

# 2024

# INTERIM RESULTS



**LI-NING**

**LI NING COMPANY LIMITED**

李寧有限公司



(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)  
STOCK CODES: 2331 (HKD counter) and 82331 (RMB counter)



Chinese Table Tennis Player Ma Long



Chinese Table Tennis Player Wang Chuixi



Chinese Table Tennis Player Sun Yingsha



LI NING



Chinese Diving Athlete Wang Zongyuan



Chinese Diving Athlete Quan Hongchun



Chinese Diving Athlete Chen Yuxi



Chinese Table Tennis Player Chen Meng



Chinese Shooting Athlete Li Yuehong



Chinese Shooting Athlete Jiang Ranxin



Chinese Shooting Athlete Du Linshu



Chinese Table Tennis Player Wang Manyu

以我為名



以我為名

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This presentation incorporates information contained in the interim results announcement (the “Results Announcement”) for the six months period ended 30 June 2024 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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# TABLE OF CONTENTS

01

RESULTS  
HIGHLIGHTS

02

FINANCIAL  
REVIEW

03

STRATEGIC  
DIRECTION

04

OPERATIONAL  
PROGRESS

05

APPENDIX

先一步，敢向未知

韦德之道11  
WAY OF WADE 11





此 刻

以我为名

上 场

一切皆有可能

01

RESULTS  
HIGHLIGHTS





# 2024 interim results highlights: consolidated the foundation to achieve a pragmatic growth

## Financial highlights (in RMB)

### Revenue

**14,345**million  
↑ 2.3%

### Gross margin

**50.4%**  
Improved by 1.6 p.p. YoY

### Net profit<sup>1</sup>

**1,952**million  
Net profit margin: 13.6%

### Net operating cash inflow

**2,730**million  
↑ 40.6%

### The percentage of gross average working capital to revenue

**7.1%**  
The cash conversion cycle: 31 days.  
Increased by 1 day compared to the same period last year.

### Interim dividend<sup>2</sup>

**37.75**cents/ordinary share  
Interim dividend payout ratio: 50%

## Operational highlights

### Retail sell-through<sup>3</sup>

↓ low-single-digit

### Offline channel new product sell-through

↓ mid-single-digit

### Channel inventory

Inventory level: ↑ mid-single-digit

Inventory turnover and aging structure remained healthy level

1: Refer to net profit attributable to equity holders of the Company

2: The Board resolved to declare an interim dividend of RMB37.75 cents per ordinary share of the Company issued or to be issued upon conversion of convertible securities for the six months ended 30 June 2024

3: Including online and offline

雷霆

碳

BOOM FIBER

BOOM FIBER

飞电4 CHALLENGER

双段  
马道

前马快 后马更快



飞电4 CHALLENGER

LINING RUNNING

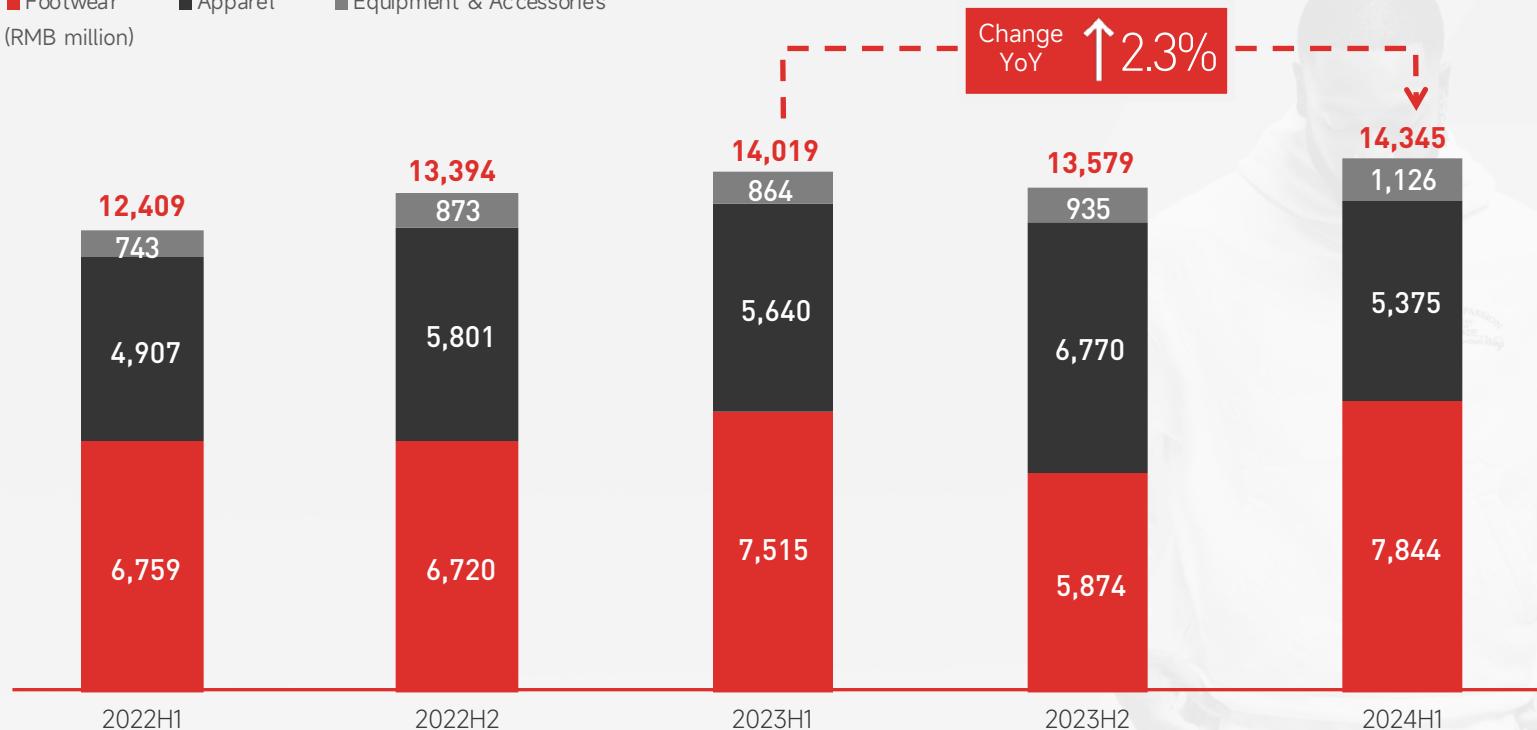
02

FINANCIAL  
REVIEW



## Revenue: footwear category remained dominant

■ Footwear ■ Apparel ■ Equipment & Accessories  
(RMB million)

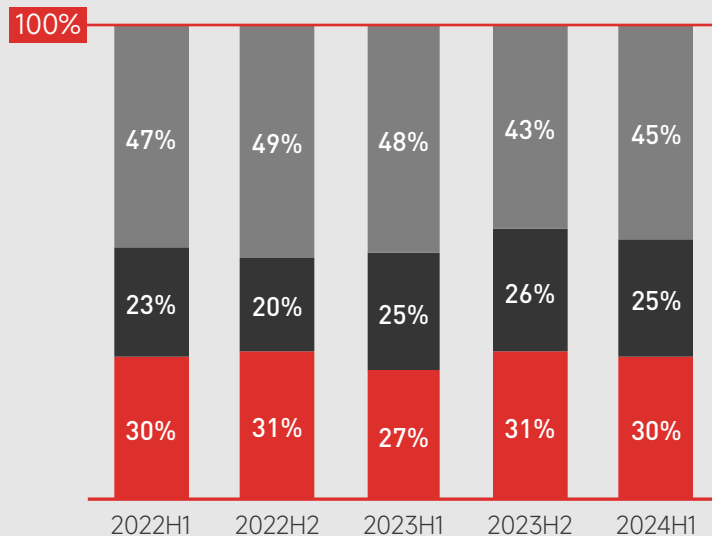


Revenue: group total

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

### Channel revenue mix

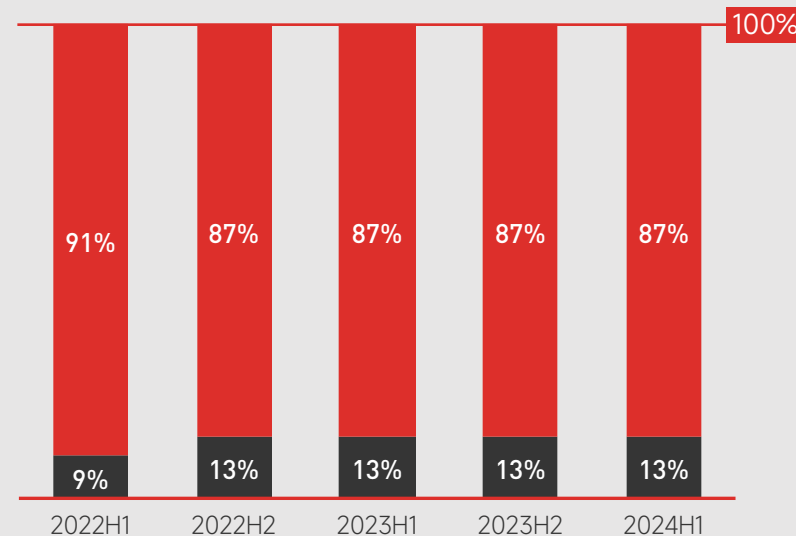
■ E-commerce ■ Direct retail ■ Wholesale



### Sell-through mix

(incl. direct retail and wholesale)

■ Old product ■ New product (current and last season)

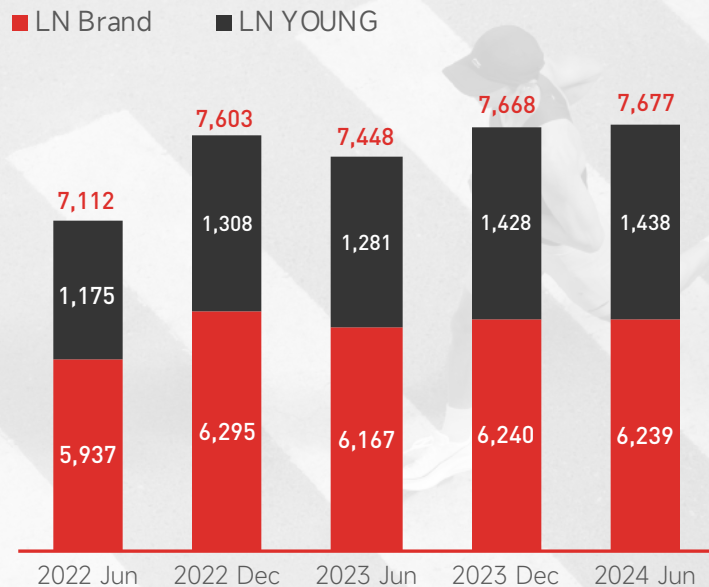


Revenue and retail sell-through: LN brand (including China LI-NING and LI-NING 1990), excl. international markets and LN YOUNG

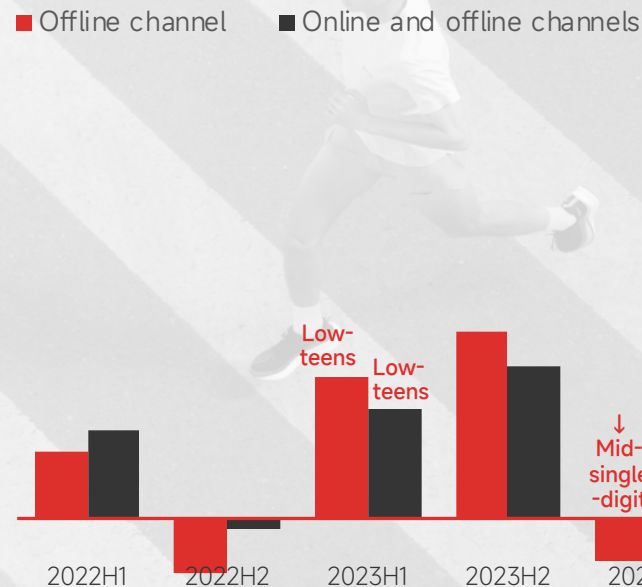


## Online and offline: business environment under pressure

### POS number (six months end)



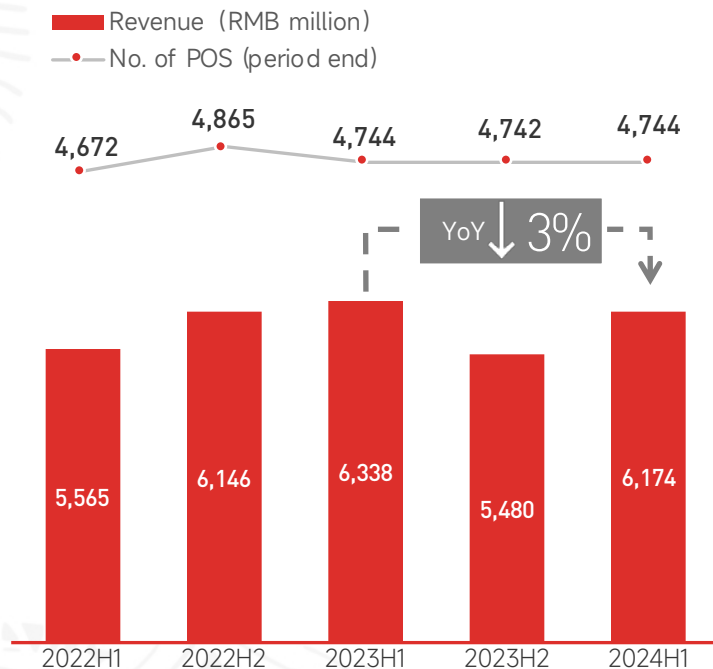
### Sell-through growth, YoY% (excl. LN YOUNG)



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

## Wholesale business: proactively regulated the pace of shipments in a uncertain environment to ensure the health of retail-end channels

### Business performance



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

### Sell-through and revenue change, YoY%

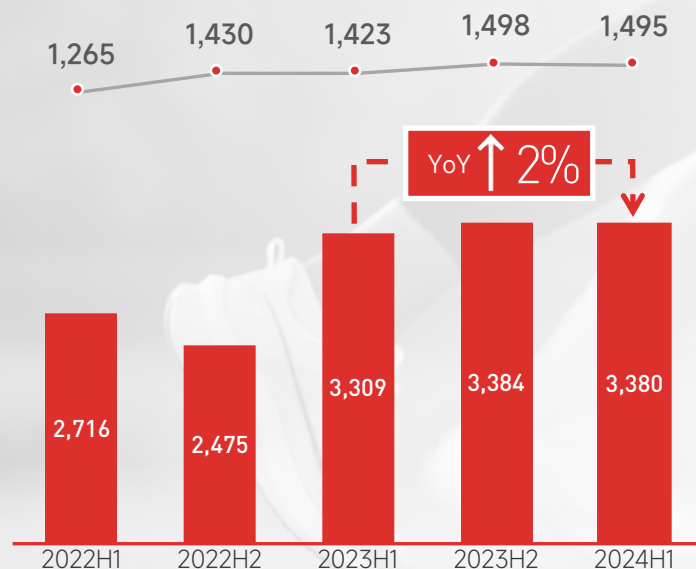




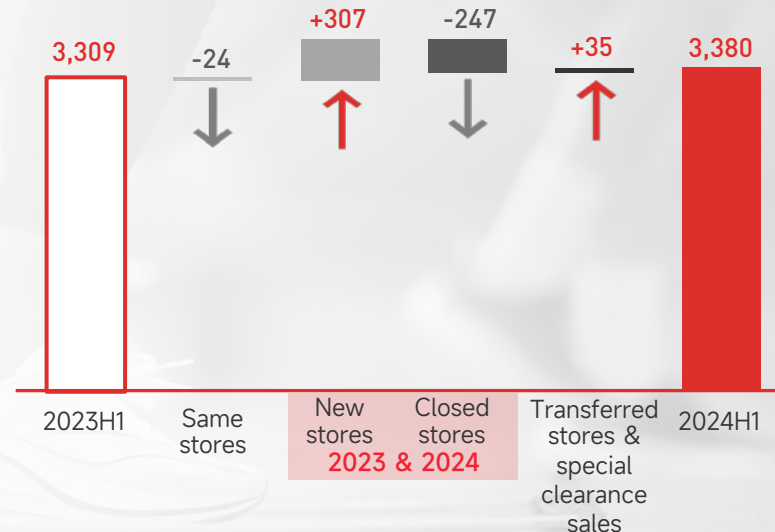
# Direct retail business: optimized channel structure to enhance retail operational efficiency

## Business performance

Revenue (RMB million) — No. of POS (period end)



## Revenue change analysis



Direct retail business: refers to direct retail operation, LN brand (including China LI-NING and LI-NING 1990), excl. LN YOUNG



## GP margin analysis: ensured gross margin improvement with enhanced retail discounting and channel-mix optimization



Gross profit margin: net changes in major items

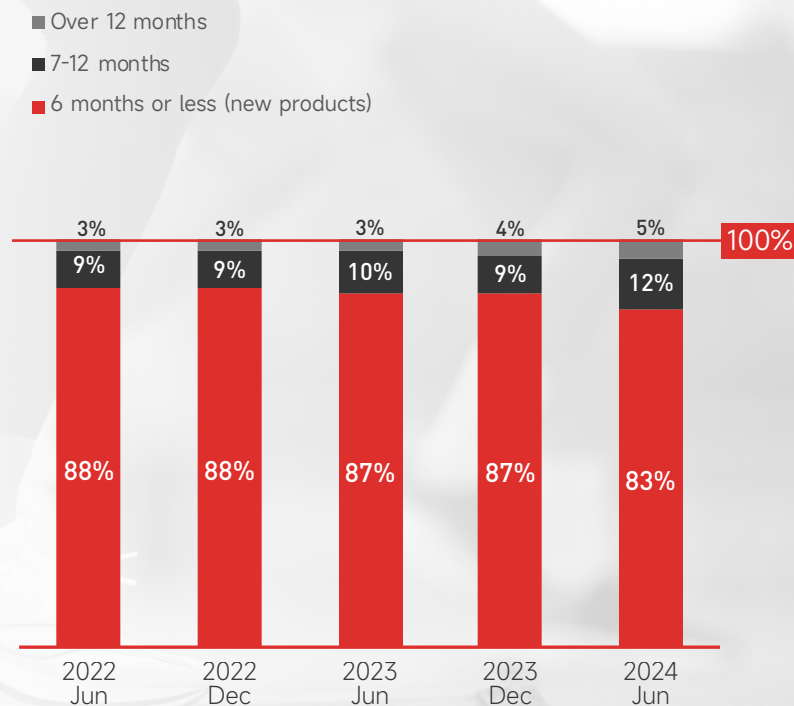
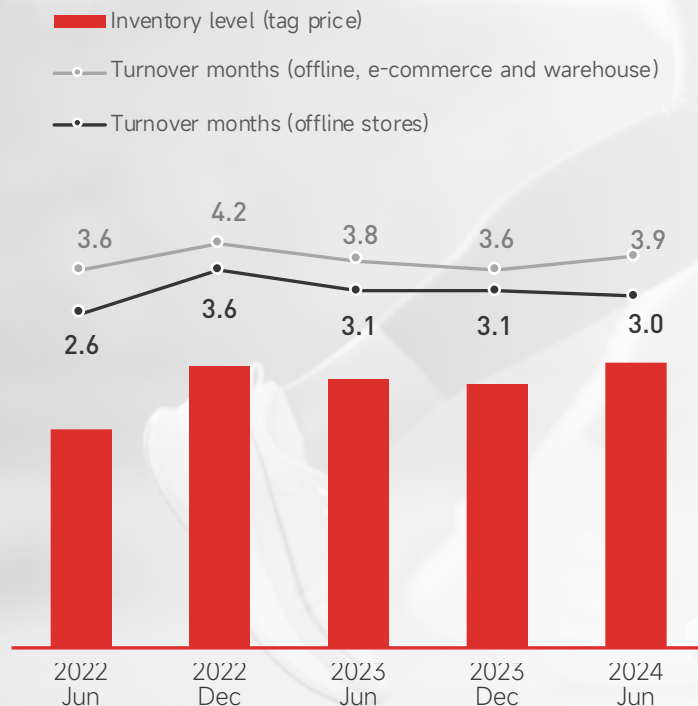


### Profitability analysis: net change in major P&L items

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



# Channel inventory: inventory turnover and aging structure remained healthy



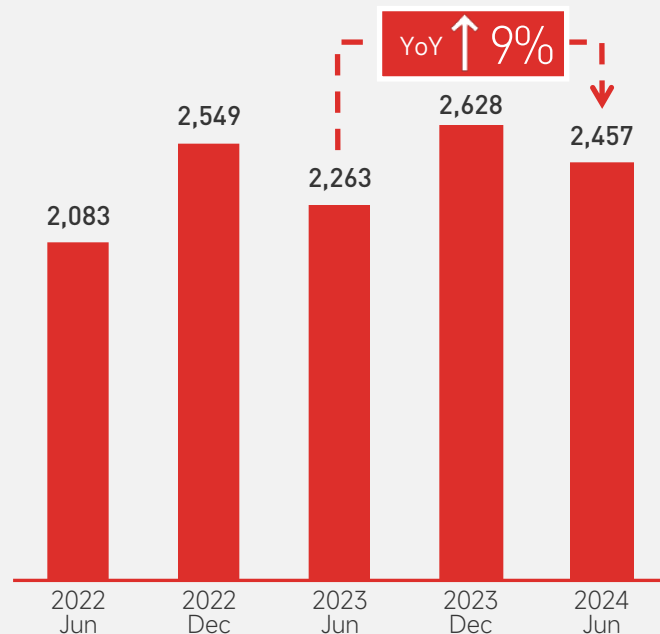
Channel inventory: including online and offline



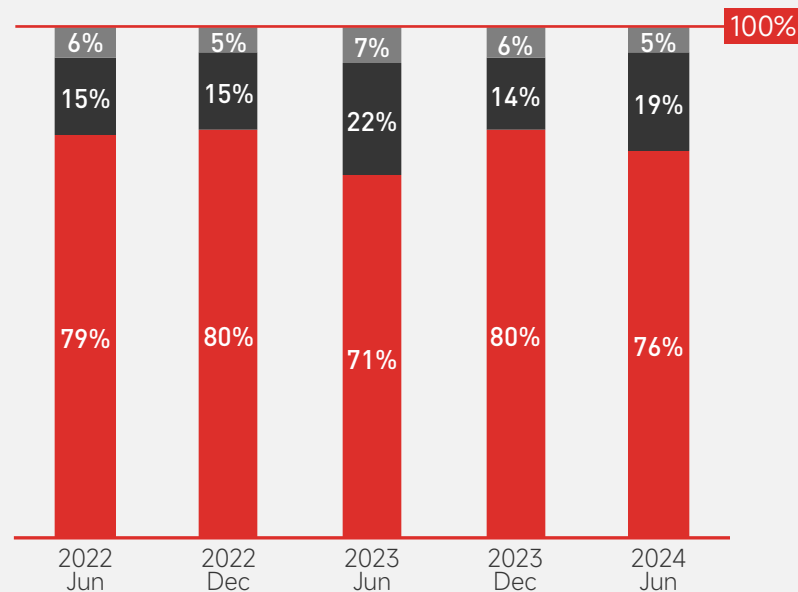
## Company inventory: inventory level and aging structure maintained healthy and controllable

### At cost, before provision

(RMB million)



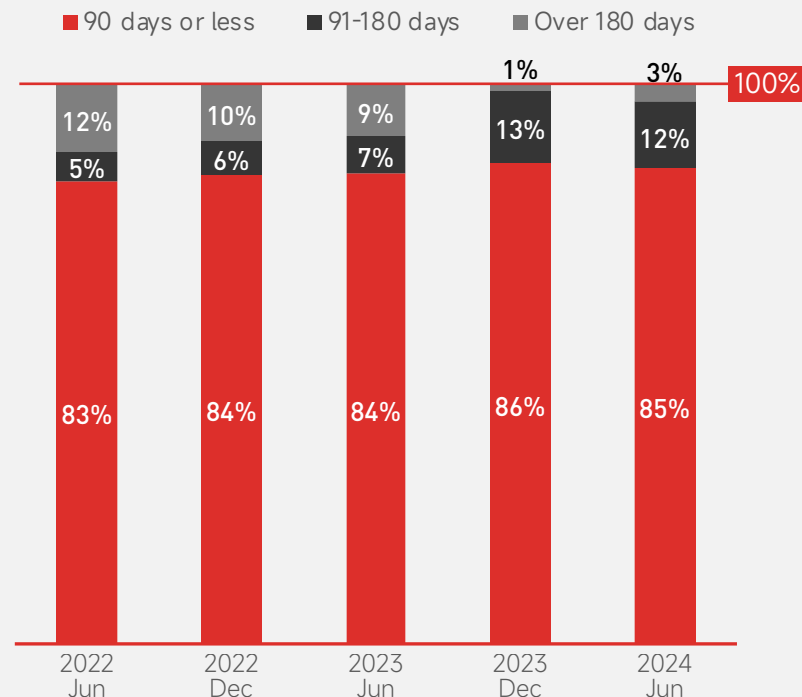
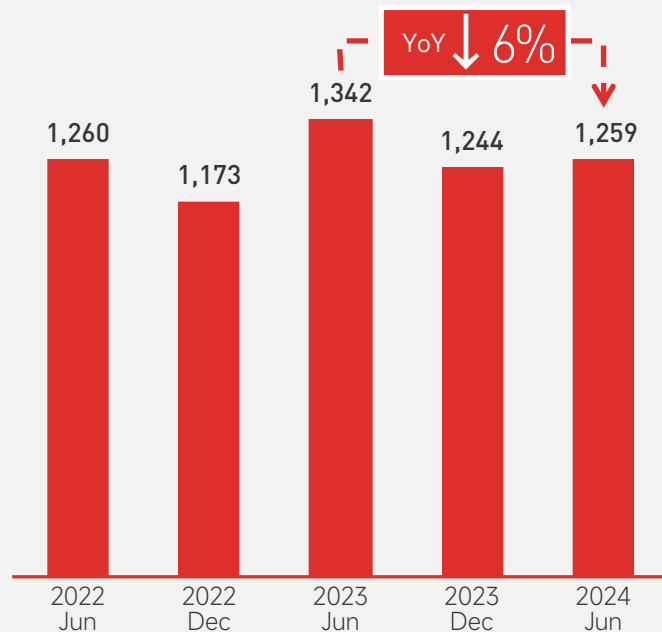
6 months or less (new products) 7-12 months Over 12 months



## Trade receivables: at a reasonably healthy level

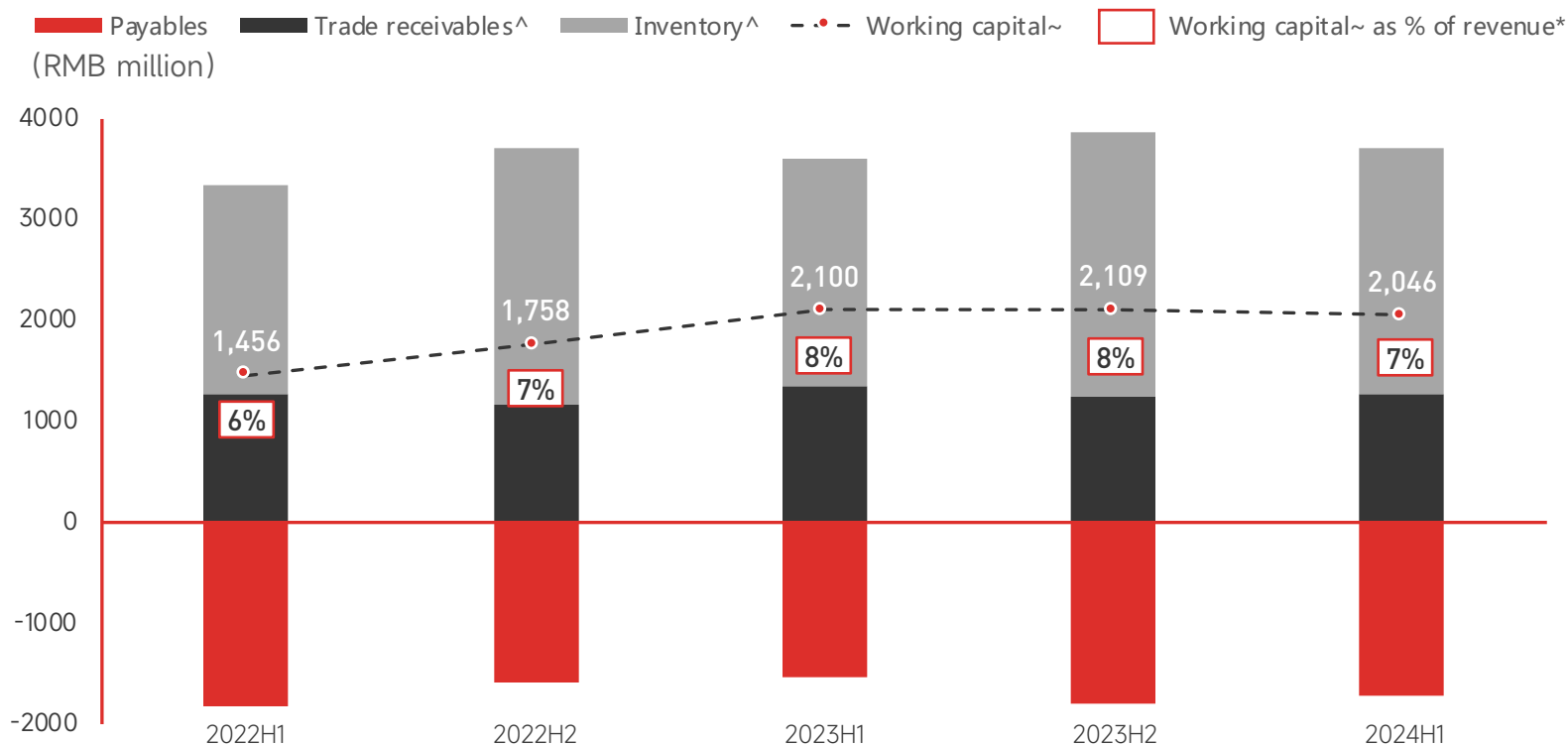
### At gross amount, before provision

(RMB million)





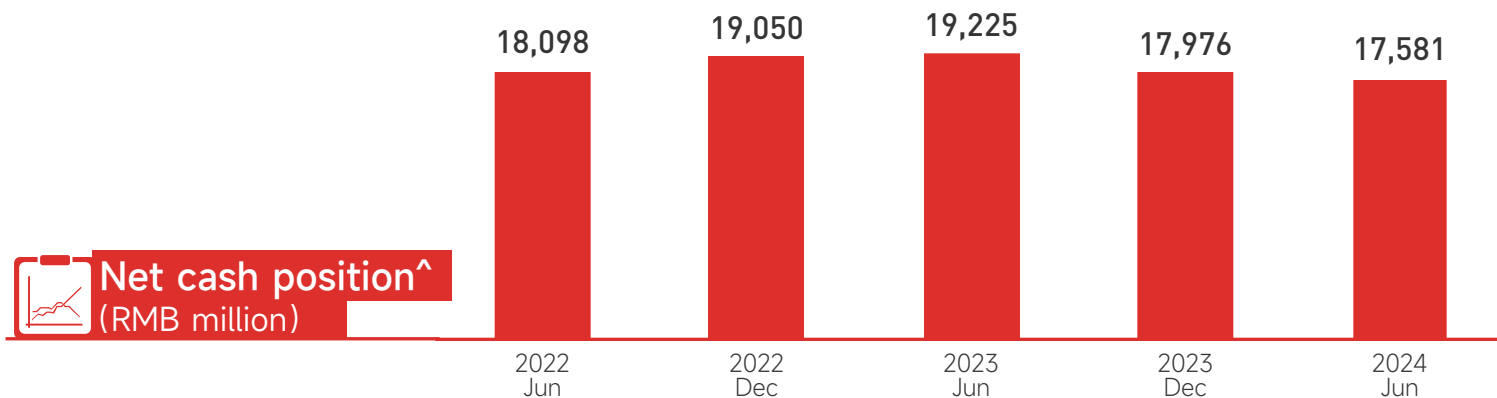
# Working capital efficiency: robust efficiency fueled recovery momentum



~ Simple average of the beginning and end of the period  
 ^ Gross amounts of inventory, trade receivables without netting off provisions  
 \* Annualised income



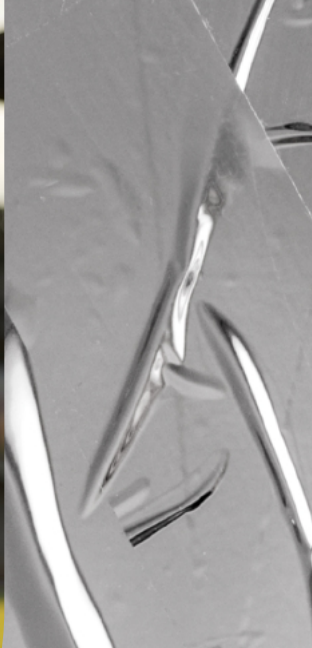
## Balance sheet summary: healthy operating cash flow



Cash conversion cycle (days)	21	30	30	35	31
Net operating cash inflow	1,583	3,914 <sup>#</sup>	1,942	4,688 <sup>#</sup>	2,730
Dividends	0	1,219	955	1,434	976

<sup>^</sup>Net cash = cash and cash equivalents + restricted bank deposits + long & short-term bank deposits - borrowings

<sup>#</sup> Net cash generated from operating activities for the year



03

# STRATEGIC DIRECTION



## Capitalizing on industry development momentum and comprehensively enhance LI-NING's experience value



Orderly economic recovery promotes consumer confidence, leading to the further increase in demand for sports products.



National policies support the high-quality development of the sports industry. The “year of sports” promotes public enthusiasm for fitness.



Li Ning seizes the opportunity to make breakthroughs on multiple dimensions, comprehensively optimizing LI-NING's experience value.

Source: General Administration of Sports of China

# Ongoing focus to “single brand, multi-categories, diversified channels”

Flagship stores



LI-NING 1990 stores



China LI-NING stores



Basketball Theme stores



LI-NING YOUNG stores



Outlet stores



Diversified channels

Multi-categories  
Sports & Fashion



Basketball

Running



Fitness

Badminton



Sports casual

...

LI-NING

## Developing functional technology to strengthen brand image

### Retail sell-through\* - YoY change (2024H1)



1% ↓



25% ↑



20% ↓



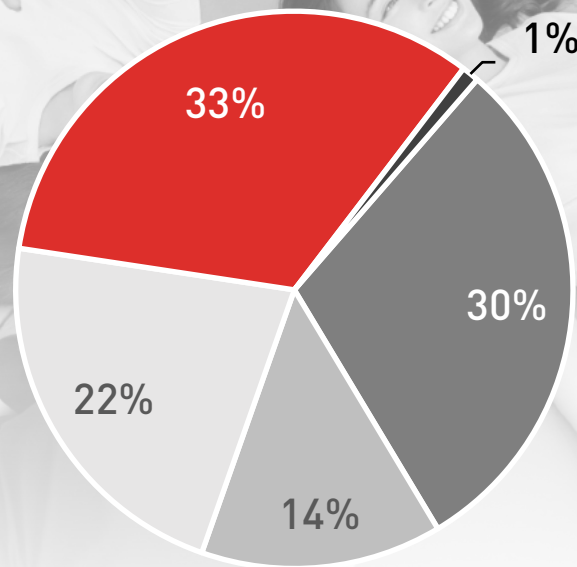
7% ↑



7% ↓



### Retail sell-through-mix



■ Running ■ Fitness ■ Basketball ■ Sports casual ■ Others  
(Including China LN)

\*Including online and offline





## Running — deeply cultivating the professional running shoe matrix and expanding market share in the running sector

### Built mature professional running shoe matrix

- The cumulative sales volume of the Super Light, Rouge Rabbit, and Feidian series exceeded **5 million** pairs during the period. The core IP matrix continues to drive business growth.
- During this period, Li Ning's professional running shoes empowered sponsored athletes to win **30** marathon and cross-country championships, achieving a total of **56** podium finishes. They set several national records and personal bests. Notably, Li Ning sponsored athlete Amdouni Morhad achieved a time of 2:03:47, marking the official entry of Chinese running shoes into **the 203 era**.



### The all-new Shadow 3 breaks the boundaries of imagination

- Rebound, energy efficiency, and stability - these three key performance aspects have been significantly advanced, delivering a more powerful and energy-efficient running experience.
- Dual-layer carbon plate with extended length and upgraded materials, resulting in **48%** increase in carbon plate toughness;
- "Super Jiang" technology undergoes a leap-forward upgrade with a significantly improved midsole hollow structure, leading to a **96%** increase in energy storage, and a **38%** increase in rebound performance, delivering new heights in cushioning and rebound.



## Basketball — industry-leading product upgrades and increased investment in developing youth basketball



- The “Way of Wade 11” is upgraded featuring “**Carbon Core**” technology and a full-length **GCU** ground control system. It easily adapts to various courts and conditions, empowering players to give their all on the court at all times.

- In July 2024, the **China girls' basketball team** sponsored by Li Ning **won** ISF World School Basketball Championship 2024.
- Li Ning continues to invest in **youth basketball**, building a diverse and professional growth platform and performance stage for young basketball players.



Moment of  
awarding



Moment  
of victory



#24





## Fitness — expanding sports scenarios and creating multi-scenario fitness equipment with functional technology



### Men's fitness

- Continuing to develop "FLOWAIR Air Cooling Technology" and "FLEXAIR Air Cushion" functional IPs, concentrating on elasticity, breathability, and protective technology as core selling points, covering various user groups and meeting the apparel needs of sports enthusiasts across multiple scenarios.



### Women's fitness

- Focusing on general functional training, with trendy professional training as a complement, to create fitness outfit sets that meet the needs of various scenarios.
- Solidify and enrich the dedicated women's fitness IP product portfolio, continuously innovate comfortable and soft fabric technologies, and strengthen communication with female consumers.



Sports casual — inspired by sports elements, presenting rich, diverse and distinctive and fashionable sports products



“SOFT” series: a collection for a relaxing stroll

Focusing on everyday consumer scenarios of walking and commuting. The entire series achieved sales volume of over **1 million** pairs within the first half of the year.



China LI-NING launched "翔(chuàng)" designer platform

Designers and brands have collaborated to unlock creative possibilities for China LI-NING. This initiative provides a highly flexible platform that fosters creativity among ethnic Chinese worldwide, bridging the gap between designers' innovations and consumers.





# Brand marketing — integrated brand resources to launch “In My Name” campaign in a year with major sporting events



“In My Name” video series connect sports and consumers



“In My Name” pop-up store



“In My Name, Fight for the Country” 2024 Chinese Table Tennis Team Dragon Uniform Press Conference



“In My Name, Moment of Glory”, the Dream Team wins gold medals



#27



Brand marketing — strategically leveraging technology and sports resources to deepen the integration of sports and branding

## Event Resources



CBA All-Star Game



Marathon



Table Tennis



Title sponsorship of the Hong Kong Open Badminton Championships

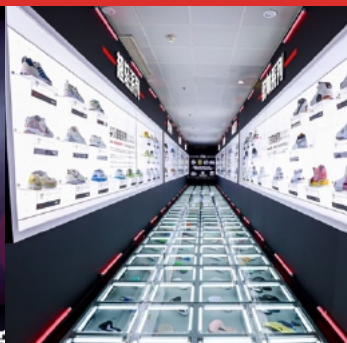
## “In My Name” Technology Conference



An innovative, interactive and fun immersive experience conference



A concentrated display of six innovative technologies



A comprehensive showcase of LI-NING's technological journey



Release of top-tier competition racing shoes of "Dragonflight"  
Single shoe weight under 89g (size 8.5)

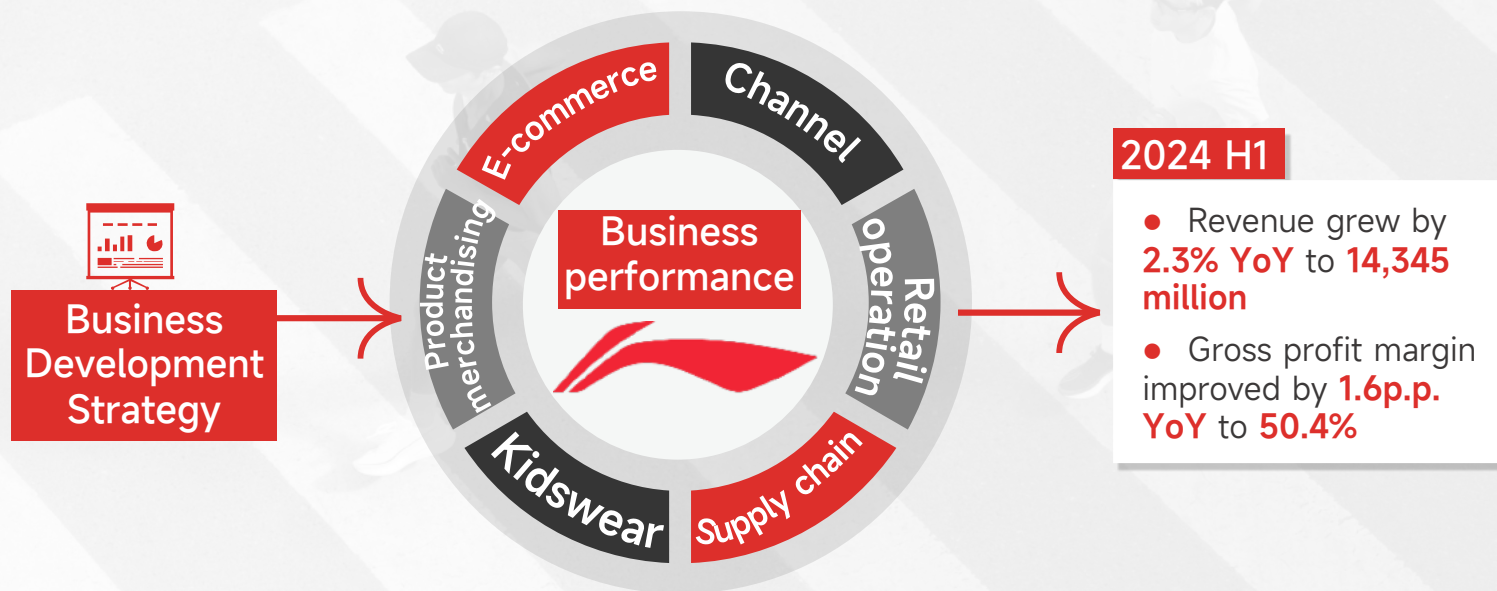




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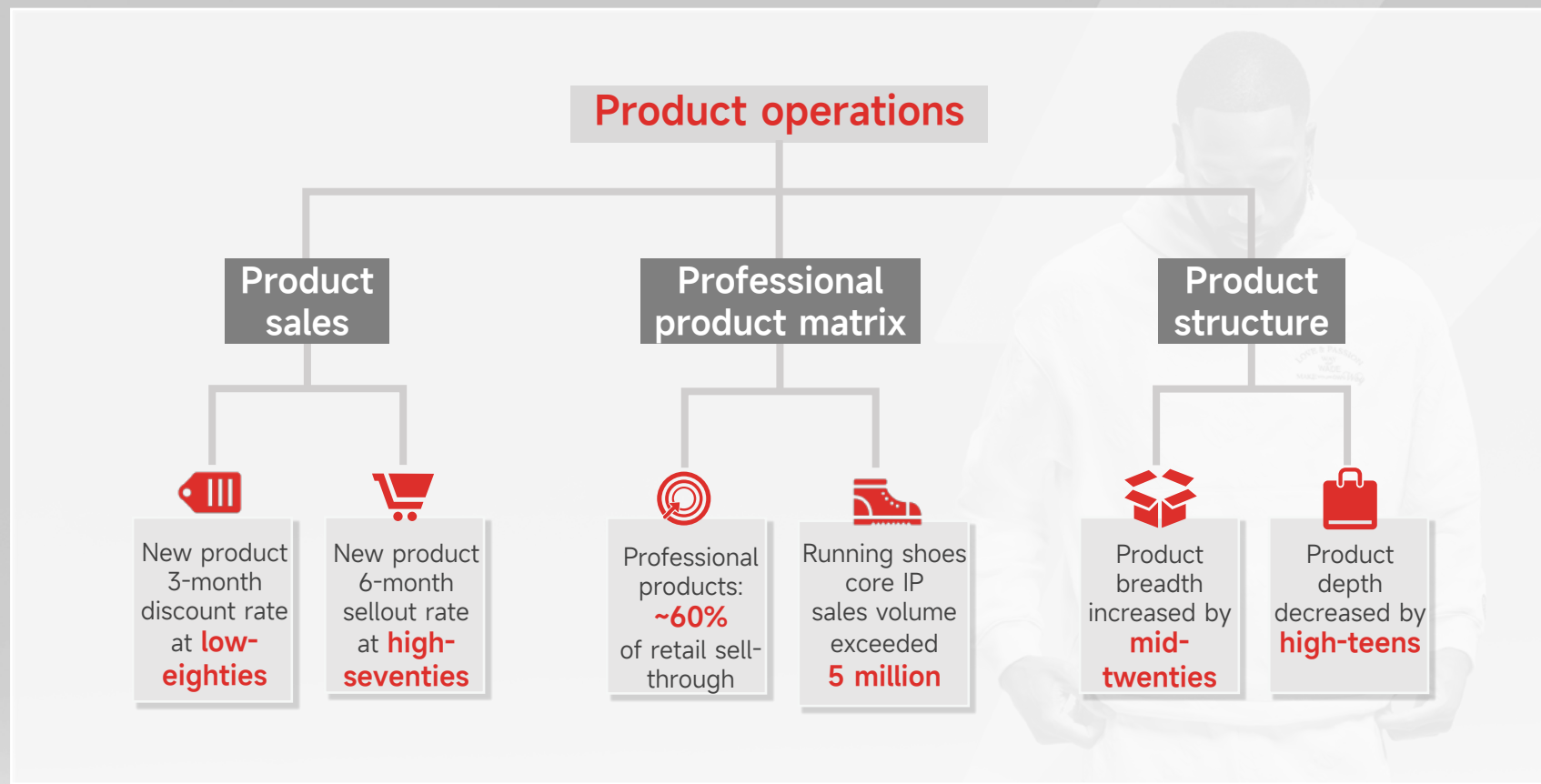
# OPERATIONAL PROGRESS

## Stable business performance in 2024H1, revenue and profit in line with expectations

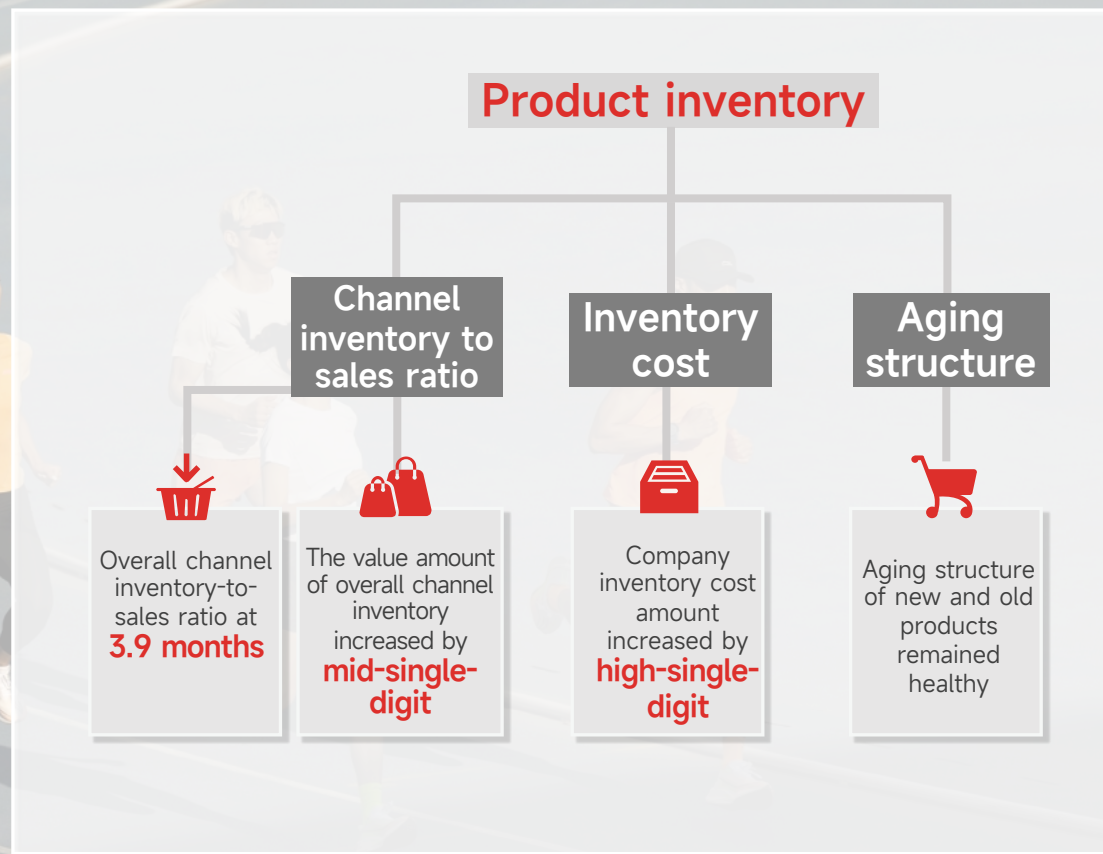




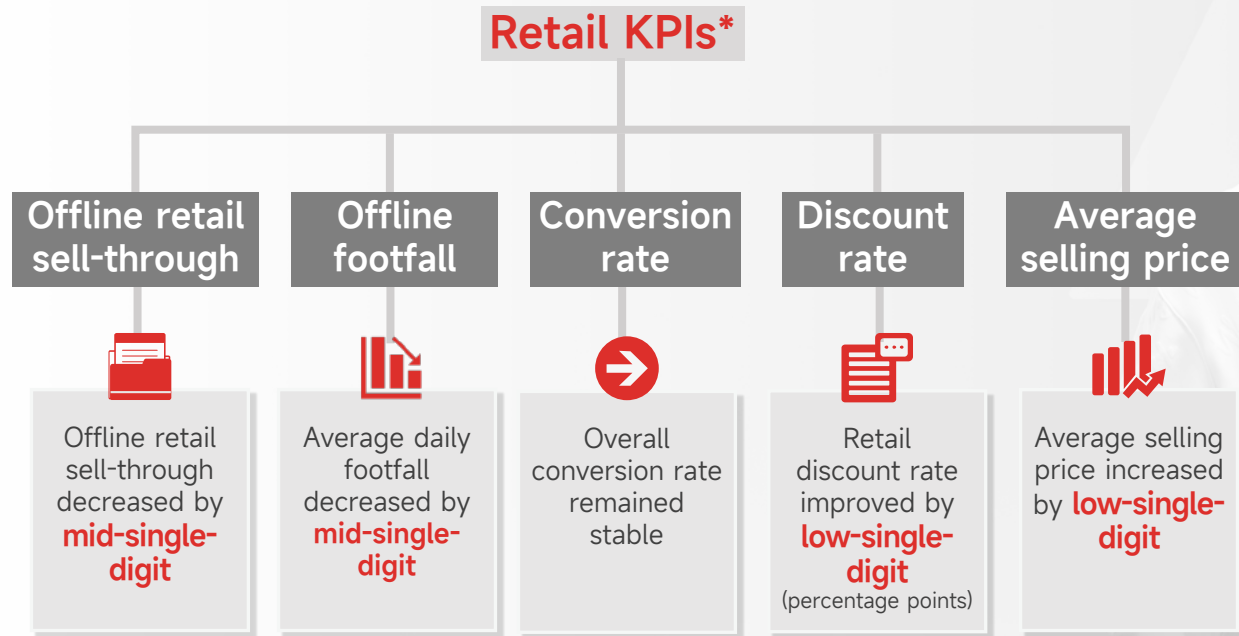
## Product operations: on-going efficiency improvements, maintained professional product ratio



## Product inventory: at a healthy and controllable level



## Retail operations: offline operations face challenges



\* Excluding online channel



## Channel: enhanced high-tier market channel quality and consolidated emerging market channel



### Store performance

Total selling square footage increased by **mid-single-digit**

Average single-store selling square footage at **245** sq.m.

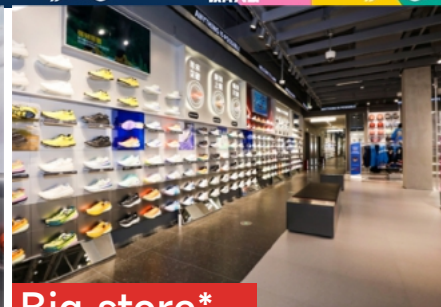
Average monthly store productivity at **RMB 310,000**



### Sell-through structure

Sell-through contribution of high-tier market# remained **stable**

Core commercial occupancy rate at **~90%**



### Big store\* penetration

Number of big stores **1,650**

Average single-store selling square footage **~410** sq.m.



### 9th generation stores upgrade

The number of 9th generation stores exceeded **450**

Average monthly store productivity **~RMB 450,000**

\* Store selling square footage exceeds 300 square meters

# Including stores in metropolises and first tier cities



## E-commerce: improved operating environment, 2024 H1 operating indicators met expectations





## Kidswear business: overall operating indicators remained stable and controllable

### Retail efficiency

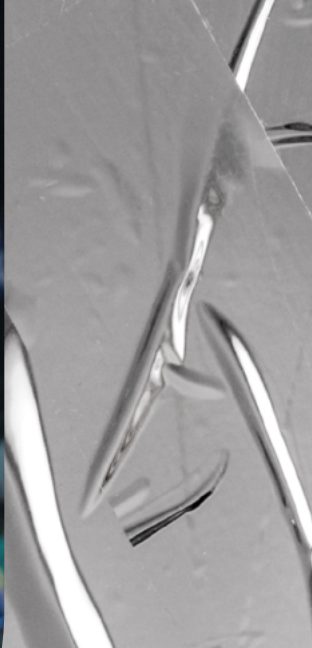
- Retail sell-through\* increased by **mid-single-digit**
- Unit per transaction declined by **high-single-digit**
- Average selling price increased by **mid-single-digit**

### Channel efficiency

- No. of stores totalled **1,438**
- Average monthly store productivity at **RMB 130,000**

\* Including online and offline





05

# APPENDIX

## Appendix 1 — summary of income statement and balance sheet



(RMB million)	2024 Six months ended 30 June	2023	Better/ (Worse)
<b>Revenue</b>	<b>14,345</b>	14,019	2.3%
<b>Gross Profit</b>	<b>7,236</b>	6,839	5.8%
Selling and distribution expenses	<b>-4,327</b>	-3,948	(9.6%)
Administrative expenses	<b>-680</b>	-591	(15.1%)
Other income and other gains-net	<b>184</b>	165	11.5%
<b>Operating Profit</b>	<b>2,402</b>	2,475	(3.0%)
<b>EBITDA</b>	<b>3,444</b>	3,425	0.5%
<b>Profit Attributable to Equity Holders</b>	<b>1,952</b>	2,121	(8.0%)
<b>Basic Earnings per Share</b> (RMB cents)	<b>75.8</b>	80.6	(6.0%)

(RMB million)	30 Jun 2024	31 Dec 2023	Better/ (Worse)
<b>Cash and Cash Equivalents</b>	<b>6,147</b>	5,444	12.9%
<b>Borrowings</b>	<b>0</b>	0	N/A
<b>Net Cash*</b>	<b>17,581</b>	17,976	(2.2%)
<b>Current Liabilities</b>	<b>7,383</b>	7,268	(1.6%)
<b>Current Ratio</b> (Times)	<b>2.36</b>	1.88	0.48
<b>Total Liabilities to Total Asset Ratio</b>	<b>27.1%</b>	28.7%	1.6p.p.

\*Net cash = cash and cash equivalents + restricted bank deposits + long & short-term bank deposits – borrowings



## Appendix 2 — profit margins and key operating indicators

	2024 Six months ended 30 June	2023	Better/ (Worse)
Gross Profit Margin	50.4%	48.8%	1.6p.p.
Operating Profit Margin	16.7%	17.7%	(1.0p.p.)
EBITDA Margin	24.0%	24.4%	(0.4p.p.)
Margin of Profit Attributable to Equity Holders	13.6%	15.1%	(1.5p.p.)
R&D Expenses (as % of revenue)	2.2%	2.1%	(0.1p.p.)
A&P Expenses (as % of revenue)	8.7%	7.4%	(1.3p.p.)
Staff Costs (as % of revenue)	8.5%	8.3%	(0.2p.p.)

	2024 Six months ended 30 June	2023	Better/ (Worse)
Inventory Turnover (Days)	62	57	(5)
Trade Receivables Turnover (Days)	15	14	(1)
Trade Payables Turnover (Days)	46	41	5
Cash Conversion Cycle (Days)	31	30	(1)
Return on Equity (ROE)	7.8%	8.5%	(0.7p.p.)
Return on Asset (ROA)	5.6%	6.2%	(0.6p.p.)
CAPEX (RMB million)	2,442	669	(265%)