

Pou Sheng International 2024 Annual Results



11 Mar 2025

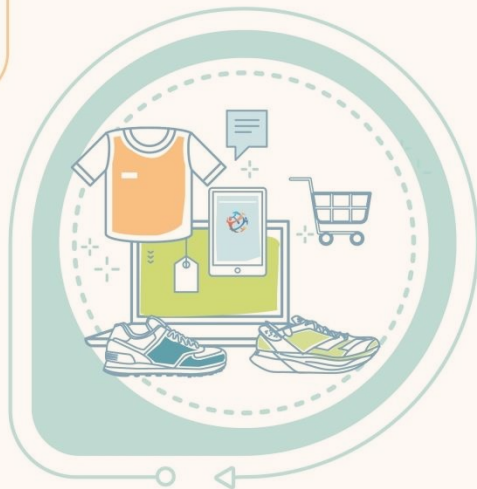


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MAKE SPORTS YOUR LIFE

—— 让运动融入
你的生活 ——



Pou Sheng Strategy & Operating Highlights



Prioritize Profitability

Y FY24 Sales ↓ 8.0% YoY / RMB 1.6bn,
Profit Attrib. to Owners ↑ 0.2% YoY / RMB 1.0mn

Well-managed Discount & Effective Inventory Mgt

Y FY24 Discount* YoY improved LSD%
Y FY24 GPM ↑ 0.5pp YoY, reached 34.2%



Prioritizing Profit ➤

Strengthening Strategic Cooperation
with Brand Partners ➤

Digital Empowerment & Dynamic
Management to Enhancement Efficiency ➤

① Strategic Alliance with Business Partners

Y Connected Inventory Programme → share products with brand partners, together with PSP – to enhance sales efficiency

- Inventory amount ↑ 5.1% YoY, ↓ 10.1% QoQ vs 3Q24, Days was 145 days, aging inventory < 8% out of total

Y Connected Membership Programme → to allow consumers to access exclusive products and services in both PS & brands' direct stores

② Retail Refinement Strategy

Y Optimise & upgrade store format, partially offset volatile foot traffic

- Average sales per m² monthly & sales per door ↓ HSD-LDD% YoY
- Average GFA ↑ LSD% YoY, while overall GFA ↓ LSD% YoY
- FY24 Same Store Sales Growth ↓ 16.4% YoY

③ Resilient Omni-channel

Y Online platform multi-storefront model, product selection enhancement

Y WeChat stores, Douyin live-streaming via KOS & influencers + inventory fully integrated → digitally-enabled experience with a human touch

- Online contributed 28% of total sales, ↑ 16% YoY
- Douyin ↑ 100% YoY

④ Solid Financial Management, focus on Cash Generation Capability

- Solid cash position at RMB 2.7bn
- Final dividend & Special dividend of HKD 0.02 per share in total; Annual dividend of HKD 0.06 per share with 60% payout ratio. Total dividend in amount ~↑ 100% YoY

Our Strategies

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Pou Sheng

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**Financial
Summary**



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& Strategy**



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Pou Sheng Financial Highlights *(in RMB)*



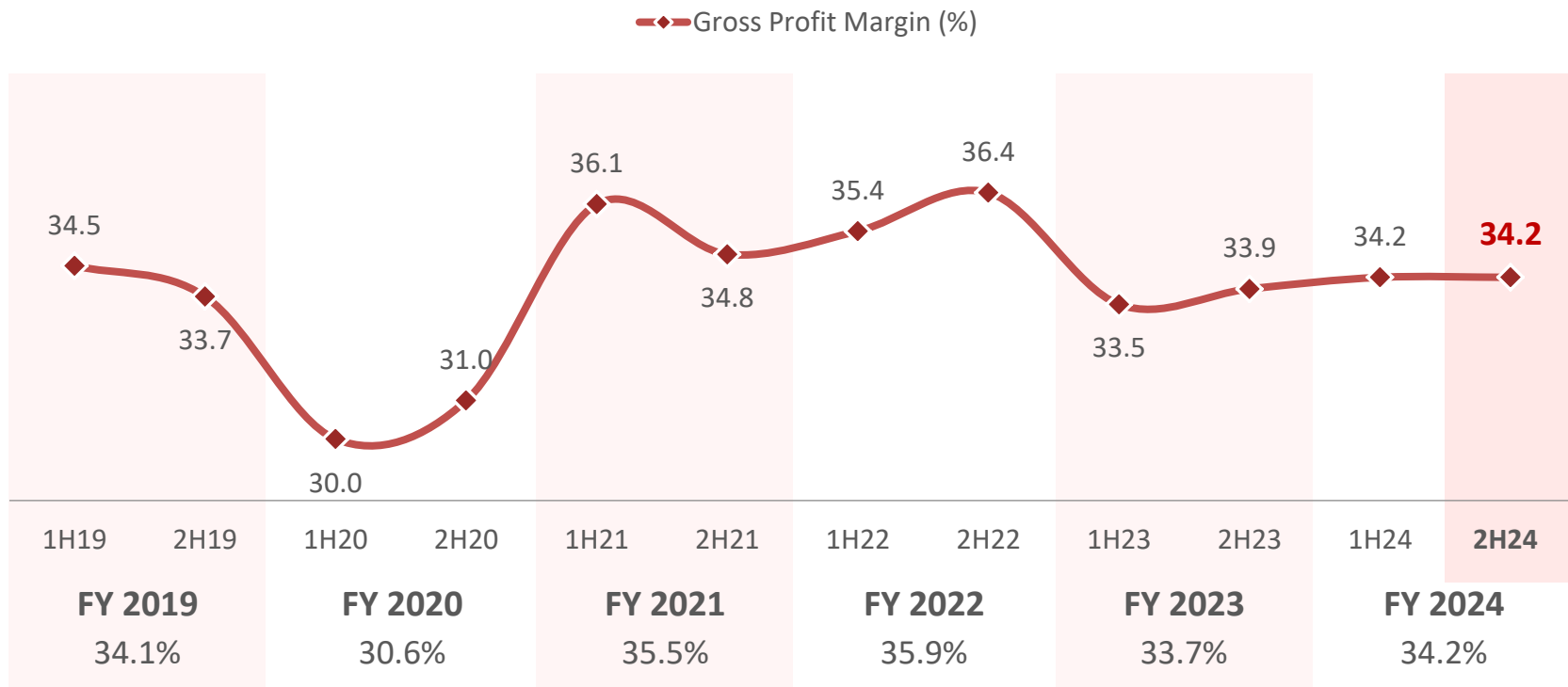
	FY 2024		FY 2023		YoY	
	RMB'mn	%	RMB'mn	%	%	pp
Revenue	18,454	100.0	20,064	100.0	-8.0	--
Cost of Sales	(12,145)	-65.8	(13,308)	-66.3	-8.7	+0.5
Gross Profit	6,309	34.2	6,756	33.7	-6.6	+0.5
SG&A	(5,888)	-31.9	(6,340)	-31.6	-7.1	-0.3
Other Income & Expenses, net	288	1.5	320	1.6	-10.0	-0.1
Operating Profit	709	3.8	736	3.7	-3.7	+0.1
Finance Cost*, net	(18)	-0.1	(55)	-0.3	-67.3	+0.2
Other Losses	(3)	-0.0	(24)	-0.1	-87.5	+0.1
Income Tax	(190)	-1.0	(154)	-0.8	+23.4	-0.2
Profit for the Period	498	2.7	503	2.5	-1.0	+0.2
Profit Attrib. to Owners of PS	491	2.7	490	2.4	+0.2	+0.3

Source: Based on Pou Sheng's announcement on the HKEX website

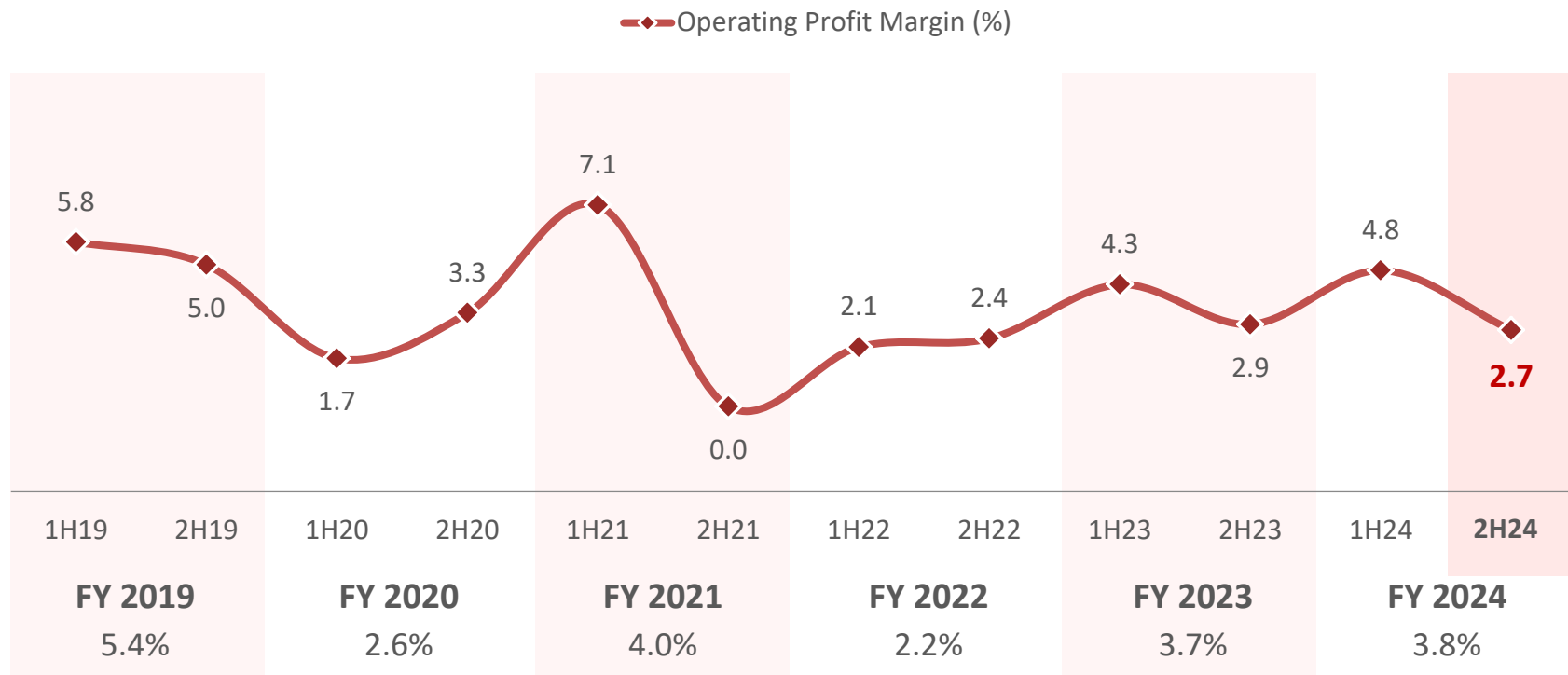
* Including interest expenses on lease liabilities which amounted to RMB 65.7mn (FY23: RMB 85.6mn).

Loan interest in FY24 decreased by 68.7% YoY to RMB 2.1mn while net finance income (finance income - loan interest) was RMB 47.9mn in FY24 (FY23: RMB 30.9mn)

Pou Sheng GP Margin Trend



Pou Sheng OP Margin Trend

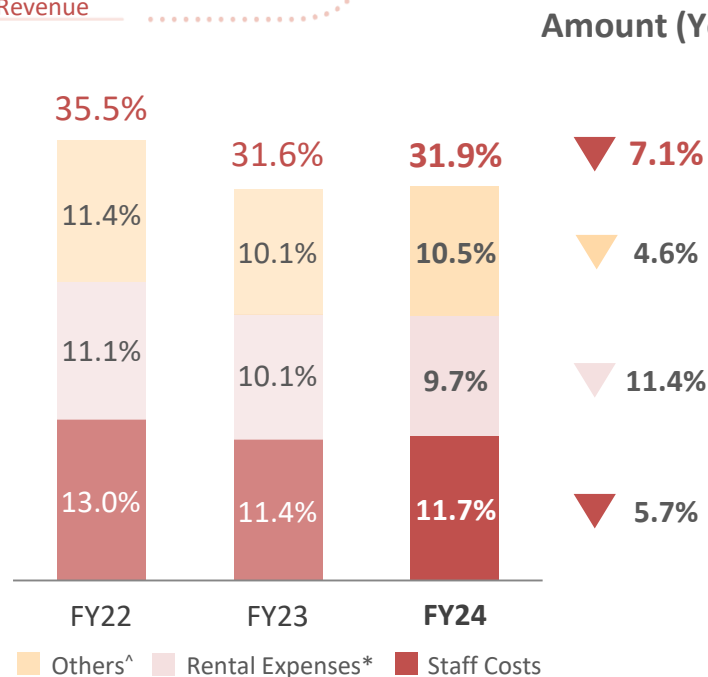


Pou Sheng SG&A Expenses Breakdown



SG&A Ratio

% of Revenue



Strategically Right-size Retail Network, Optimize Rental Expenses

- Holistic approach in channel planning to avoid low-efficiency store opening & closing
- Number of direct operated stores ↓ 2% YoY
- Facilitate rental saving & reduction programme

Continuous Expenses Control to counter Operating Deleverage

Active Management on People Efficiency

- Lean Management: Pou Sheng's no. of employees ↓ 10% YoY from 22,100 to 20,000

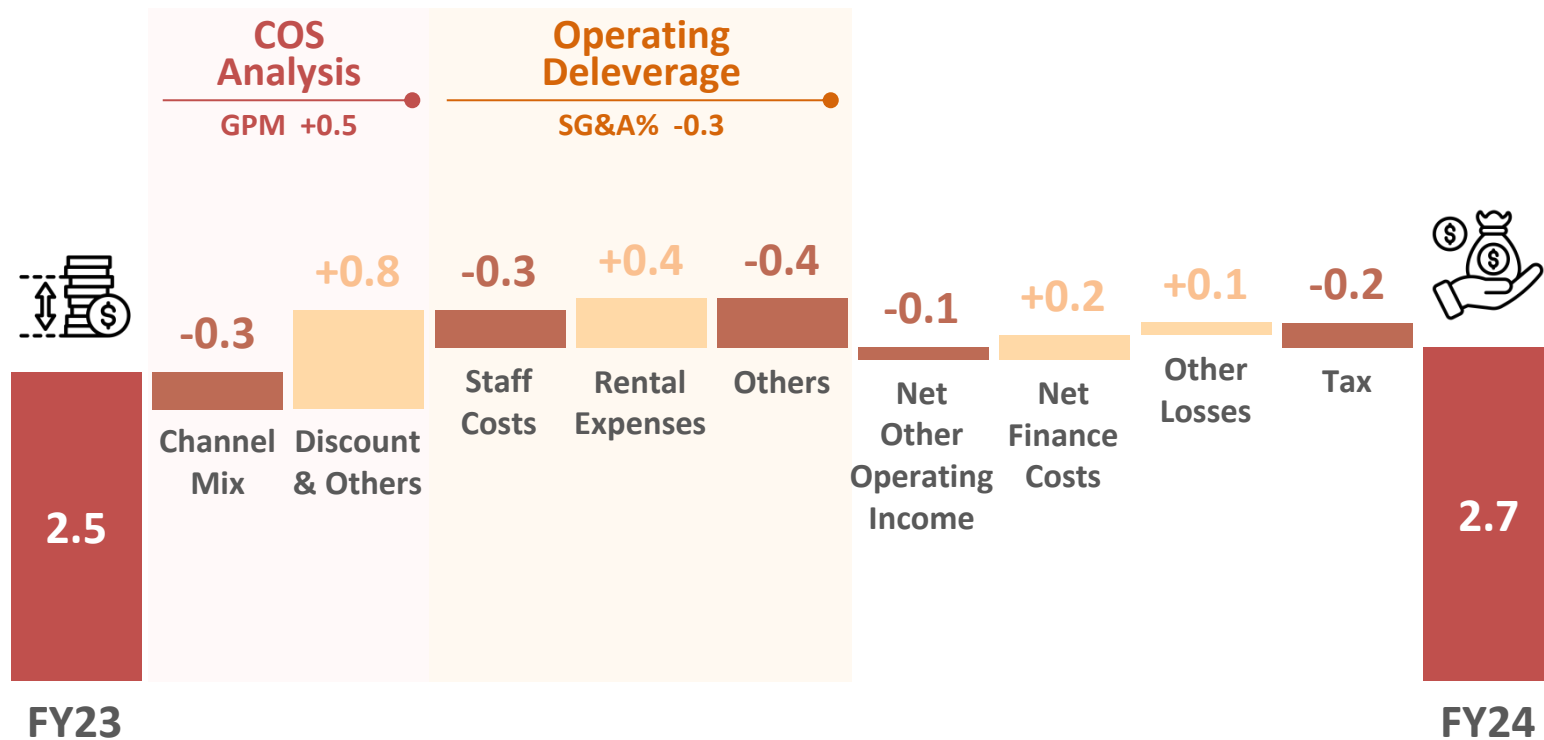
^ Others include shopping mall expenses, logistic expenses, depreciation of PPE and amortization, etc.

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

Pou Sheng – Net Profit Margin

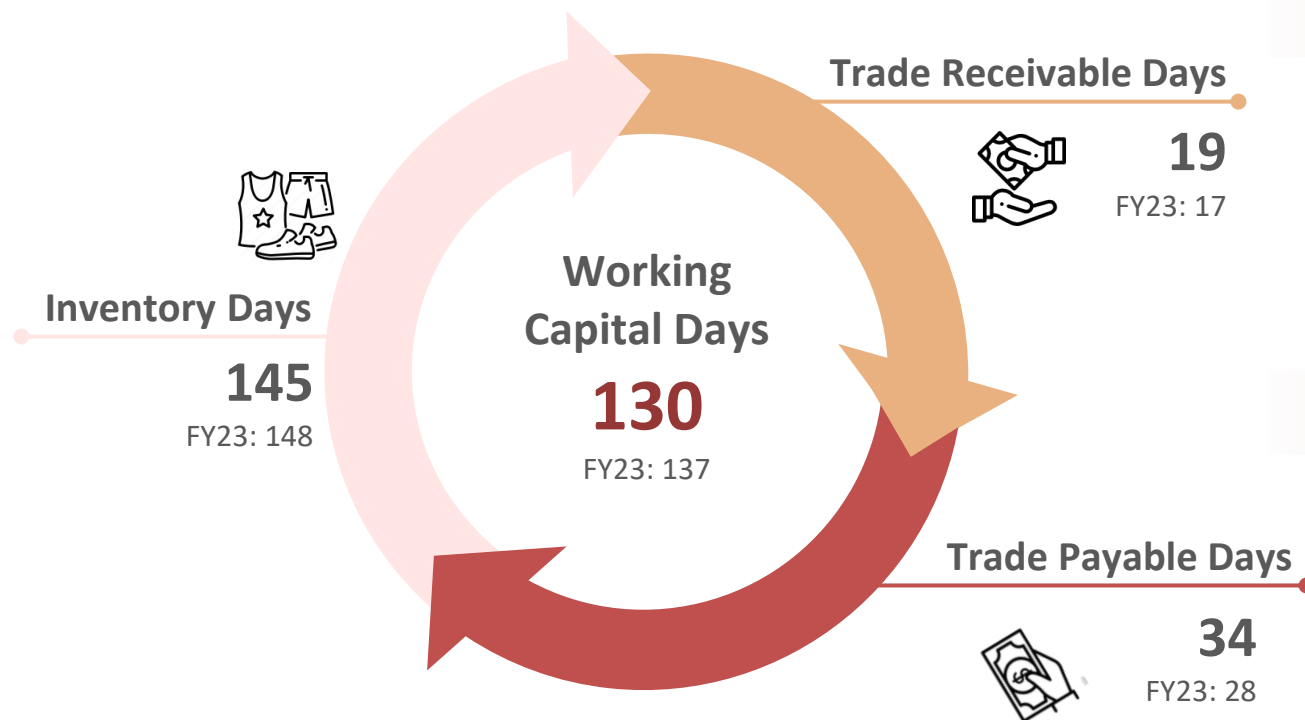


(%)



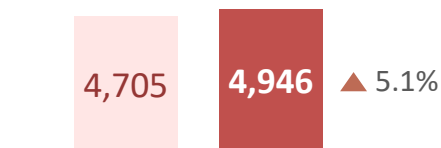
Operation Efficiency – FY24

(Based on RMB)



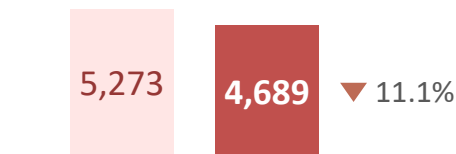
Inventory Level

In RMB'mn



Working Capital

In RMB'mn



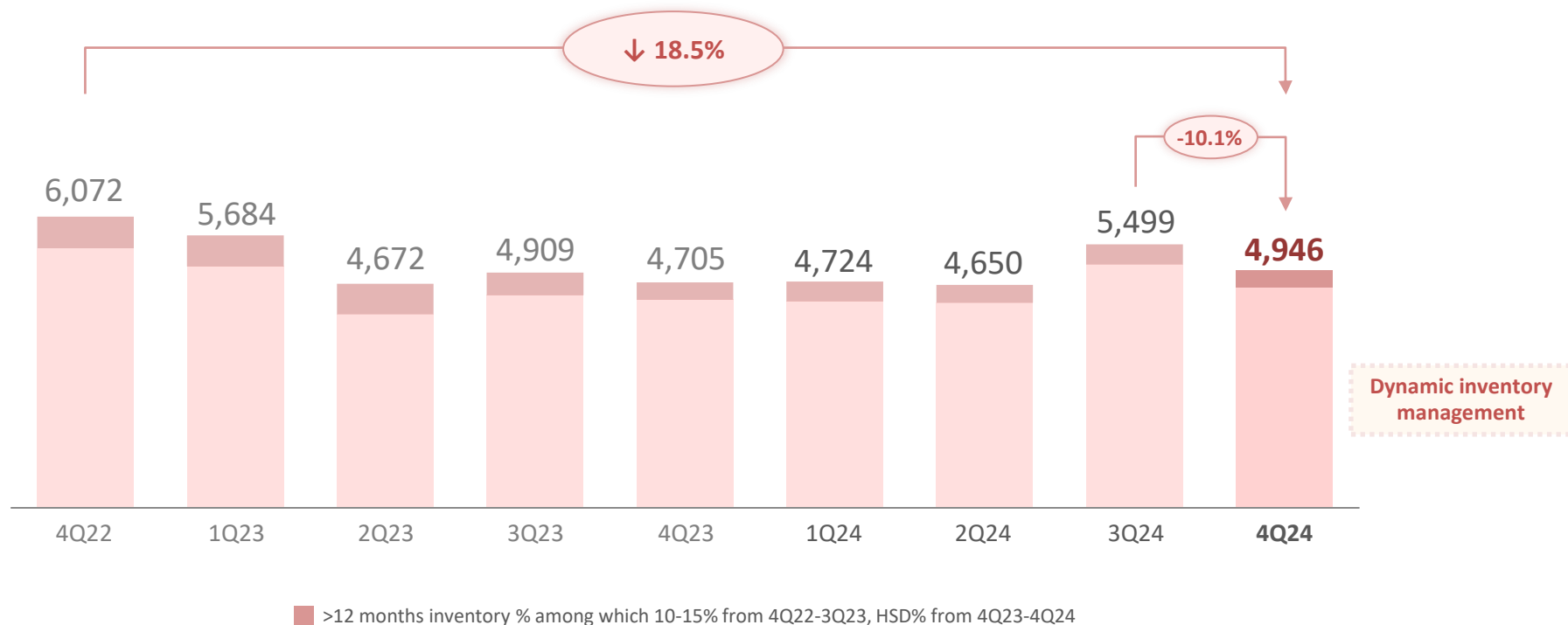
■ FY23 ■ FY24

Used a two-year average of Inventory, TR and TP for the calculations of turnover days: (starting balance + ending balance)/2

Healthy Aging & Well-managed Inventory



(RMB'mn)



Pou Sheng Financial Ratios (in RMB)



(RMB'mn)	FY 2024	FY 2023	YoY
Depreciation of PPE & Amortization	335.8	372.7	-9.9%
Depreciation of ROUA	758.3	882.5	-14.1%
EBITDA	1,850.2	2,004.2	-7.7%
EBITDA minus Depreciation of ROUA	1,091.9	1,121.7	-2.7%
Capital Expenditure ^Δ	371.4	344.2	+7.9%
Total Borrowings*	39.3	39.2	+0.3%
Net Cash*	2,664.1	2,835.0	-6.0%
Total Borrowings to Equity [#]	0.4%	0.5%	-0.1pp
Net Borrowings to Equity [#]	Net Cash	Net Cash	--
Return on Owner's Equity	5.6%	5.8%	--
Return on Asset	3.8%	3.8%	--

As of
31 Dec

Source: Internal analysis report (figures rounded)

^Δ Including SAP ERP-related capital expenditure

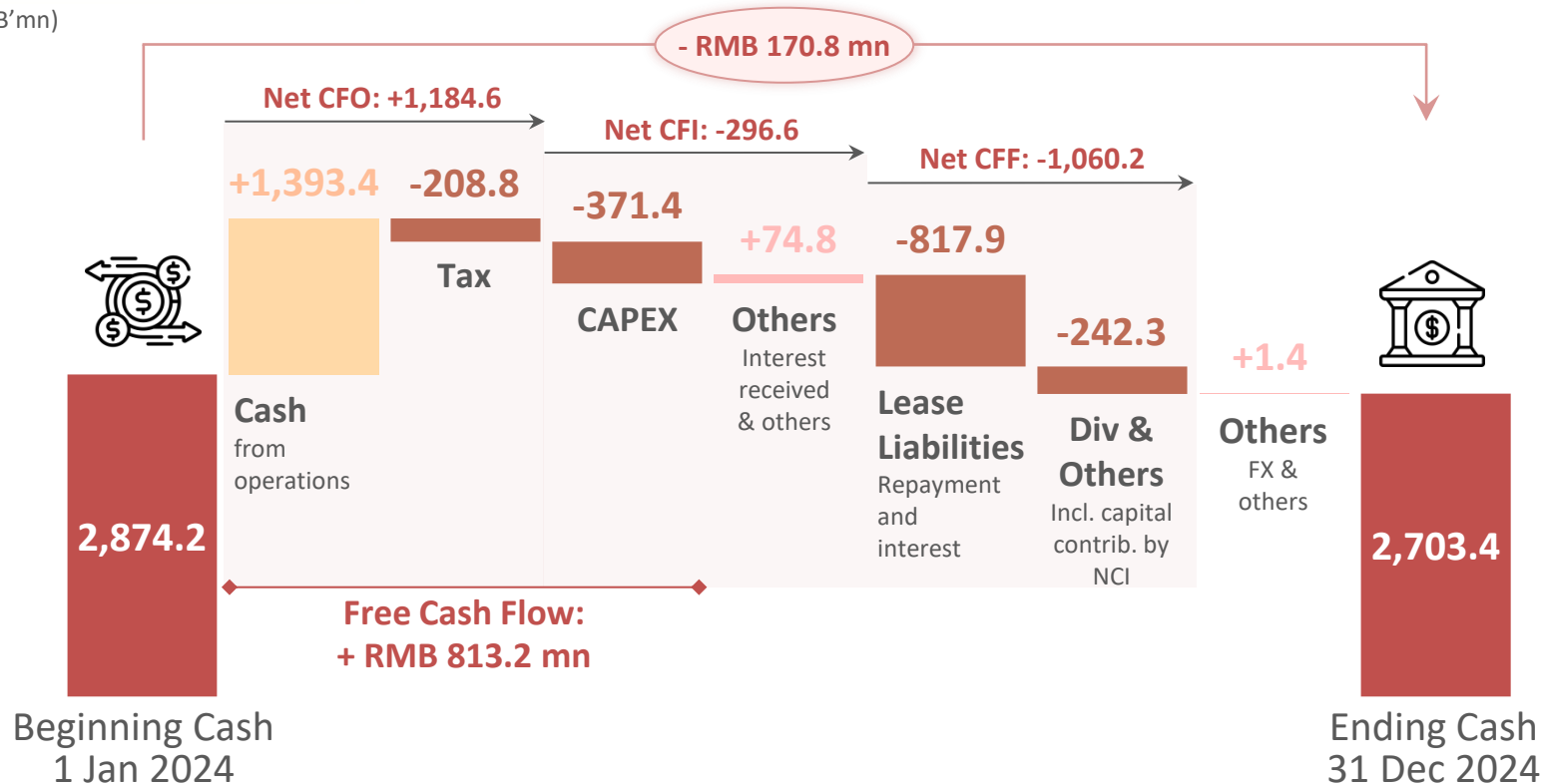
* Total Borrowings and Net Cash exclude lease liabilities. Lease liabilities was RMB 1,430.5mn and 1,778.3mn as at 31 Dec 2024 and 2023 respectively

[#] Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 16.6% (FY23: 21.1%) and Net Cash (FY23: Net Cash) as at 31 Dec 2024 respectively

Pou Sheng's turnover efficiency continues to improve, contributing strong cash flow



(RMB'mn)



Net CFO: Net cash from/(used in) Operating Activities

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

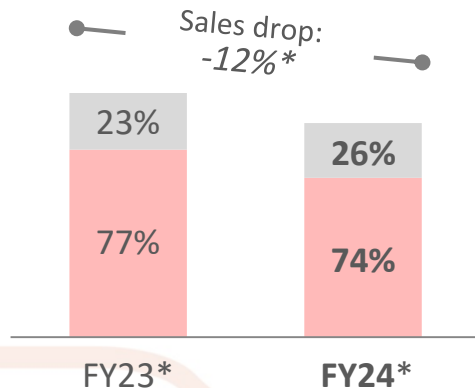
Brick & Mortar Retail

Directly Operated Stores:

- Mono-Brands Stores: 3,430 stores
- Multi-Brands Stores: 18 stores

■ Sub-Distributors

■ Directly Operated Stores & Pan-WeChat

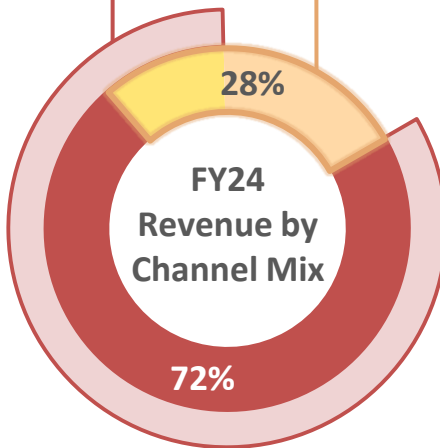
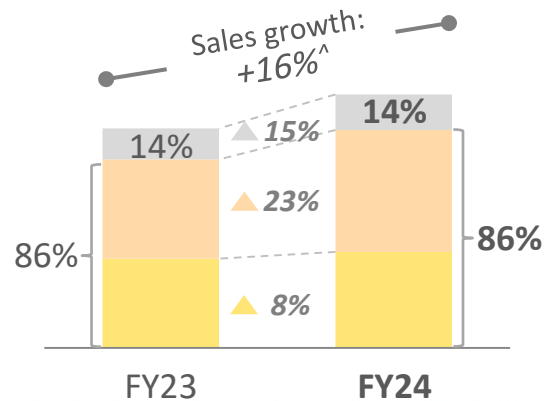


Omni-channel

■ B2B: Wholesale arrangement with online 3rd Parties

■ B2C (Public): Authorized mono or multi brand stores on Tmall, JD and other platforms

■ B2C (Private): Pan-WeChat[^]



Top 5 brands account for ~95% of our revenue

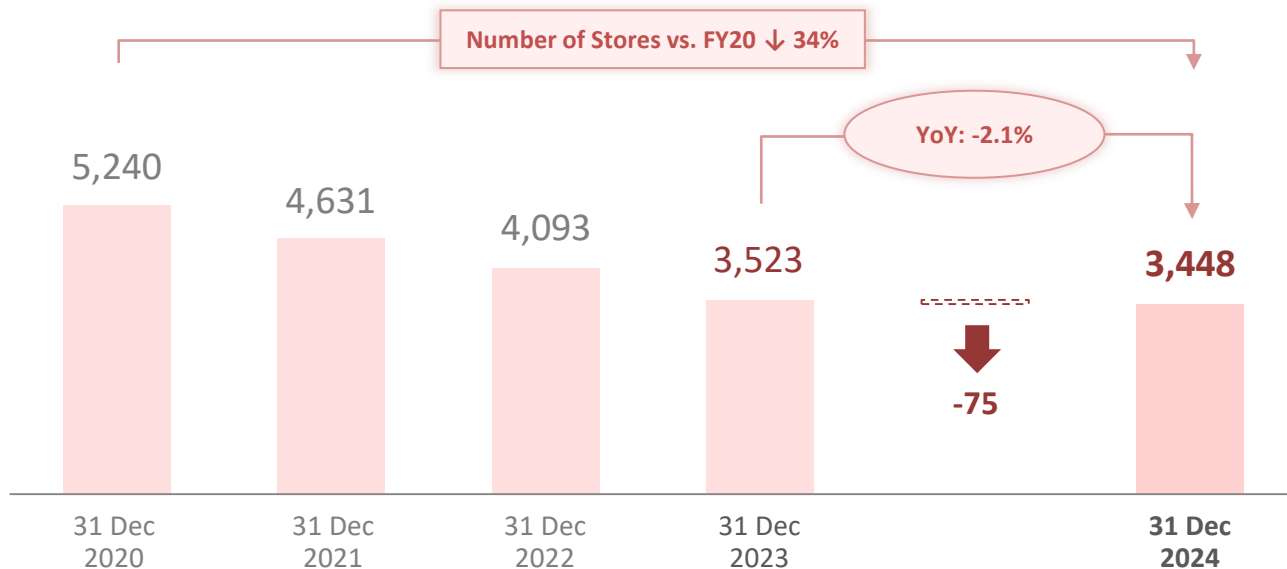
* Contribution analysis dimensions: including Pan-WeChat Ecosphere, without Other Sales. FY24 Sales decreased by 15% YoY if excludes Pan-WeChat

[^] Reclassification has been made

Right-Sizing B&M Network



Directly Operated Stores



Number of Stores

Net Stores +/-



Customized Pan-WeChat Ecosphere

- Y Establishing solid relationship with consumer through comprehensive platforms, enhancing Sales conversion rate, Full-price in-season sales and Repeat purchases



YYsports & membership program*



Shopping Mall Membership Platforms



Douyin Livestreaming

- Y Localized operations by upgrading regional and store level accounts with inventory fully integrated
- Y Authorized YYsports Douyin accounts with selected brand partners



WeChat Stores



- Y Regional operation with multi-faceted approach and multi-brands by designated KOS

Pan-WeChat Ecosphere



Seamless digital interface by designated KOS

* ~61.6m YYsports members (as of 31 Dec 2024)

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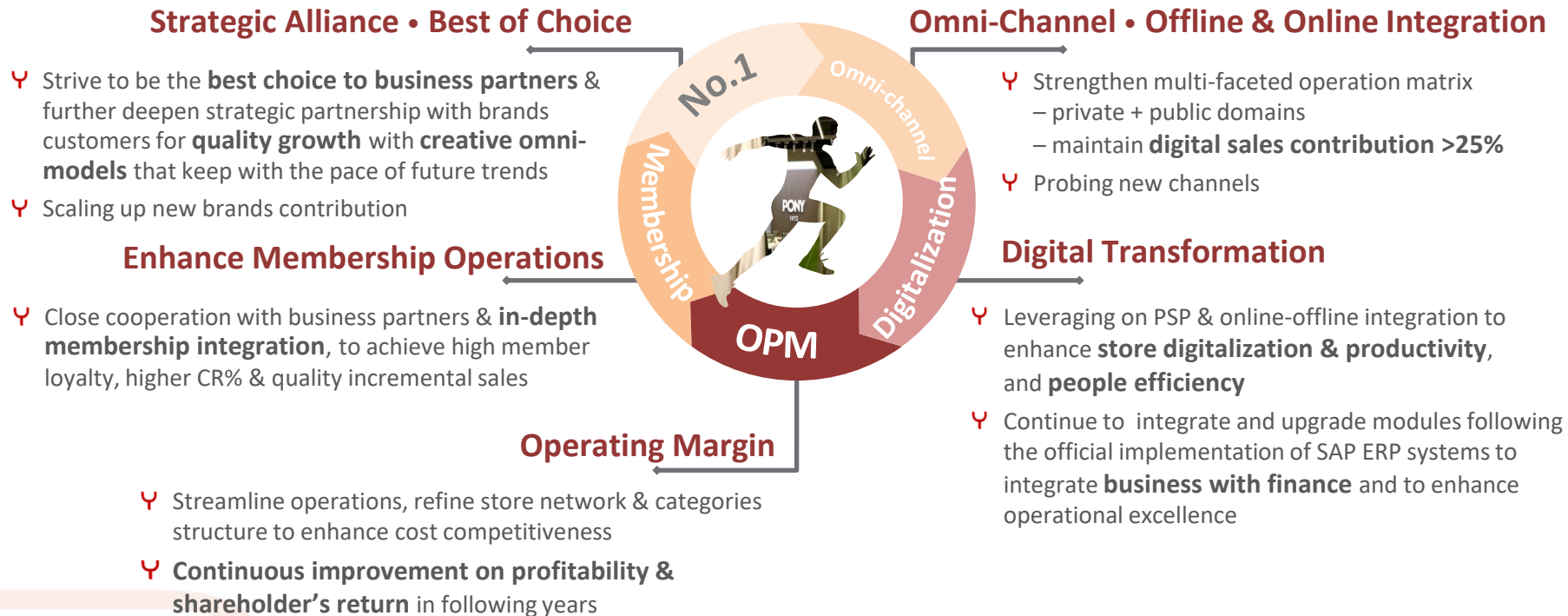
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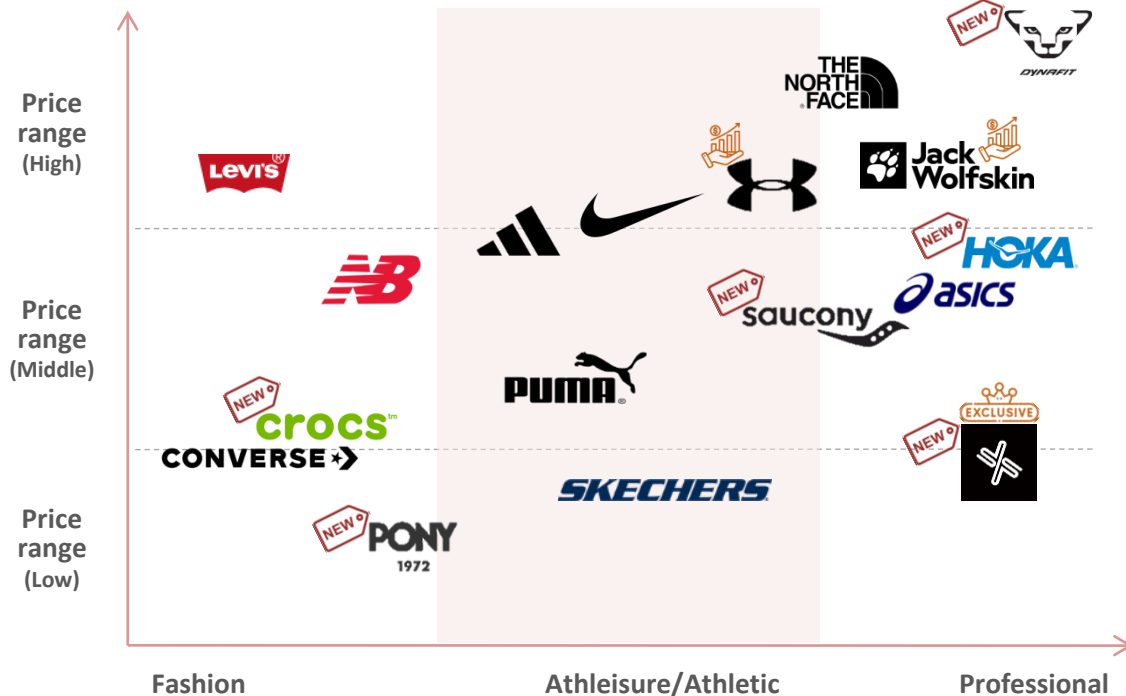
Critical Missions in 3 Years



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



Growth by Multi-faceted Operation Matrix



XEXYMIX



胜道仓
YYQUALITY

仓储式购物体验



New Brands: Crocs, DYNAFIT, HOKA, Pony 1972, Saucony, XEXYMIX



Scaling up Brands: Jack Wolfskin, UA



Sole Distribution Brand in Mainland China: XEXYMIX

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Company Milestones



- 2024 ● Sole distribution rights for XEXYMIX brand (Mainland China)
SAP ERP system went live
- 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) – FY24



	FY 2024		FY 2023		YoY
	US\$'000	%	US\$'000	%	%
Revenue	2,561,408	100.0	2,830,730	100.0	-9.5
Cost of Sales	(1,685,725)	-65.8	(1,877,586)	-66.3	-10.2
Gross Profit	875,683	34.2	953,144	33.7	-8.1
SG&A	(809,193)	-31.6	(887,443)	-31.4	-8.8
Other Income & Expenses, net	31,951	1.2	38,115	1.4	-16.2
Operating Profit	98,441	3.8	103,816	3.7	-5.2
Finance Cost, net	(2,473)	-0.1	(7,720)	-0.3	-68.0
Other Losses	(444)	-0.0	(3,447)	-0.1	-87.1
Income Tax	(26,426)	-1.0	(21,656)	-0.8	+22.0
Profit for the Period	69,098	2.7	70,993	2.5	-2.7
Profit Attrib. to Owners of PS	68,219	2.7	69,190	2.4	-1.4

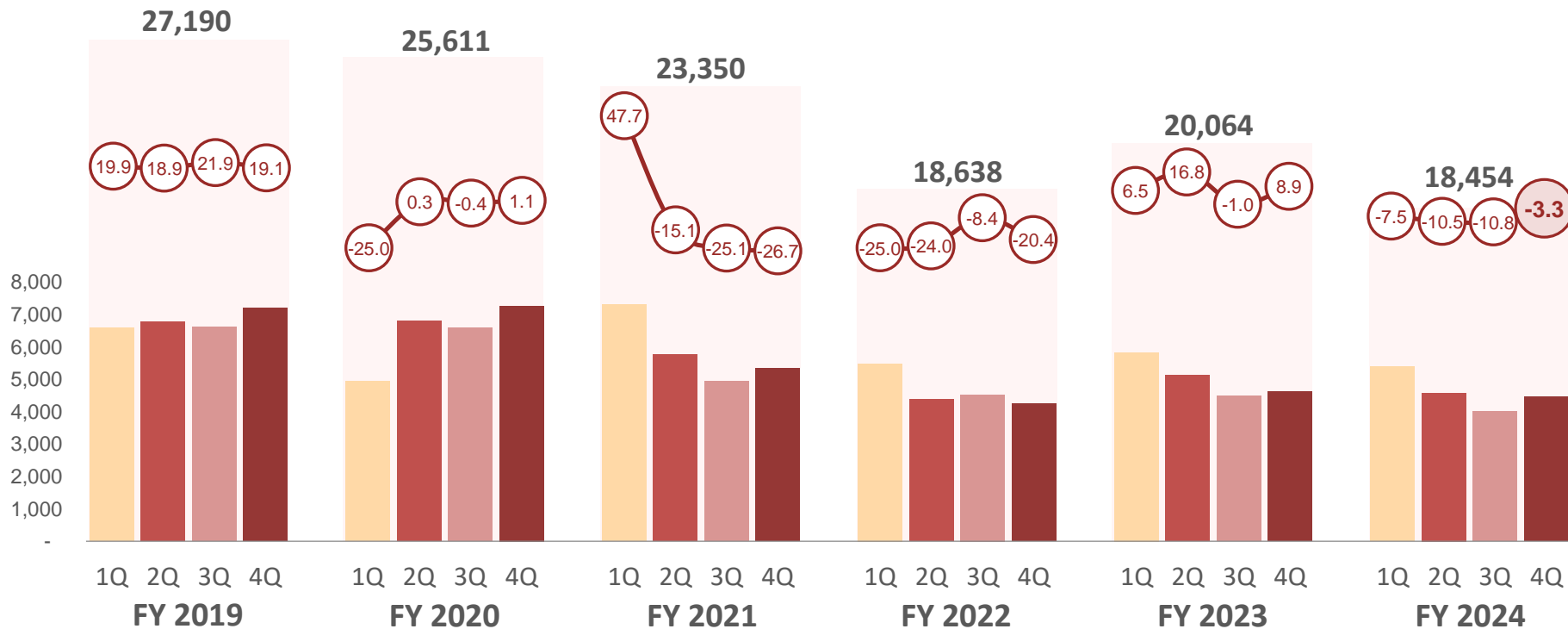
Source: Internal analysis report (figures rounded); various accounting reclassification and adjustments are made to some of the figures when consolidating Pou Sheng numbers into the Yue Yuen Group in order to comply with the requirements of accounting standards

Pou Sheng Revenue Trend



YoY (%)

Revenue (RMB'mn)



**Thank you
Q&A**