar

(RMB'mn)	1Q 2023	1Q 2022	YoY
Depreciation of PPE & Amortization	97.7	131.8	-25.9%
Depreciation of ROUA	230.2	285.7	-19.4%
EBITDA	667.6	617.1	+8.2%
EBITDA minus Depreciation of ROUA	437.4	331.4	+32.0%
Capital Expenditure	69.6	95.3	-27.0%
Total Borrowings*	210.9	1,710.3	-87.7%
(Net Cash)/ Net Borrowings*	(1,055.7)	887.3	N/A
Total Borrowings to Equity [#]	2.5%	20.6%	-18.1pp
Net Borrowings to Equity [#]	Net Cash	10.7%	--
Total Borrowings* to EBITDA (X) <i>annualized</i>	0.1 X	0.7 X	--
Return on Owner's Equity <i>LTM</i> ^	2.5%	1.2%	--
Return on Asset <i>LTM</i> ^	1.6%	0.7%	--

Source: Internal analysis report (figures rounded)

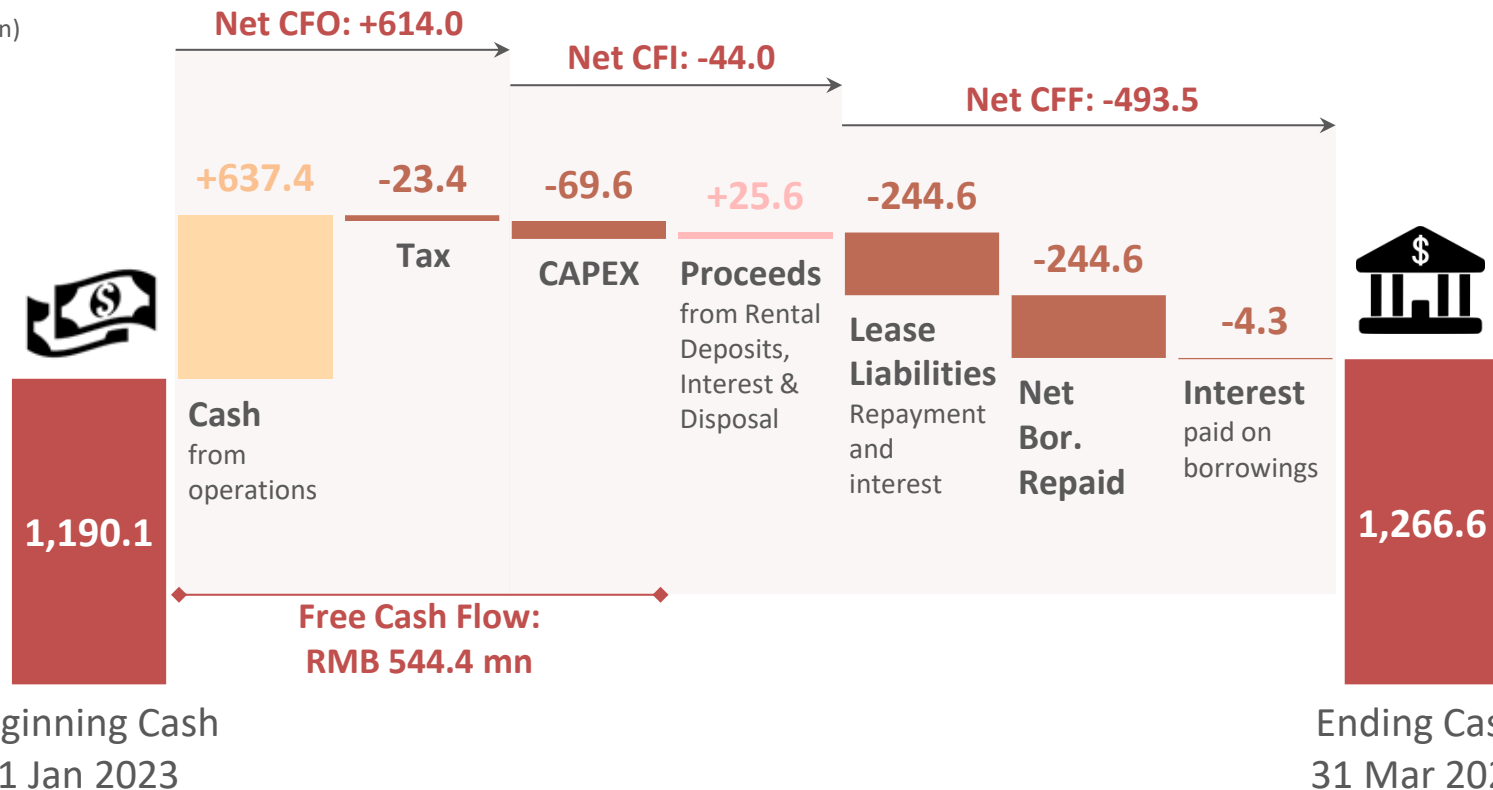
* Total Borrowings and Net Borrowings exclude lease liabilities. Lease liabilities was RMB 2,064.5mn and 2,610.8mn as at 31 Mar 2023 and 2022 respectively

[#] Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 27.0% (1Q22: 52.0%) and 12.0% (1Q22: 42.1%) as at 31 Mar 2023 respectively

^ ROE and ROA would be 10.6% and 6.6% if on annualized basis

Pou Sheng Sources and Uses of Fund

(RMB'mn)



Net CFO: Net Cash from/(to) Operation

Net CFI: Net cash from/(used in) Investing Activities Net CFF: Net cash from/(used in) Financing Activities

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Pou Sheng Retail Strategy

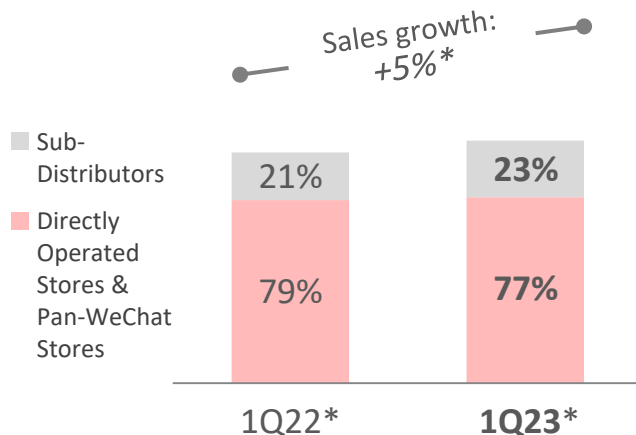


- Y Pou Sheng is one of the largest retailers and sports services providers for world renowned sportswear brands in the Greater China region

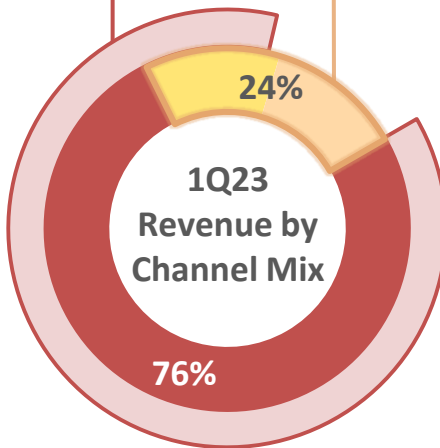
Brick & Mortar Retail

Directly Operated Stores:

- Mono-Brands Stores: 3,892 stores
- Multi-Brands Stores: 24 stores



1Q23 Revenue by Channel Mix



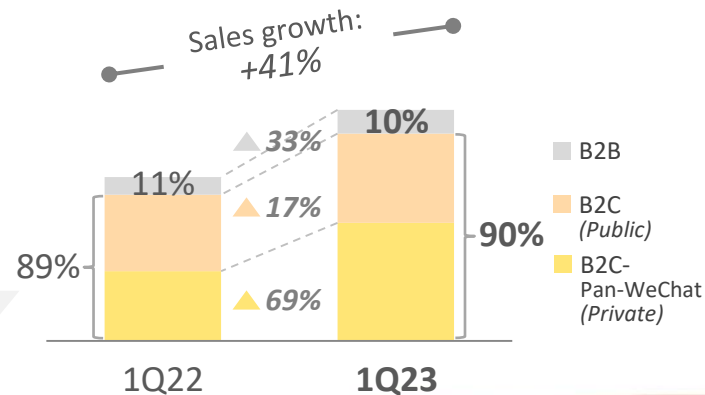
Top 5 brands account for ~95% of our revenue

Omni-channel

Omni-channel consisted of B2B and B2C, and reached 24% of total sales

B2C contains:

- Public Domain: 3rd party platforms with growing PSP product support
- Private Domain: Pan-WeChat Ecosphere + member services

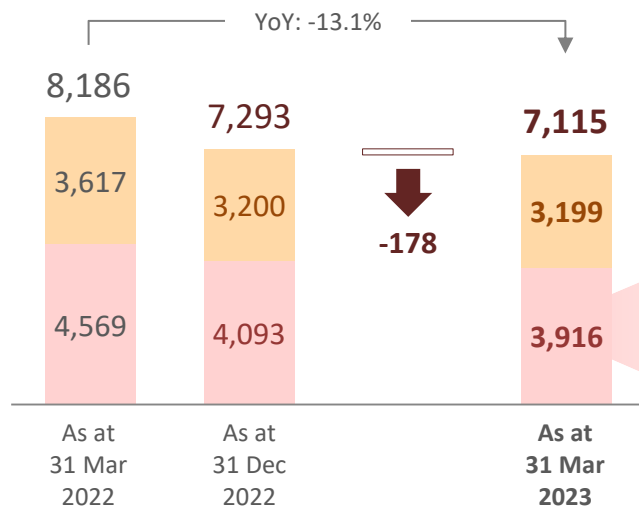


* Contribution analysis dimensions: including Pan-WeChat Ecosphere, without Other Sales, 1Q22 data were reclassified
Sales dropped by 1% if excludes Pan-WeChat

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



Total Stores



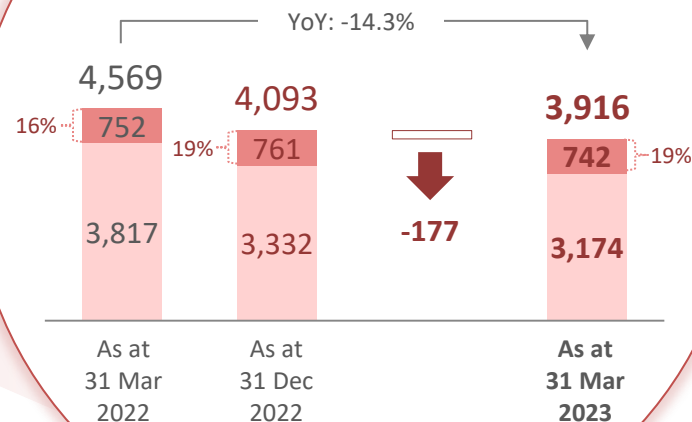
Directly Operated Stores (Own-Store)

Sub-Distributors (Franchisee)

Net Stores +/-



Directly Operated Large Store Mix



Stores >300m²

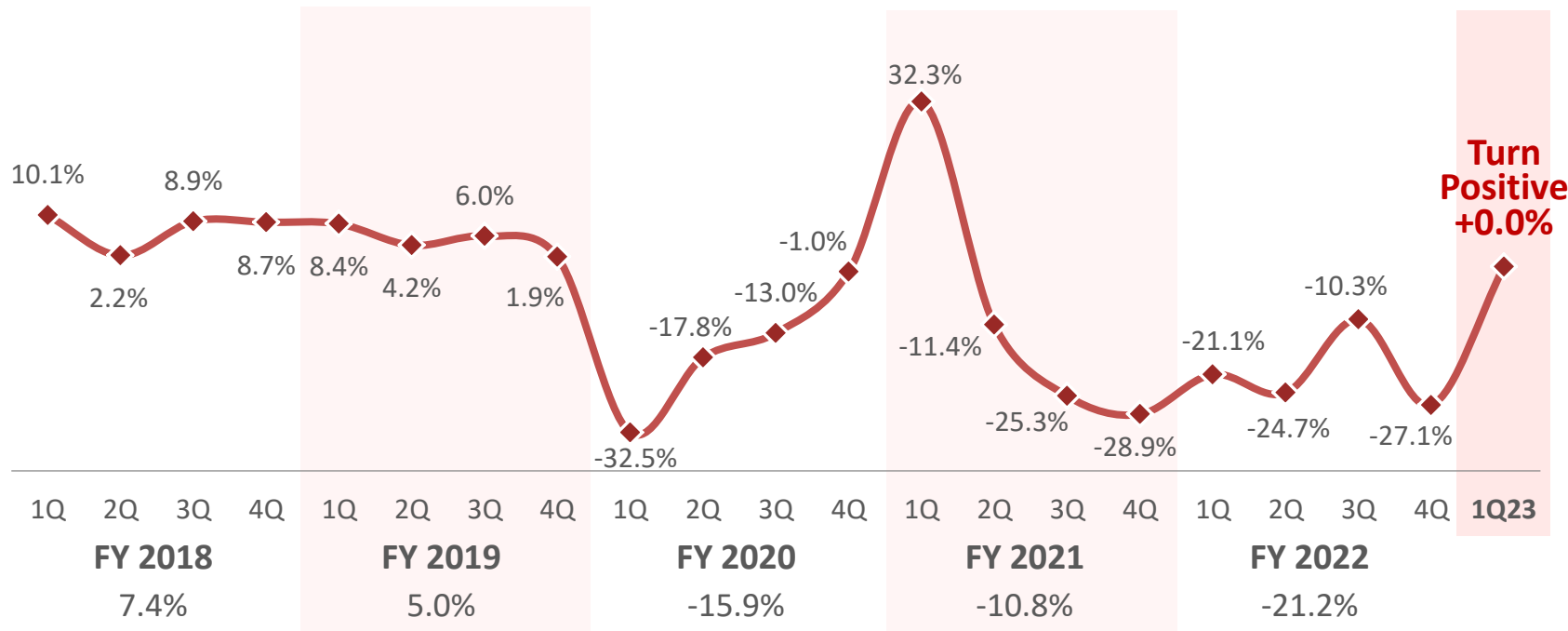
Stores ≤300m²

Pou Sheng Same Store Sales Growth (SSSg)



(%)

—◆— Same Store Sales Growth

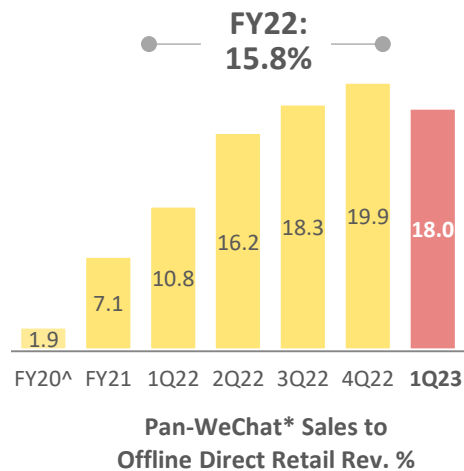
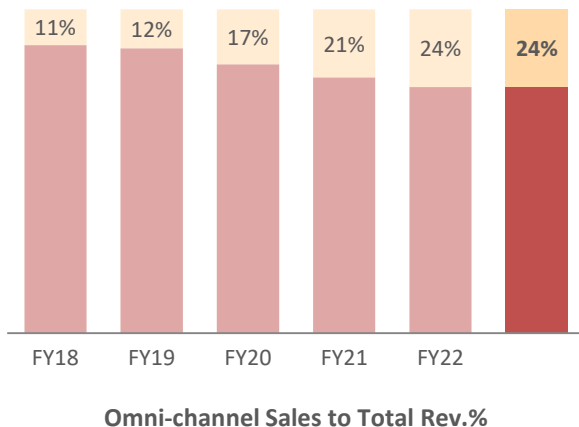


Note: Same-store sales measures revenue of full-price directly-operated stores that have been operated over one year

Our Customized Omni-channel & Pan-WeChat Ecosphere



- ✔ Stable and solid foundation of Pan-WeChat stores with much better conversion, return rate and full-price in-season sales
- ✔ All-round membership integration to enhance seamless consumer experience
- ✔ Account for 18.0% of direct retail revenue (or ~12% of overall) in 1Q23, with inventory connected across different regions



[^] WeChat store was launched in February 2020

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

Our Customized Omni-channel & Pan-WeChat Ecosphere (Cont.)



- Comprehensive relations with members by designated **Key Opinion Staff (KOS)** and **interesting contents** to develop a holistic consumer experience



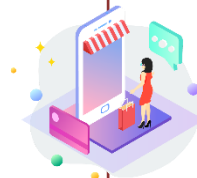
YYsports & membership program



WeChat stores



24-hr digital interface by designated KOS



~49.4m YYsports members (as of 31 Mar 2023)

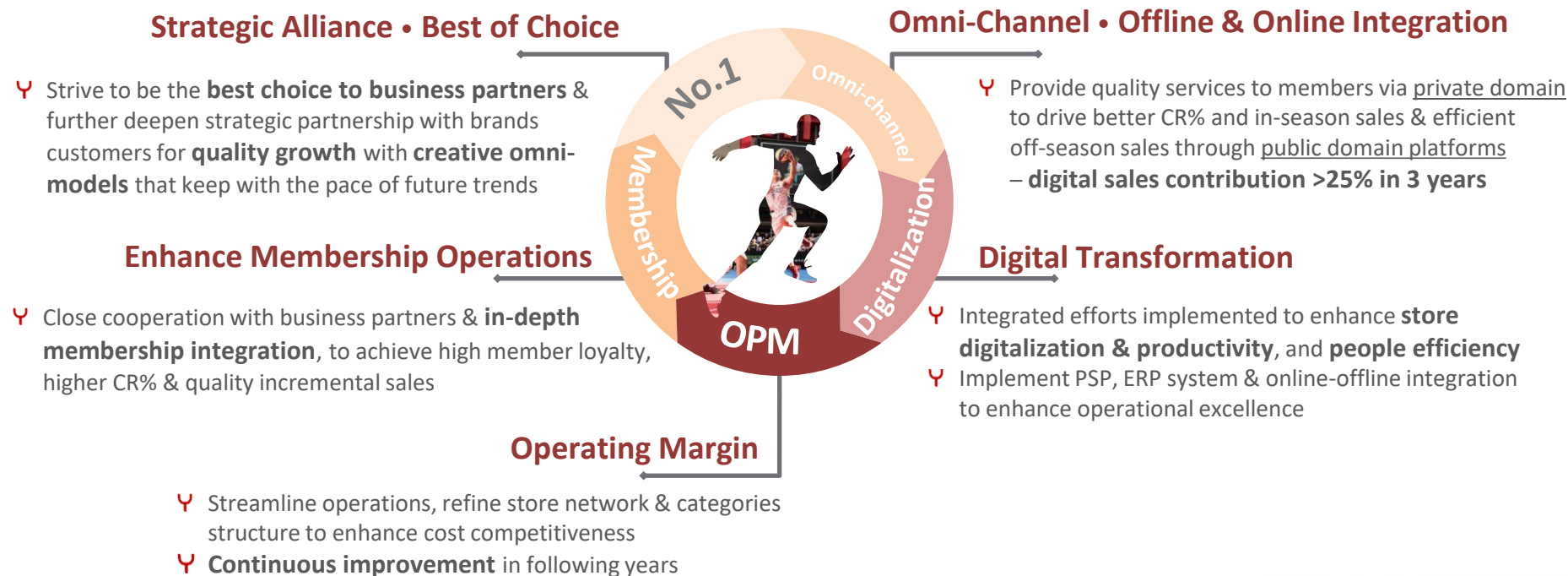
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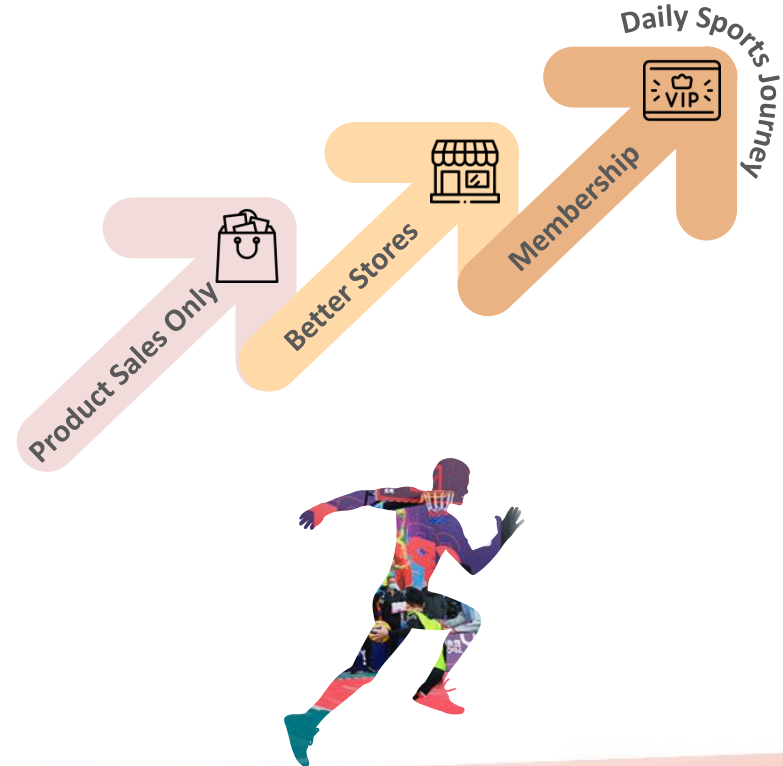
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Critical Missions in 3 Years

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



Growth by Digital, Membership & Store Efficiency



Appendix

Company Milestones

- 
- 2022 ● Pan-WeChat sales to offline direct retail revenue reached 16%
 - 2021 ● Omni-channel contributed over 20% of total sales
 - 2018 ● Recorded over RMB 22bn revenue
 - 2016 ● Recorded over RMB 15bn revenue
 - 2014 ● Became sole licensee for Pony in Taiwan & Mainland China
 - 2013 ● Recorded over RMB 10bn revenue
 - 2008 ● **Pou Sheng International listed on HKEX (3813.HK)**
 - 2001 ● Expanded into retail business in Mainland China

Pou Sheng Financial Highlights (in USD)



	1Q 2023		1Q 2022		YoY
	US\$'000	%	US\$'000	%	%
Revenue	852,454	100.00	862,455	100.00	-1.16
Cost of Sales	(566,279)	-66.43	(556,422)	-64.52	+1.77
Gross Profit	286,175	33.57	306,033	35.48	-6.49
SG&A	(245,273)	-28.77	(285,151)	-33.06	-13.98
Other Income & Expenses, net	7,678	0.90	9,731	1.13	-21.10
Operating Profit	48,580	5.70	30,613	3.55	+58.69
Finance Cost, net	(2,724)	-0.32	(6,212)	-0.72	-56.15
Other Losses	--	--	--	--	N/A
Income Tax	(12,418)	-1.46	(7,471)	-0.87	-66.22
Profit for the Period	33,438	3.92	16,930	1.96	+97.51
Profit Attrib. to Owners of PS	32,121	3.77	16,059	1.86	+100.02

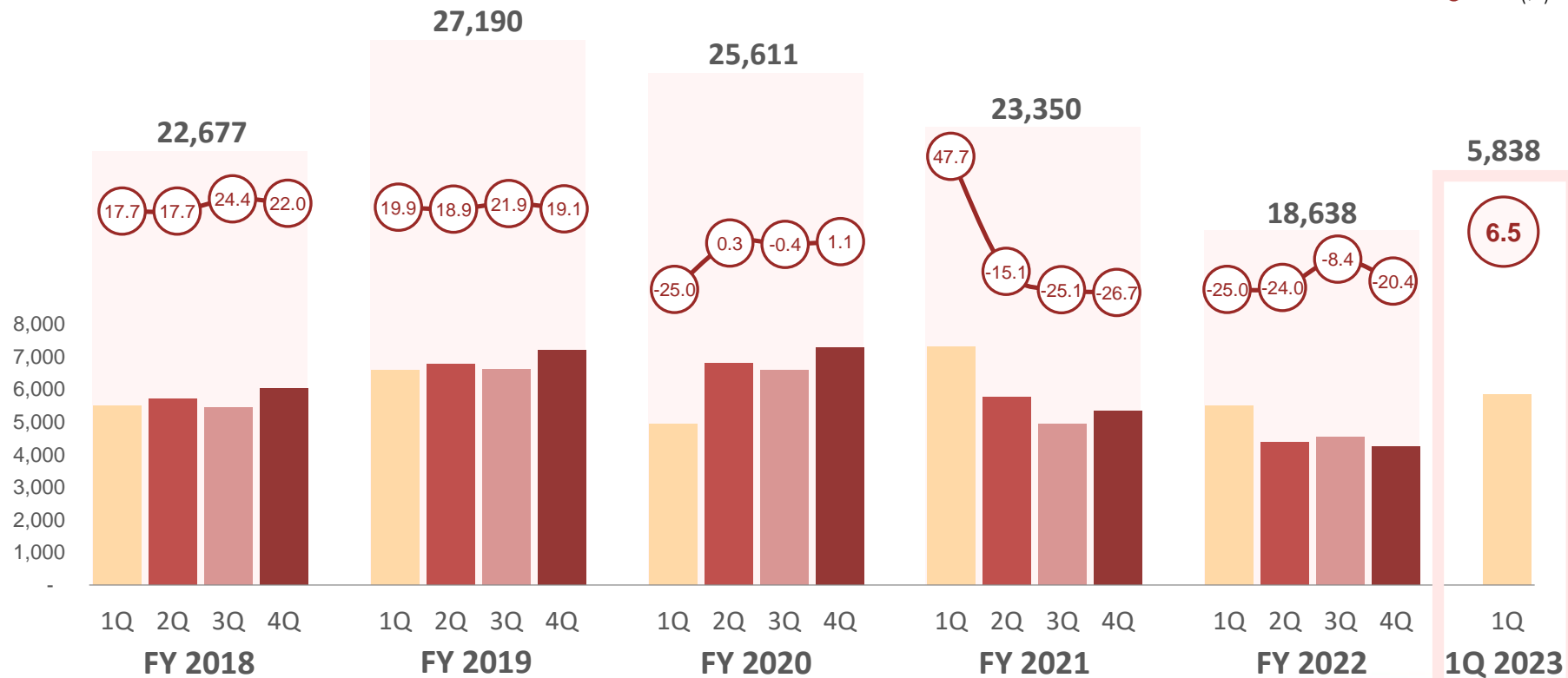
Source: Internal analysis report (figures rounded); various accounting reclassification and adjustments are made to some of the figures when consolidating Pou Sheng numbers into the Yue Yuen Group in order to comply with the requirements of accounting standards

Pou Sheng Revenue Trend



Revenue (RMB'mn)

YoY (%)



**Thank you
Q&A**