



ANNUAL
RESULTS



中國
李寧

2023

ANNUAL
RESULTS

LI NING COMPANY LIMITED
李寧有限公司

67.3109

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODES: 2331 (HKD counter) and 82331 (RMB counter)

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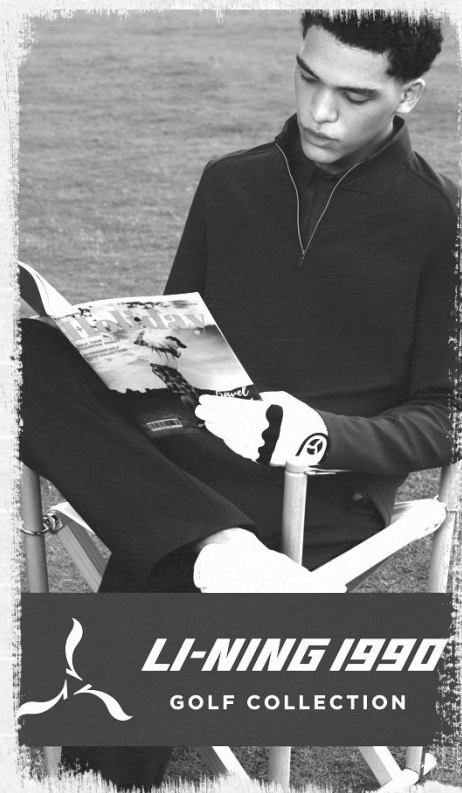
LI NING 2023 ANNUAL RESULTS



This presentation incorporates information contained in the annual results announcement (the “Results Announcement”) for the year ended 31 December 2023 of Li Ning Company Limited (the “Company”). This presentation should be read in conjunction with the Results Announcement and is qualified in its entirety by the more detailed information and financial information contained in the Results Announcement.

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LI NING
COMPANY
LIMITED

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MAKE YOUR OWN WAY

⊗ 2023 DWYANE WADE CHINA TOUR



ANYTHING IS POSSIBLE

ONE

TWO

THREE

FOUR

FIVE



RESULTS HIGHLIGHTS

2023 Financial Highlights: Proactive Strategy, Steady Progress

Financial Highlights (in RMB)

Revenue

27,598million

↑ 7.0%

Gross margin

48.4%

remained stable

Net Profit¹

3,187million

Net profit margin:
11.5%

Net profit excluding one-off gains not
related to operation²

3,046 million

Net profit margin: 11.0%

Net operating cash inflow

4,688 million

↑ 19.8%

The percentage of gross average
working capital to revenue

7.6%

The cash conversion cycle: 35 days,
remained at a healthy level

Annual dividend³

54.74cents/ordinary share

Annual dividend payout ratio: 45%

Operational Highlights

Retail sell-through⁴

↑ **low-teens**

Offline channel new product sell-through

↑ **low-teens**

Channel inventory

Inventory
level: ↓ **mid-single-digit**

Inventory to sales ratio **3.6** months

1&2: Refer to net profit attributable to equity holders and net profit attributable to equity holders excluding the one-off gains not related to operation respectively

3: The Board has recommended the payment of a final dividend of RMB18.54 cents per ordinary share for the year ended 31 December 2023, together with payments of interim dividend of RMB 36.20 cents per ordinary share, representing a full-year dividend of RMB 54.74 cents per ordinary share. The proposed final dividend payment is subject to approval by the shareholders of the Company at the forthcoming annual general meeting

4: Including online and offline

ONE

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的卢PRO
止滑大磨王

*** 耐磨+5倍^① | 止滑+13%^②**

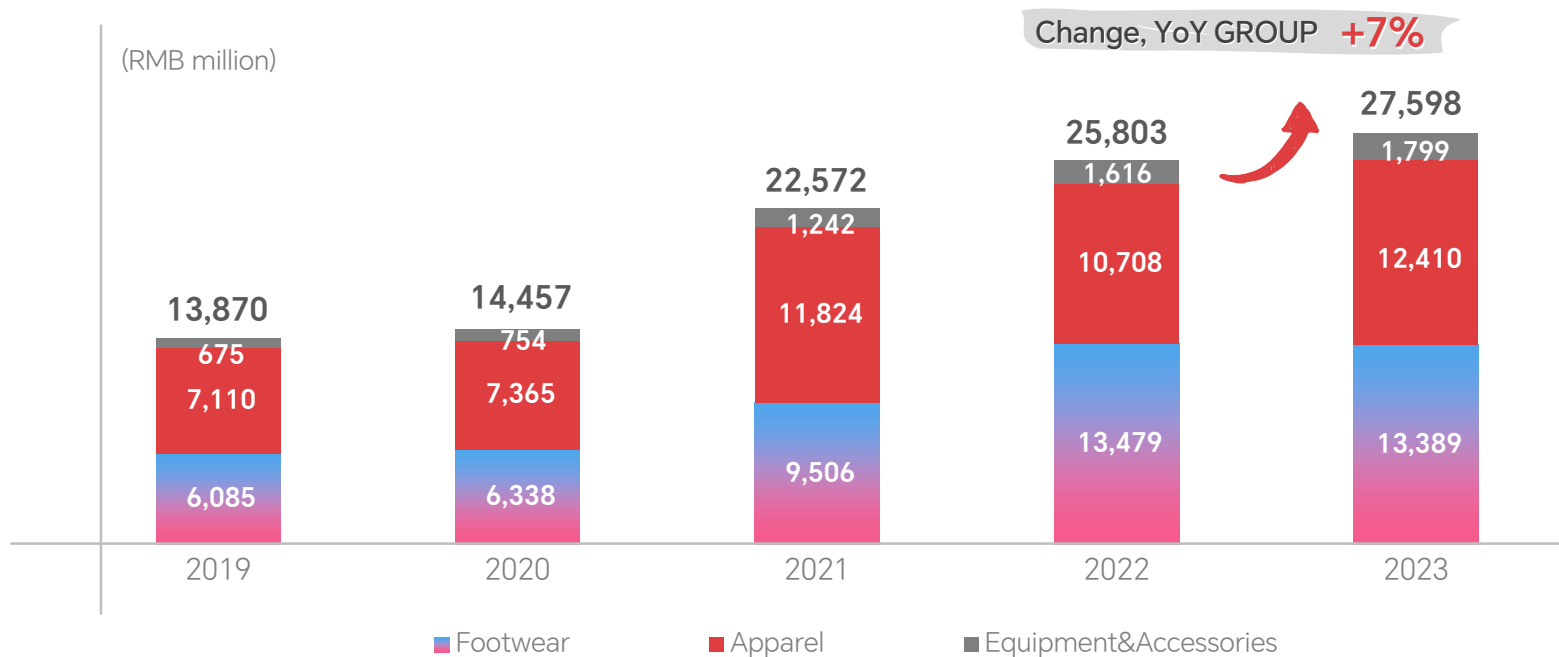
* 李宁GCU地面控制系统与黄金大底的材料试片性能对比 ①数据来自第三方检测机构 ②数据来自李宁运动科学实验室

LI-NING ADVENTURE

FINANCIAL REVIEW

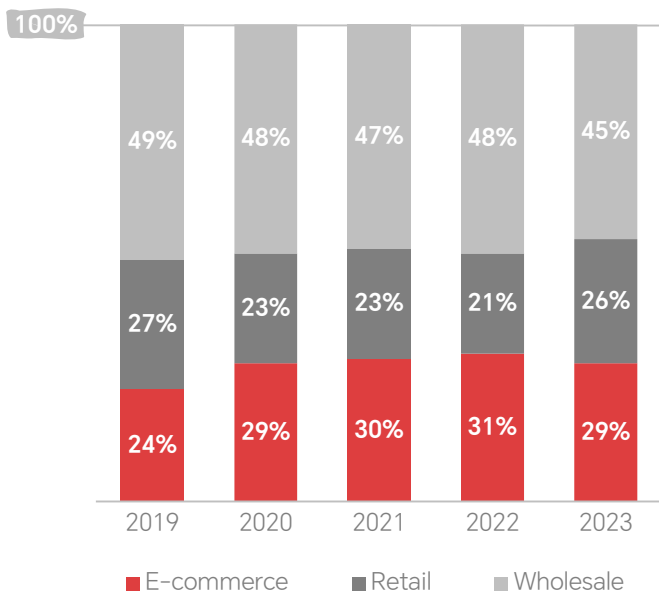


Revenue: Footwear category remained dominant

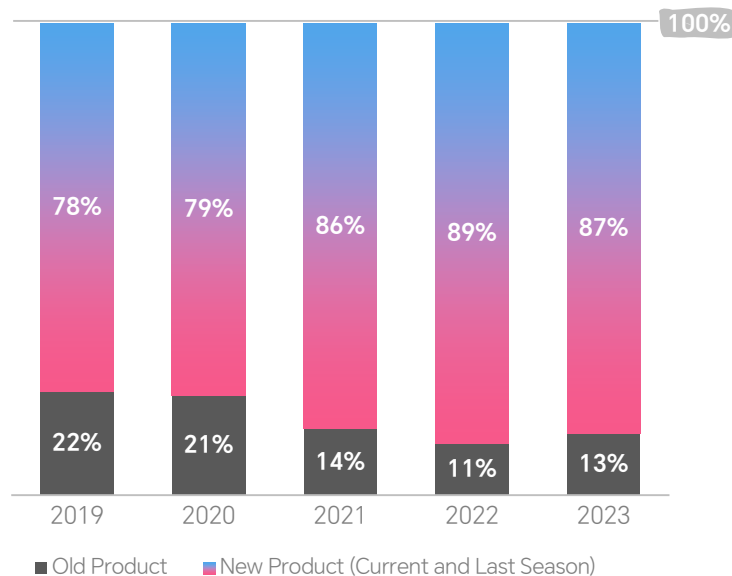


Revenue and sell-through mix: A balanced mix of channel revenue and sell-through reduced financial risk

Channel Revenue Mix



Sell-through Mix (Incl. Retail and Wholesale)



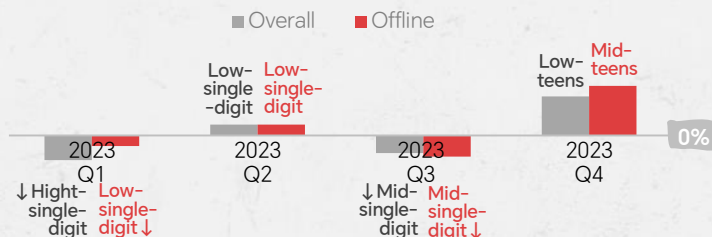
Same-store sales growth (SSSG) : Weak consumption recovery put pressure on same-store performance

SSSG (2023 vs 2022)

Overall ↓ Low-single-digit

- Retail ↑ Low-teens
- Wholesale ↓ Low-single-digit
- E-commerce ↓ High-single-digit

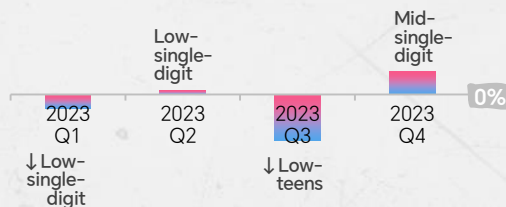
Overall



Retail



Wholesale

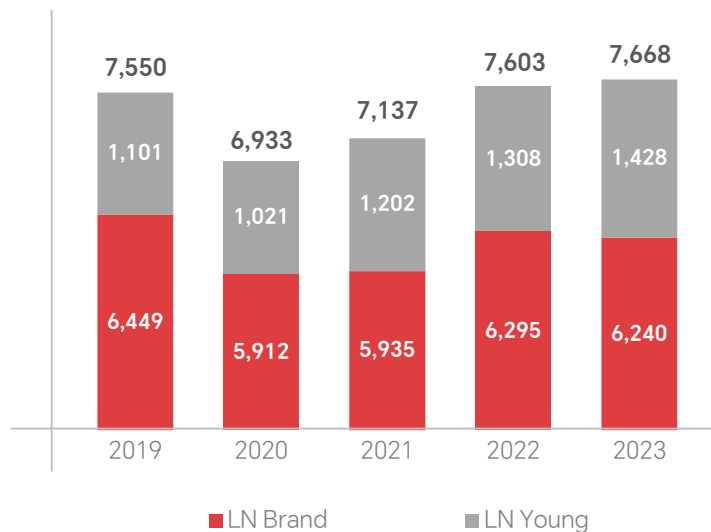


E-commerce

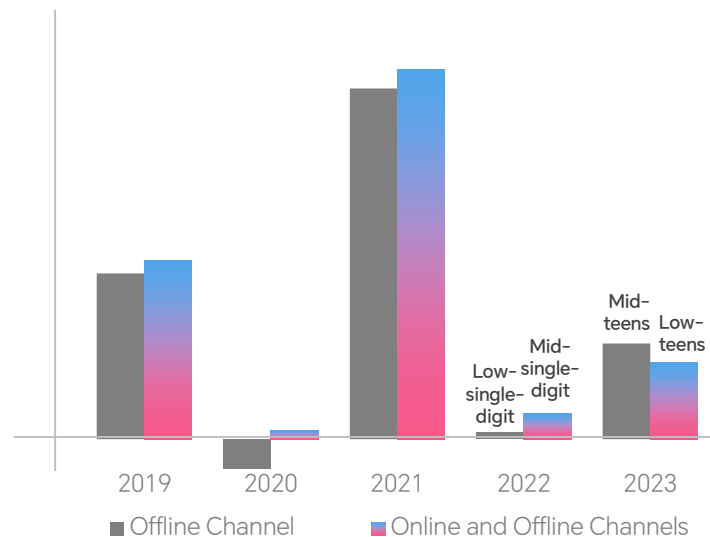


Online and offline expansion: Expanded key business zones and optimized store layouts

POS Number (Year end)



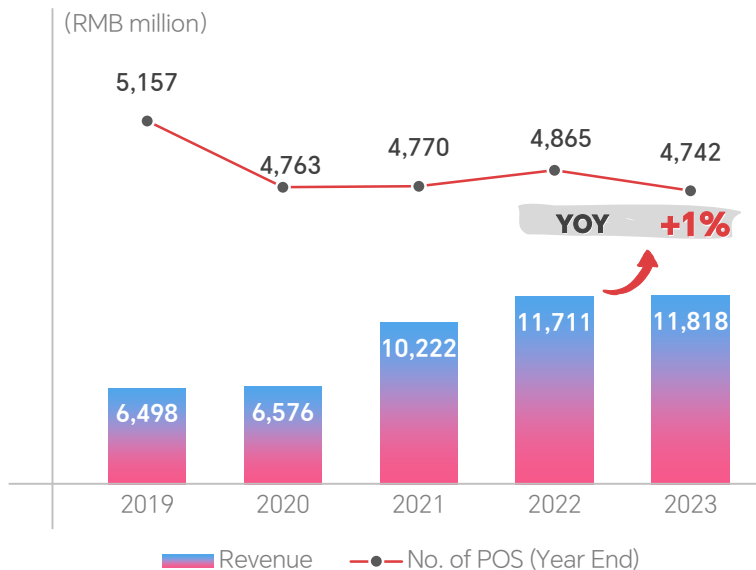
Sell-through growth, YoY% (Excl. LN YOUNG)



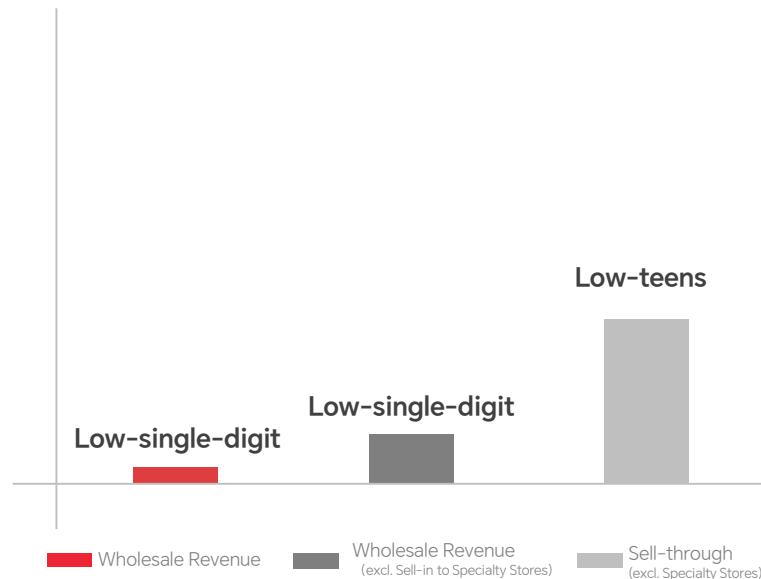
Sell-through growth: LN brand (including China LI-NING and LI-NING 1990), excl. international markets and LN YOUNG

Wholesale business: Empowered distributors, enhanced retail operational capabilities, led recovery of sales

Business Performance



Sell-through and Revenue Change, YoY%

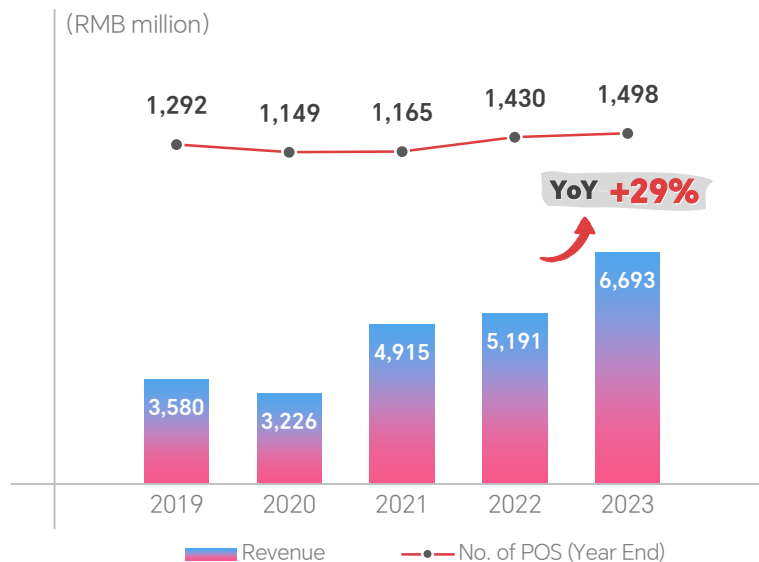


Wholesale Business: LN brand (including China LI-NING, product sales of badminton and table tennis categories from specialty-stores), excl. international markets and LN YOUNG

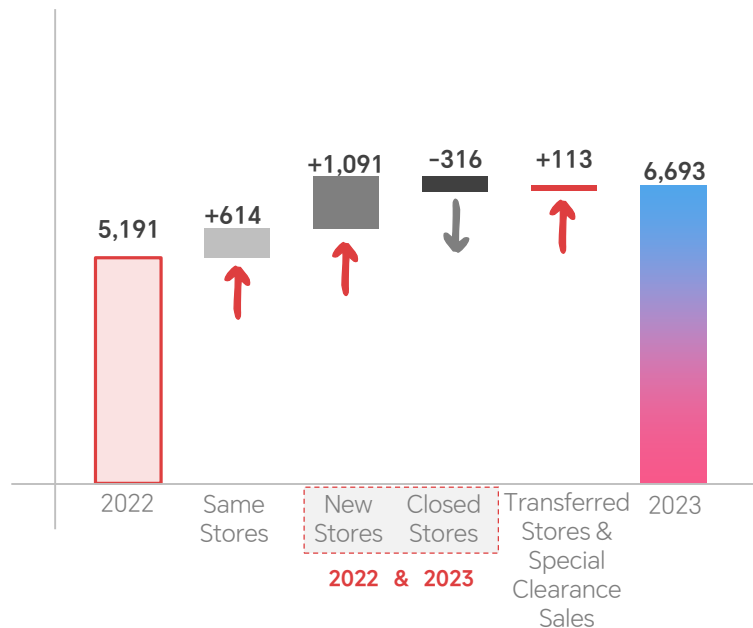


Retail business: Retail growth momentum driven by new store opening and same store sales

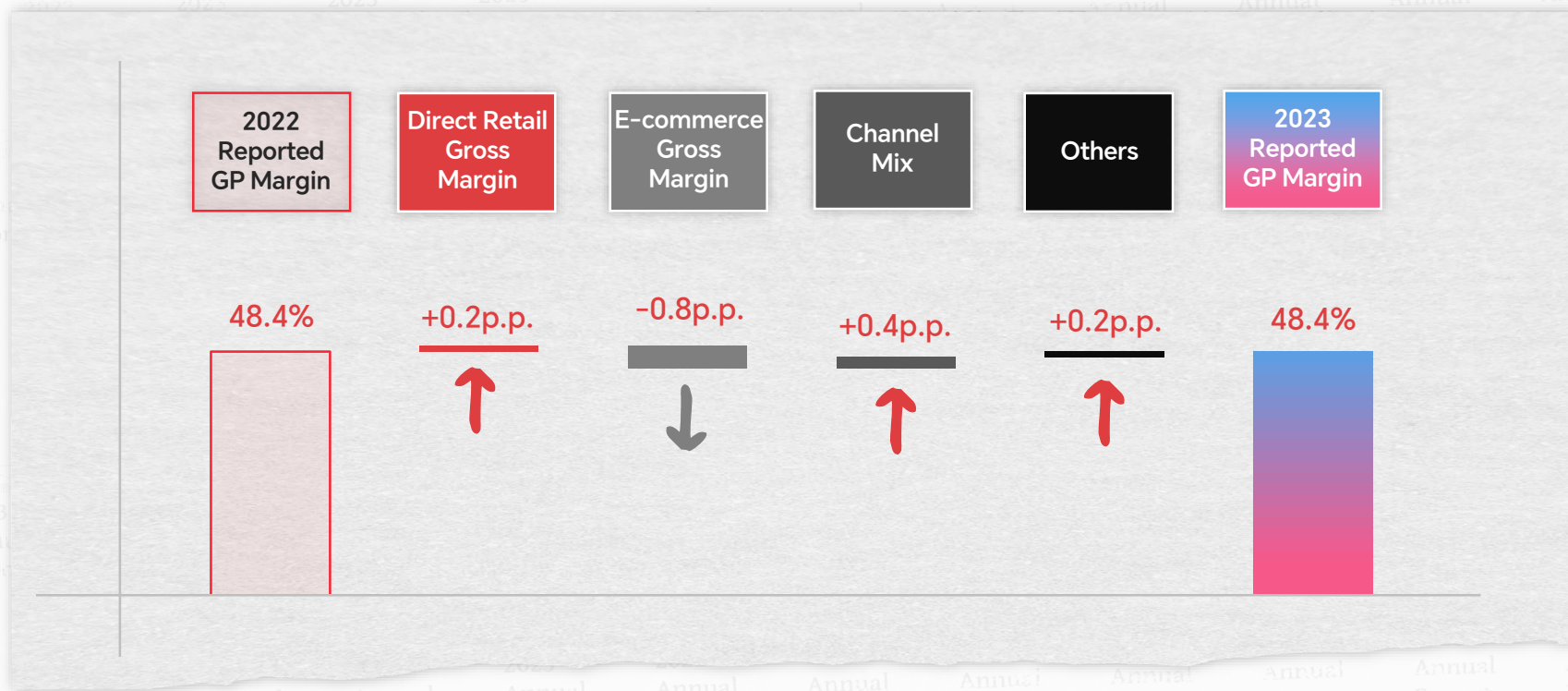
Business Performance



Revenue Change Analysis



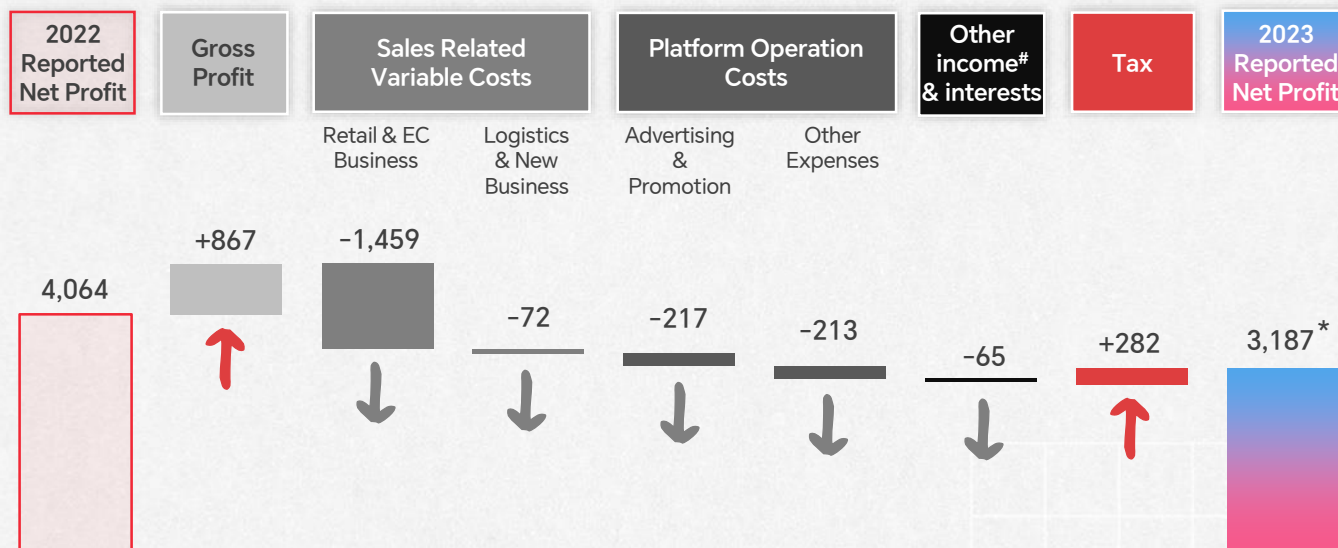
GP margin analysis: Enhanced retail discounting and channel-mix optimization ensured gross margin stability



Gross profit margin: Net changes in major items

Profitability analysis: Strategic investment for enhancing long-term returns

(RMB million)

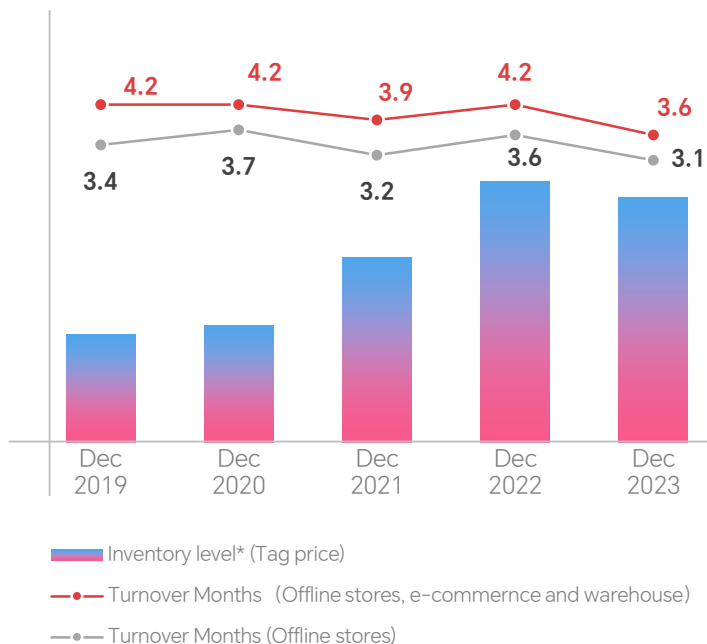


Breakeven

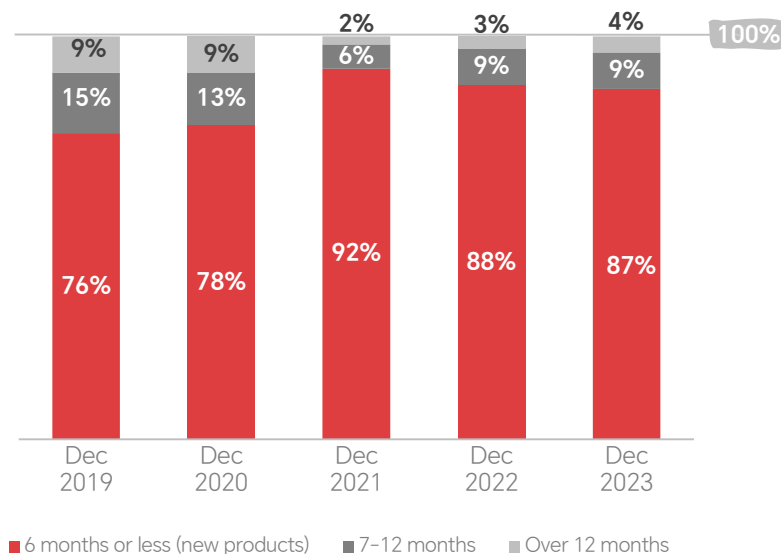
Other income includes (i) other income and other gains (net), (ii) Share profit from associates and joint venture

*Including one-off gains not related to operation

Channel inventory: Inventory turnover reached the most efficient level in five years



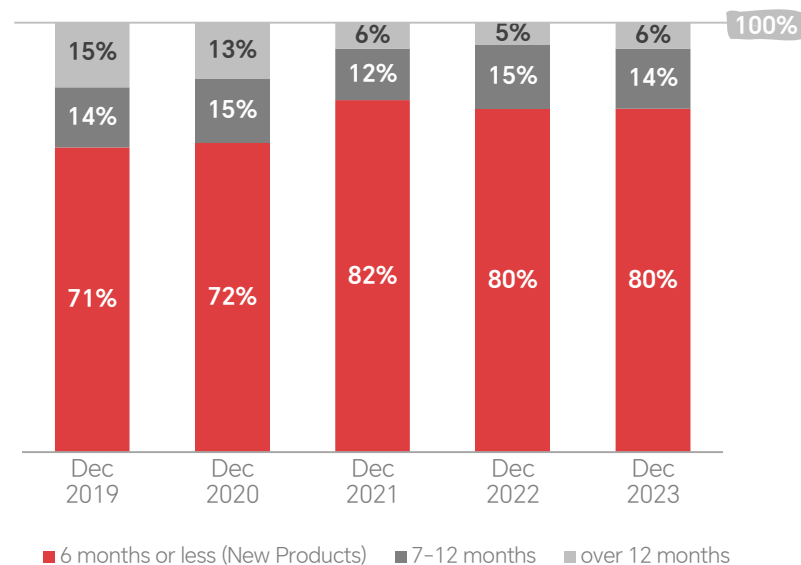
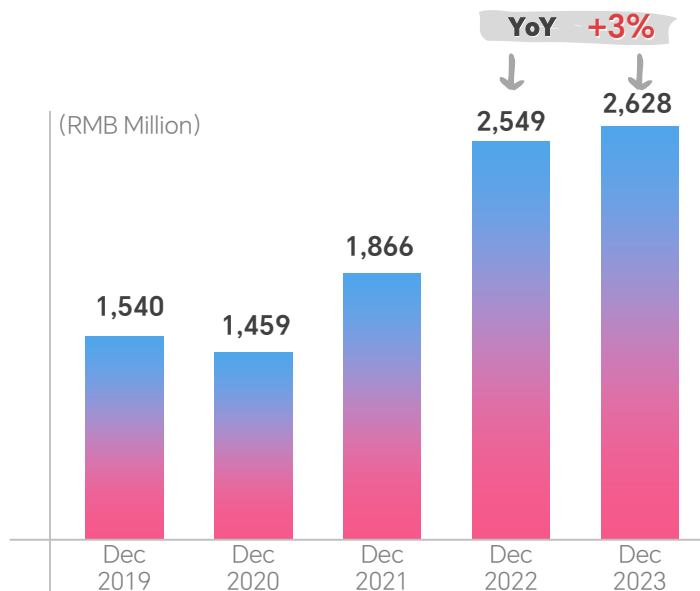
*Including offline stores and warehouses



Channel Inventory: Including online and offline

Company inventory: Maintained healthy and manageable inventory levels and ageing structure

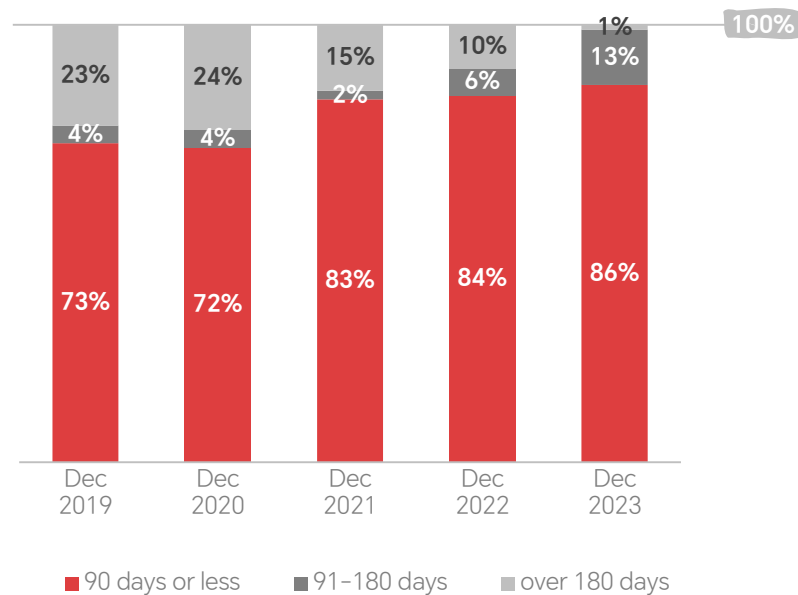
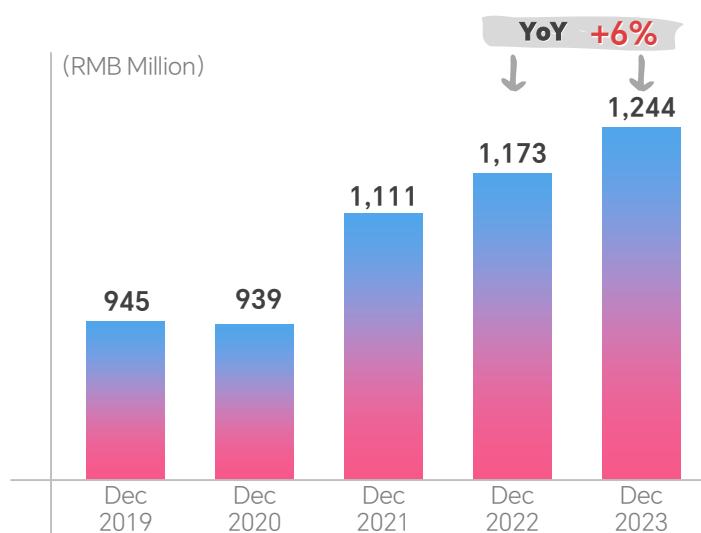
At cost, before provision



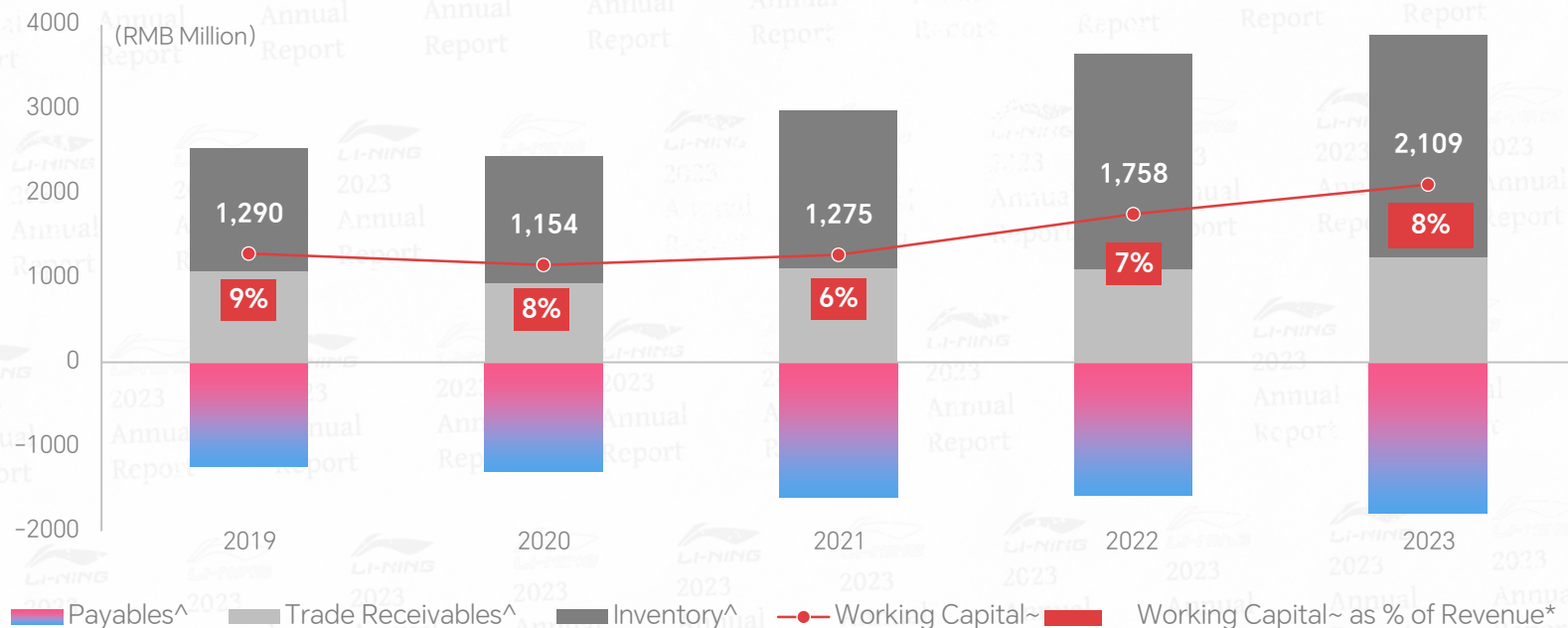


Trade receivables: At reasonably healthy level

At gross amount, before provision



Working capital efficiency: Robust efficiency fuels recovery momentum



~Simple average of opening and closing for the year

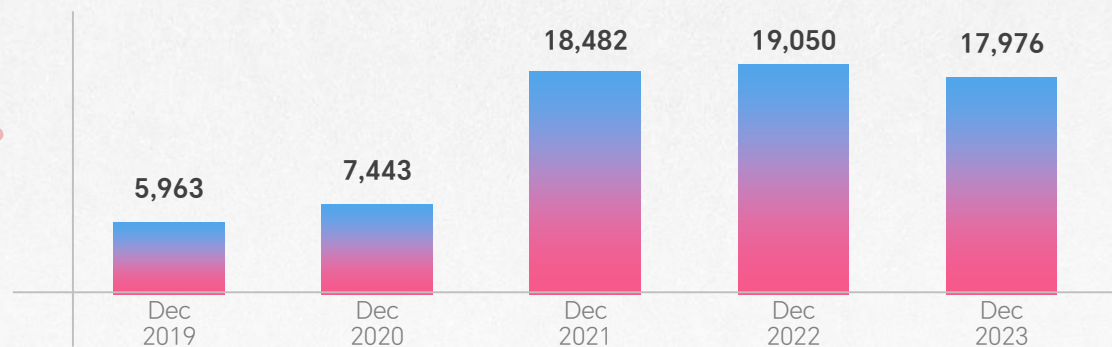
^ Gross amounts of inventory, trade receivables and payables without netting off provisions



Balance sheet summary: Healthy operating cash flow

Net Cash Position[^]

(RMB Million)



Cash Conversion Cycle (Days)

26

20

20

30

35

Net Operating Cash Inflow

3,503

2,763

6,525

3,914

4,688

Dividends*

380

510

1,203

1,219

1,434

[^]Net Cash = Cash and Cash Equivalents + Restricted Bank Deposits + Long & Short-term Bank Deposits - Borrowings

*Including interim dividends paid and final dividends proposed (upon shareholders approval)

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STRATEGIC DIRECTION

Enhancing LI-NING's experience value, bolster competitive advantages to seize business opportunities

Unwavering commitment to R&D investment enhances product quality, integrates functionality with style

Product Experience

Li-Ning's Experience Value

Shopping Experience

Sports Experience

Retail store upgrades enhance one-stop shopping experience

National policies promote establishment of sports culture, prioritizing development of industry


Source: General Administration of Sports of China


Ongoing commitment to “Single Brand, Multi-categories, Diversified Channels” strategy




Enhancing technology for comprehensive range of professional sports products


Retail sell-through - YoY Change (2023)

 Total Value **↑ 12%**

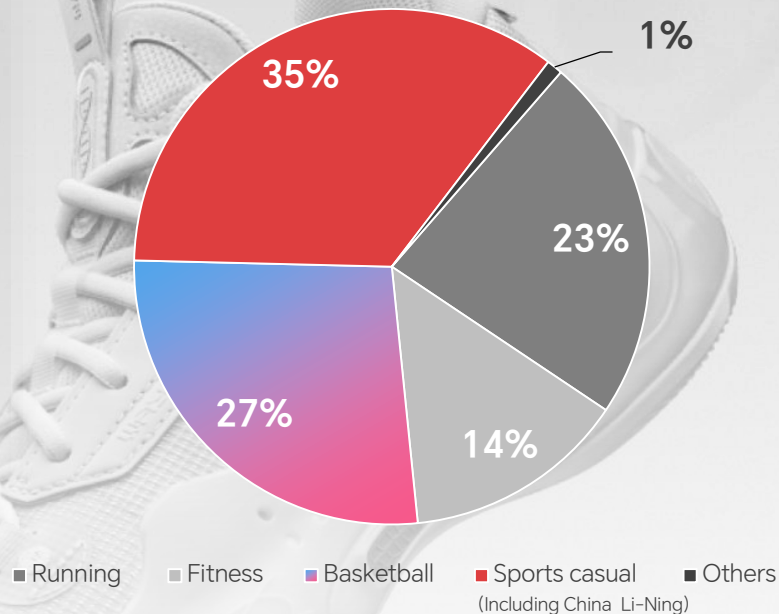
 Running **↑ 40%**

 Fitness **↑ 25%**

 Basketball **flat**

 Sports Casual **flat**

Retail sell-through - Mix



Created well-established professional product matrix

- Total sales volume of “Super Light” (超轻), “Rouge Rabbit” (赤兔) and “Feidian” (飞电) exceeded **9 million** pairs for the year;
- “Feidian 3 Challenger” (飞电3 Challenger) exceeded **1.3 million** pairs during the year



- In 2023, the Li-Ning Feidian series powered elite athletes to **103** championship wins and **194** podium placements in national and international competitions
- In February 2024, Li-Ning Feidian 3 Ultra enabled athletes to break speed record for Chinese running shoes with a time of 2:03:47, marking the official entry into the **203 era** for China's running shoes



Running: Continuously refining our professional product matrix to develop professional running products for multi-scenarios

Tapped into professional cross-country running sector



- Newly created IP named “Dilu Series” (的卢家族) powered top off-road runners to **11** championships and **25** podium finishes

- Featuring exclusive GCU Ground Control System, our gear offers **13%** improvement in slip resistance and **fivefold** increase in wear resistance.
- Featuring Li-Ning Boom technology, shoes achieve energy rebound rate of up to **80%**
- With enhanced structural design, each shoe weighs less than **265 grams**



Basketball: Building new technological platform, promoted development of youth basketball in China



The Yushuai ULTRA is equipped with a Carbon Core Drive System, featuring "LI-NING BOOM" with full-foot support (全掌碳) technology and integrated molding technique with a balanced plate. Paired with the GCU ground control system, it enhances wear resistance by **70%**, dry traction by **8%**, and wet traction by **30%."**



During the 2022-23 season, the Li-Ning China Primary School Basketball League and Training Camp hosted **1,694** games with participation from over **5,700** individuals. The China Junior High School Basketball League saw **945** games with more than **2,500** participants, extending its reach to an audience of **38 million**.

Fitness: Focusing on functional technology, diversifying into array of scenarios



Men's Fitness

- Continued to upgrade "AIRSHELL Air Movement Technology" (AIRSHELL 气壳科技) and "DYNAMIC SHELL Protective Technology" (DYNAMIC SHELL 防护科技). Fulfilled clothing needs of different customer groups by equipping sports outfits with various functions.

Women's Fitness

- Conducted research into women's sports preferences, identifying key exercise settings and attire requirements, delivered functional products suited for yoga, fitness, and fashionable activities.
- Launched the women's yoga apparel IP, "SoftTouch" (柔感) series, created multiple technological themes to enhance engagement with female consumers.

Sports casual: Fusing fashion with sportiness to enhance competitive advantage

“SOFT” series



Targeted daily walking and commuting. The entire series achieved sales volume of over **1.5 million** pairs within the year.

“Rich Everyday”



Preserved treasured Lunar New Year traditions with delightful innovations.

Disney Crossovers



The Disney Pixar Monsters University series infused a college-style with adorable and playful themes, presenting vibrant and energetic fall and winter styles.

Brand marketing: Integrating product and marketing resources to engage with consumers

Wade China Tour



CBA League



Marathon

Badminton



Table Tennis

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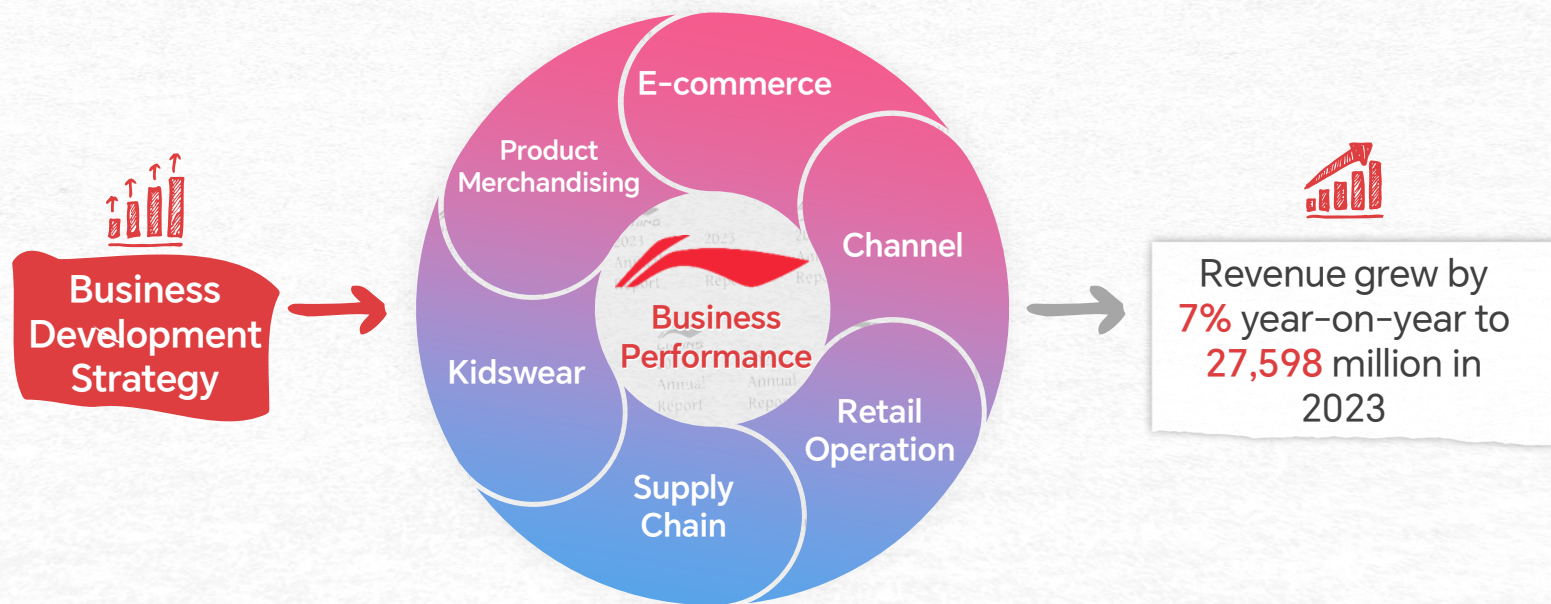
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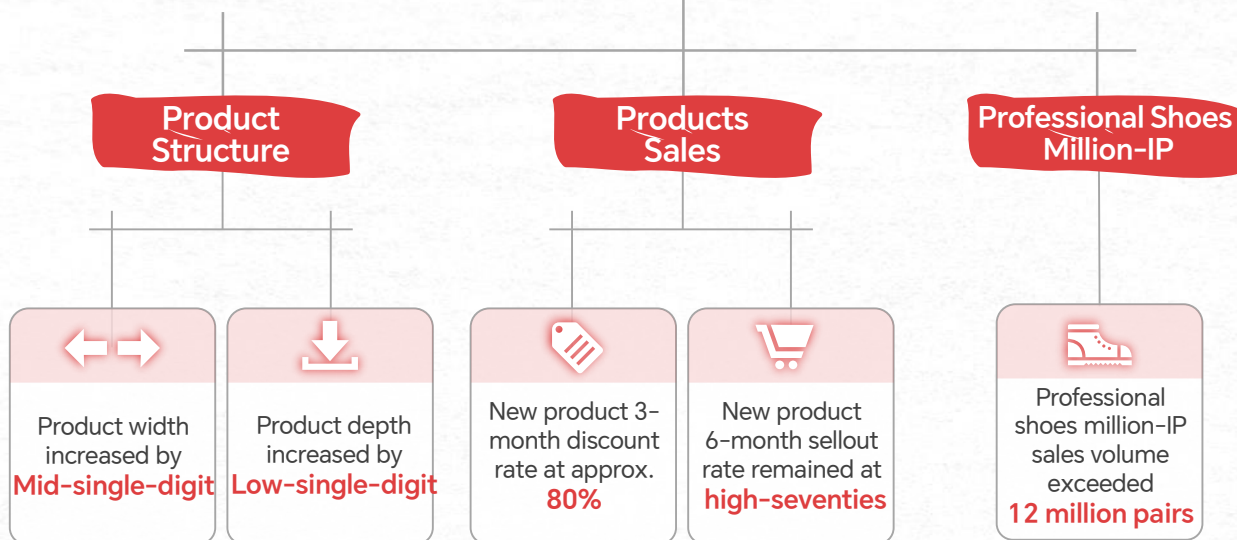
OPERATIONAL PROGRESS

Stable and healthy business operations in 2023



Product merchandising: Strengthening merchandise management capabilities to enhance efficiency of product operation

Product Operation



Product inventory: Inventory amount and ageing structure in a healthy level, with an efficient inventory turnover

Product Inventory

Channel inventory
to sales ratio



Overall channel
inventory-to-sales
ratio at **3.6 months**

Inventory cost



Company
Inventory cost amount
increased by
low- single-digits

Ageing structure



Ageing
structure of old and
new products
remains healthy

Retail operation: Stable offline business operations with an increase in sell-through on a year on year basis

Retail KPIs*

Offline retail
sell-through



Overall offline
retail sell-
through
increased by
mid-teens

Discounting



Overall retail
discount rate
improved
slightly

Unit per
transaction



Overall unit per
transaction
remained
stable

Average Selling
price



Average
selling price
further
increased

*Excluding online channel

Channel: Focusing on expansion and optimization; channel layout in high-tier market is nearly finished



Big store* penetration



Sell-through structure



Store performance



9th generation store image

Number of big stores
exceeded **1,660**

Average single-store
selling square footage
410 square meters

Sell-through contribution of
high-tier market# remained
**stable, with signs of
improvement**

Core commercial
occupancy rate at approx.
90%

Total selling square
footage increased by
mid-single-digit

Average single-store selling
square footage at
245 square meters

Average monthly store
productivity increased by
high-single-digit

Number of 9th-generation
stores exceeded
230

Average monthly store
productivity exceeded
RMB 500,000

* Store selling square footage exceeds 300 square meters

Including stores in metropolises and first-tier cities

E-commerce: Navigating challenges with focus on sustainable growth in the long run

E-commerce Business



Retail sell-through

Online retail sell-through increased by **low-single-digit**



Retail discount

Average discount rate deepened by **low-single-digit** (percentage points)



Inventory turnover

Inventory turnover days improved slightly year-on-year



Conversion rate

Conversion rate improved slightly year-on-year



Kidswear business: Achieved overall business growth

01

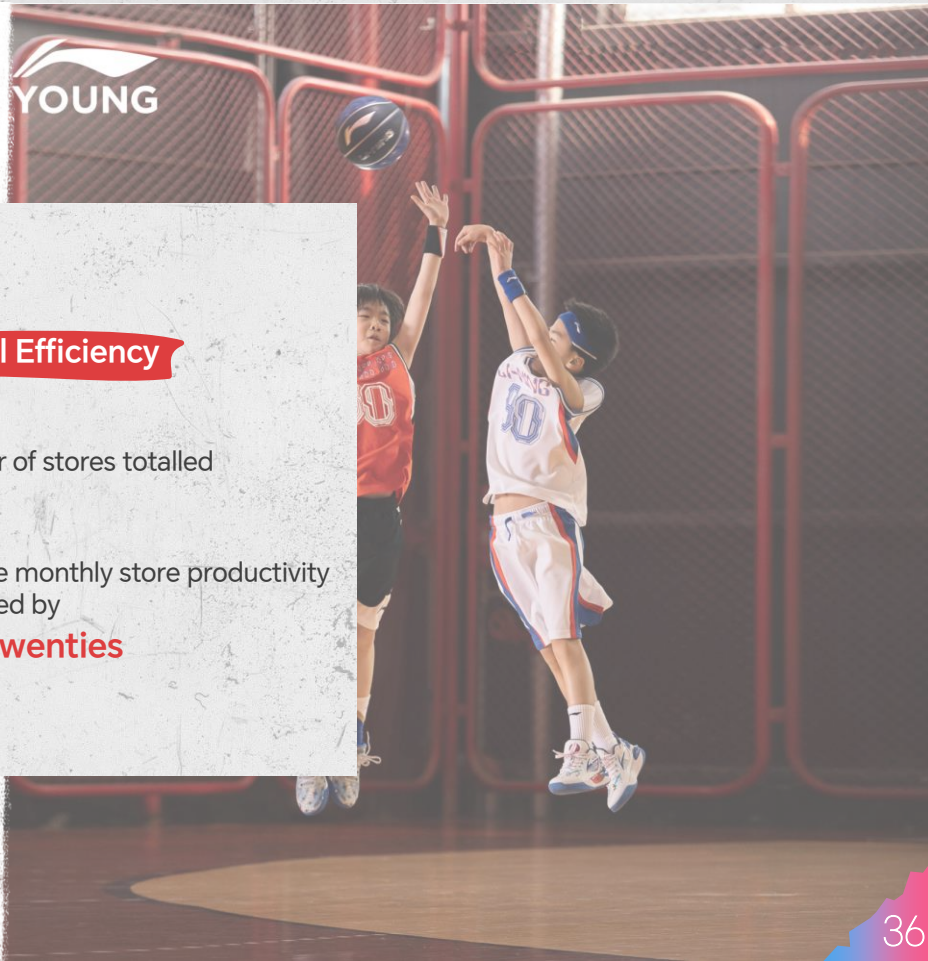
Retail Efficiency

- Retail sell-through increased by **mid-thirties**
- Average selling price increased by **mid-single-digit**
- Unit per transaction increased by **low-twenties**
- SSSG increased by **high-teens**

02

Channel Efficiency

- Number of stores totalled **1,428**
- Average monthly store productivity increased by **mid-twenties**



Supply chain: Continue to drive innovation and transformation on the premise of consolidating fundamental capabilities

Strengthening fundamental capabilities



Focus on quality, delivery lead time, and cost; and optimize various indicators

S-class supplier



Increase the proportion of orders from strategic suppliers



Introduce specialized category suppliers

Transformation and innovation



Innovate development model



Digital information management

Development strategy: consolidating and expanding product categories, deepening market penetration

Vision

To be the most prominent, stylish,
world-leading sports brand from China
Become the preferred sports brand of Chinese consumers.

Core Values

Serve with Sportsmanship

Go Above and Beyond to Win

Individual and Team Synergy

Fairness in Competition and Corporate
Environment

Perfect Harmony between Employees,
Organization, Society and Nature

Business Model



Single Brand
-Brand Leadership

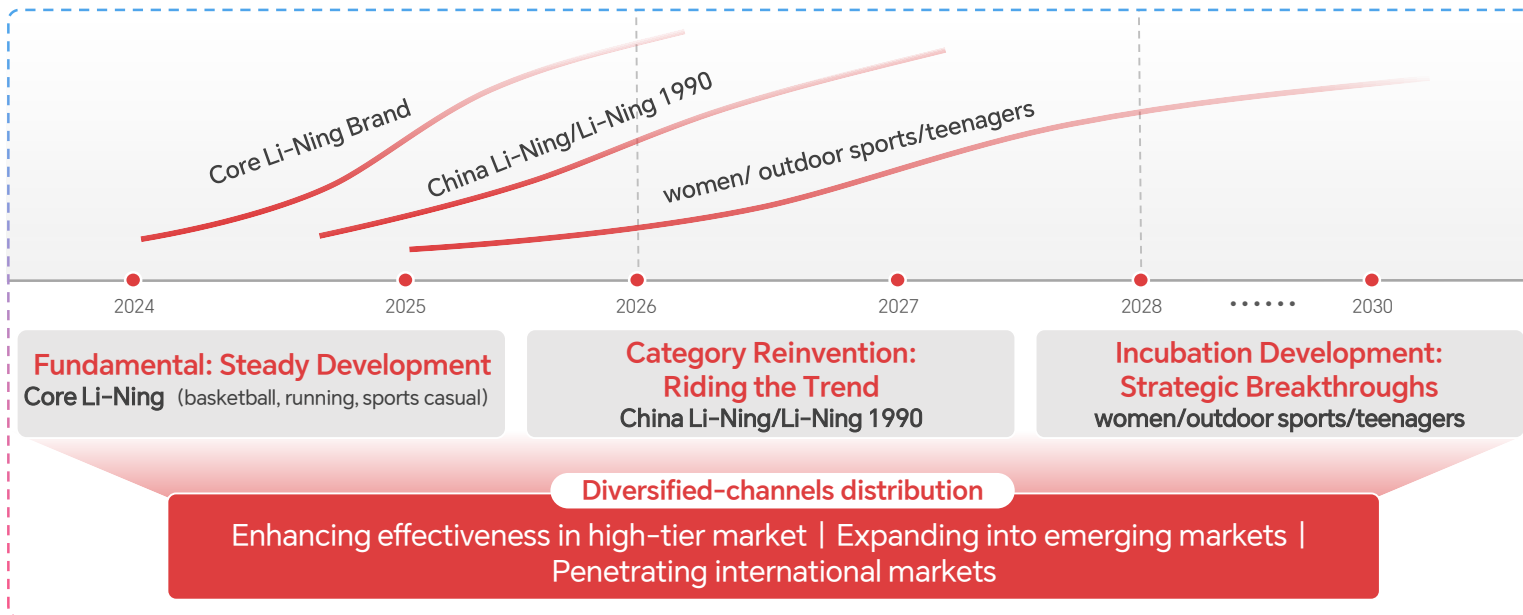


Multi-categories
-Product leadership



Diversified-channels
-Comprehensive Coverage

Growth Strategy



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APPENDIX

Appendix 1 – Summary of Income Statement and Balance Sheet

(RMB million)	2023	2022	Better/ (Worse)
	Year ended 31 December		
Revenue	27,598	25,803	7.0%
Gross Profit	13,352	12,485	6.9%
Selling and distribution expenses	-9,080	-7,314	(24.1%)
Administrative expenses	-1,256	-1,113	(12.8%)
Other income and other gains-net	524	805	(35.0%)
Operating Profit	3,559	4,887	(27.2%)
EBITDA	6,157	6,542	(5.9%)
Profit Attributable to Equity Holders	3,187	4,064	(21.6%)
Basic Earnings per share (RMB cents)	123.2	155.4	(20.7%)

(RMB million)	2023	2022	Better/ (Worse)
	As at 31 December		
Cash and Cash Equivalents	5,444	7,382	(26.3%)
Borrowings	0	0	N/A
Net Cash*	17,976	19,050	(5.6%)
Current Liabilities	7,268	7,241	(0.4%)
Current Ratio (times)	1.88	1.71	0.17
Total Liabilities to Total Asset Ratio	28.7%	27.7%	(1.0p.p)

*Net Cash = Cash and Cash Equivalents + Restricted Bank Deposits + Long & Short-term Bank Deposits – Borrowings

Appendix 2 — Profit Margins and Key Operating Indicators

	2023	2022	Better/ (Worse)
	Year ended 31 December		
Gross Profit Margin	48.4%	48.4%	—
Operating Profit Margin	12.9%	18.9%	(6.0p.p)
EBITDA Margin	22.3%	25.4%	(3.1p.p)
Margin of Profit Attributable to Equity Holders	11.5%	15.7%	(4.2p.p)
R&D Expenses (as % of revenue)	2.2%	2.1%	(0.1p.p)
A&P Expenses (as % of revenue)	9.0%	8.8%	(0.2p.p)
Staff Costs (as % of revenue)	8.7%	7.7%	(1.0p.p)

	2023	2022	Better/ (Worse)
	Year ended 31 December		
Inventory Turnover (Days)	63	58	(5)
Trade Receivables Turnover (Days)	15	14	(1)
Trade Payables Turnover (Days)	43	42	1
Cash Conversion Cycle (Days)	35	30	(5)
Return on Equity (ROE)	13.1%	17.9%	(4.8p.p)
Return on Asset (ROA)	9.4%	12.7%	(3.3p.p)
CAPEX (RMB million)	2,024	2,176	7.0%