



JS 环球生活有限公司

JS GLOBAL LIFESTYLE COMPANY LIMITED

Global

(於開曼群島註冊成立的有限公司)

2020 Interim results presentation

Confidential

August 2020



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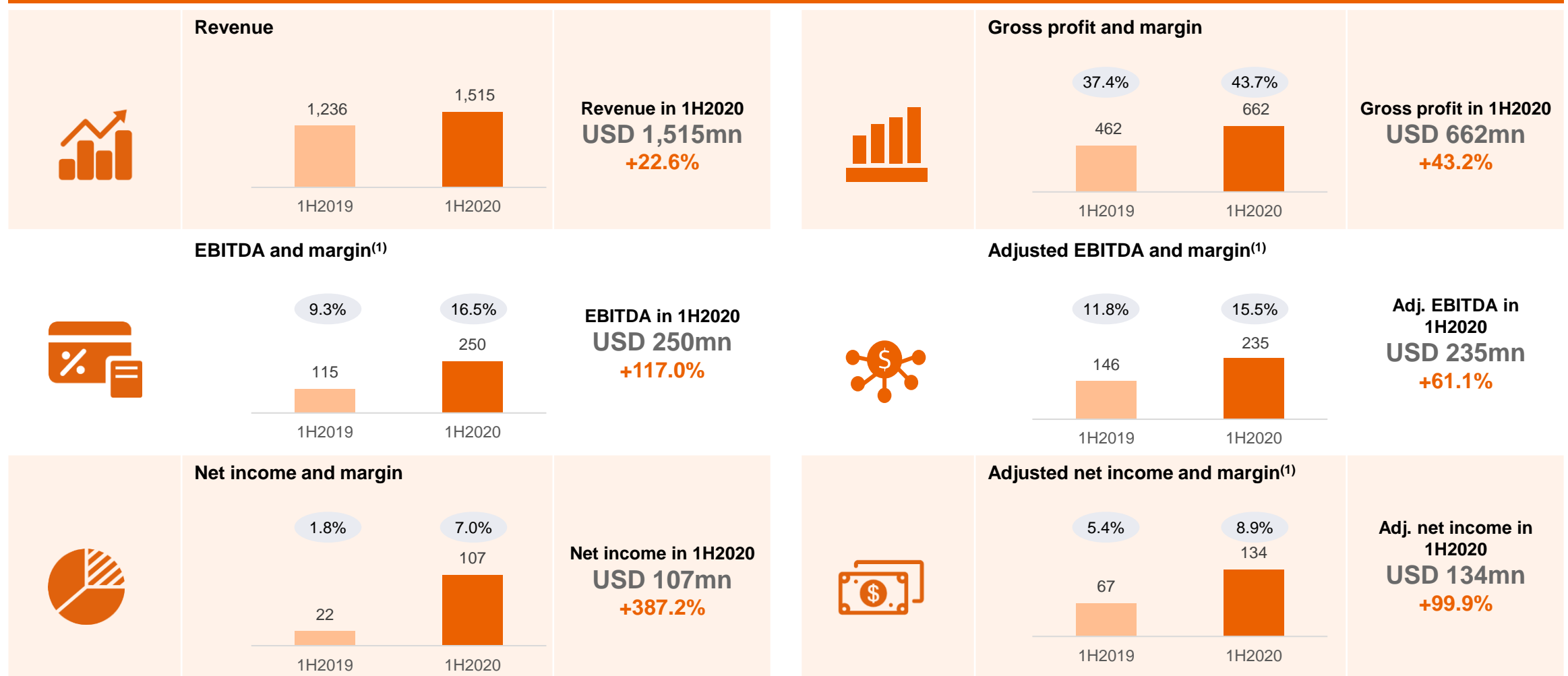


1. 1H2020 Financials update



1H2020 key financial metrics

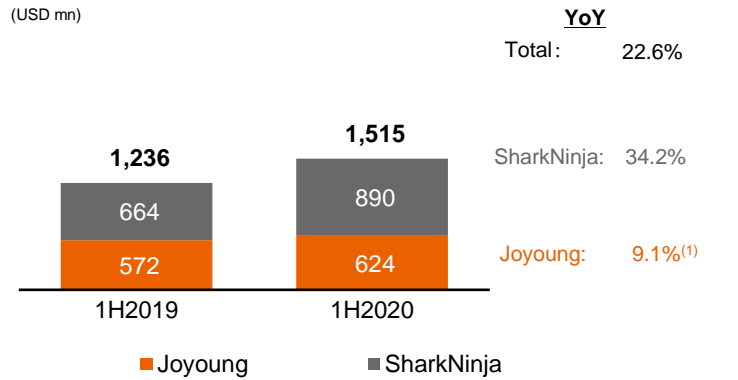
Currency unit: USD mn



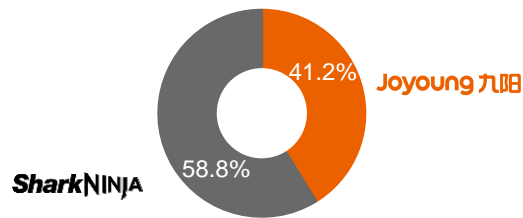
(1) EBITDA, adjustments for net income and EBITDA were non-audited numbers

Revenue breakdown and drivers

By segment



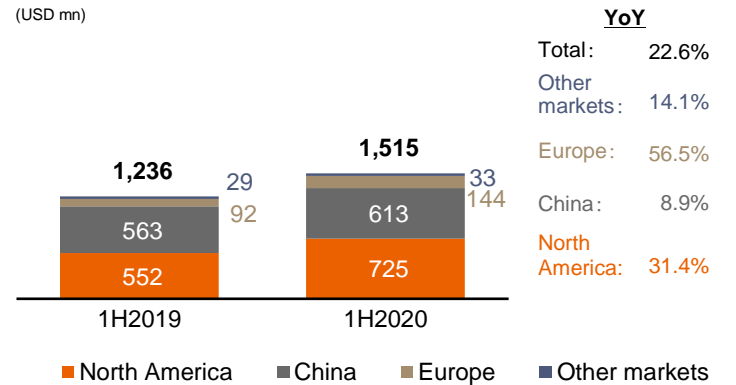
1H2020 Revenue by segment



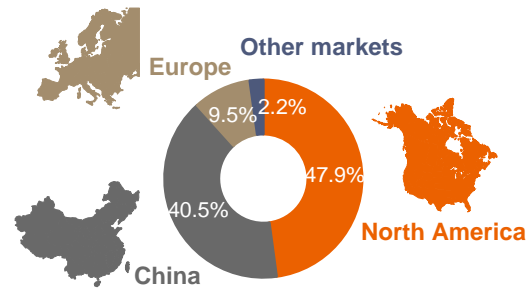
Commentary:

- Growth in SharkNinja segment was primarily due to the strong performance of new products launched in 2H2019 and 1H2020, fast growth in Europe and Japan, as well as the strong demand growth in cleaning and cooking appliances
- Growth in Joyoung segment was primarily attributable to our advantages in online channels, new product launches and further expansion of core product's mainstream sales price range

By region



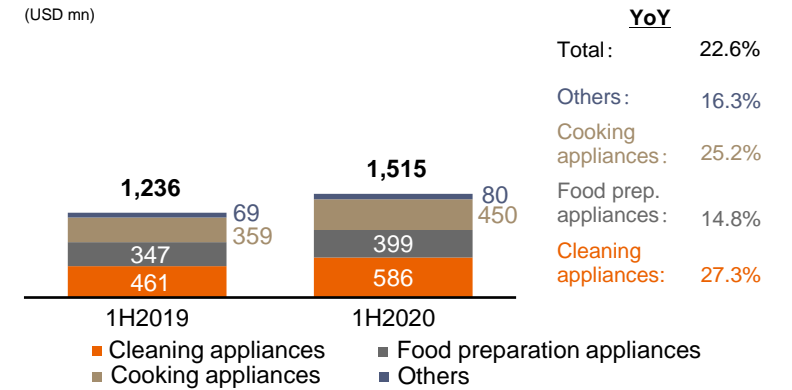
1H2020 Revenue by region



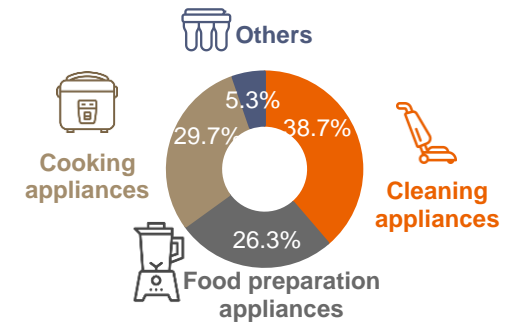
Commentary

- Strong growth in US was primarily due to strong performance of new products launched in 2H2019 and 1H2020. Meanwhile, we have captured the opportunities brought by "stay-at-home" trend and satisfied consumer demands for cleaning and cooking appliances with our existing products and new products
- The growth in China was primarily attributable to our advantages in online channels, new product launches and further expansion of core product's mainstream sales price range
- Strong growth in Europe was primarily driven by the robust growth in the U.K. market

By product category



1H2020 Revenue by product category



Commentary:

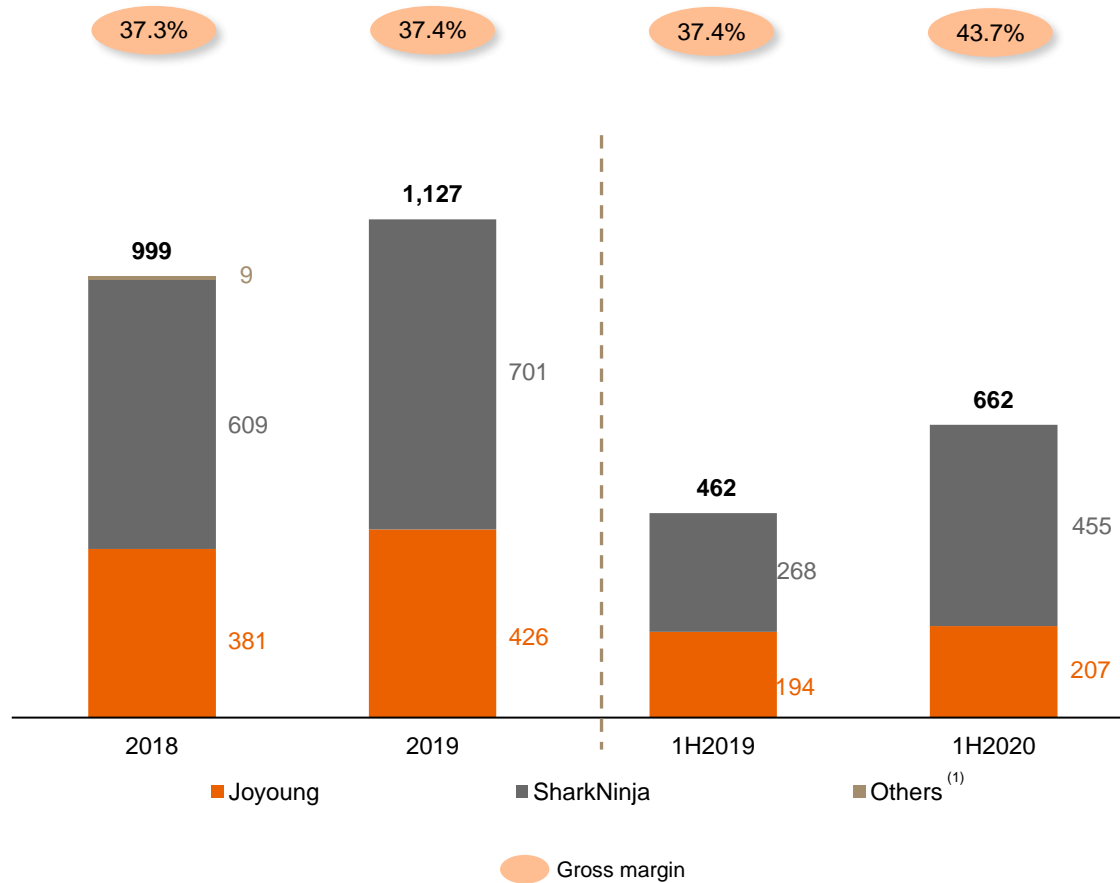
- Strong growth in cooking appliances was primarily due to the strong performance of new products launched in 2H2019 and the growth in consumer demand during COVID-19
- Growth in cleaning appliances was primarily attributable to the successful launch of new Advanced Navigation robotic vacuums in Q4 2019, coupled with accelerated consumer demand towards cleaning appliances due to COVID-19
- Growth in food preparation appliances was primarily attributable to the application of creative products and technologies to the lower end, and the expansion to the mainstream sales price range

(1) Sales growth of Joyoung segment would have been higher if reported in RMB term, as the average exchange rate used for the segment during 1H2020 depreciated compared with 1H2019

Gross profit and margin

Gross profit by segment

(USD mn)



Strong growth in both gross profit and gross margin in 1H2020, with a YoY growth of 43.2% for gross profit and a 6.3 percentage points increase in gross margin compared with 1H2019, which was mainly due to:

1. The positive impact of tariff refunds of USD 38.1 million in 1H2020 in relation to the tariff expenses recognized in prior periods; and
2. The optimization of product portfolio in North America and Europe, especially driven by the successful launch of higher-margin robotic vacuum products
3. The increased demand for SharkNinja's products which led to a higher percentage of sales sold at regular prices rather than promotional prices

Gross margin for Joyoung segment decreased from 33.9% in 1H2019 to 33.1% in 1H2020, primarily due to the change of product mix

Gross margin for SharkNinja segment increased from 40.4% in 1H2019 to 51.1% in 1H2020, primarily due to the substantial increase in revenue in North America and Europe, an optimized product portfolio and the positive impact of tariff refunds⁽²⁾

(1) In November 2018, JS Global disposed of a majority of its equity interest in Joyoung Bean to a related party, ceased to consolidate it as a subsidiary and no longer have the others segment since then

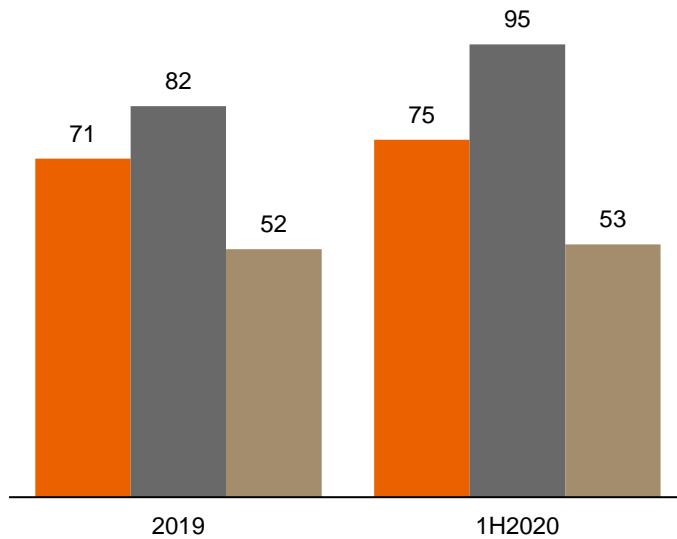
(2) Gross margin for SharkNinja segment would have been 41.2% excluding the effect of a USD 38.1mn tariff refunds recorded in 1H2020 but related to tariff expenses recognized in prior periods

Working capital management

Working capital management

Inventory turnover days⁽¹⁾

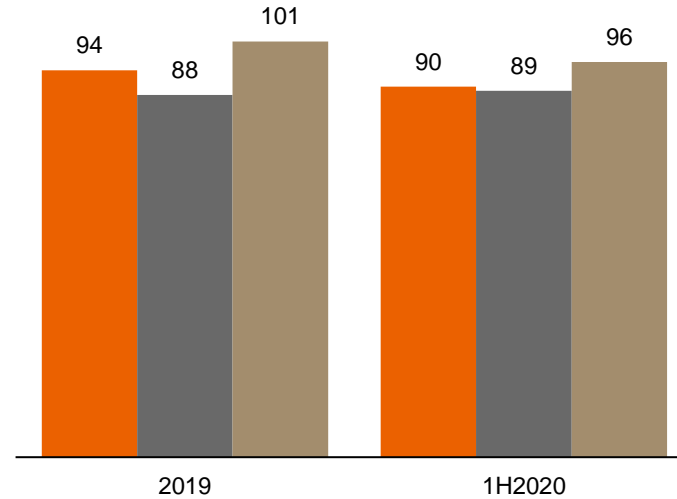
(Days)



■ JS Global ■ SharkNinja ■ Joyoung

Trade and bill receivables turnover days⁽²⁾

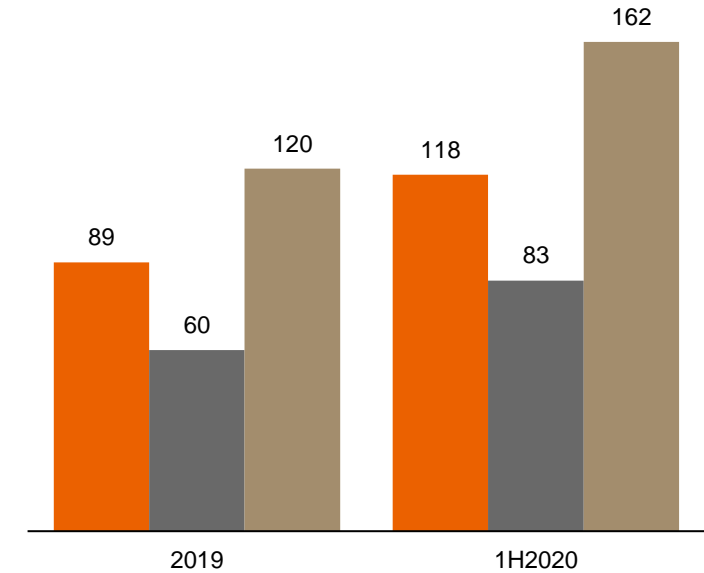
(Days)



■ JS Global ■ SharkNinja ■ Joyoung

Trade and bill payables turnover days⁽³⁾

(Days)



■ JS Global ■ SharkNinja ■ Joyoung

(1) Turnover days of average inventories equals average inventories divided by cost of sales and multiplied by the number of days in the period. Average inventories equal inventories at the beginning of the period plus inventories at the end of the period, divided by two

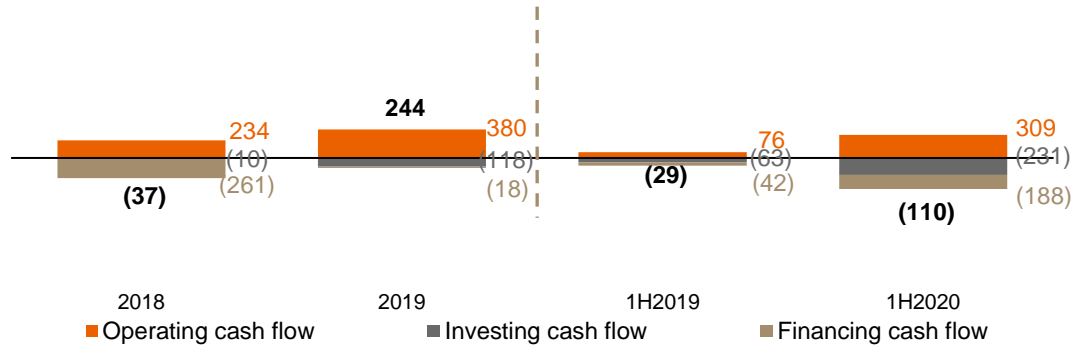
(2) Turnover days of average trade and bill receivables equals average trade and bill receivables divided by revenue and then multiplied by the number of days in the period. Average trade and bill receivables equal trade and bill receivables (net of impairment) at the beginning of the period plus trade and bill receivables at the end of the period, divided by two

(3) Turnover of average trade and bill payables equals average trade and bill payables divided by cost of sales and then multiplied by the number of days in the period. Average trade and bill payables equals trade and bill payables (net of impairment) at the beginning of the period plus trade and bill payables at the end of the period, divided by two

Cash flow and capital structure

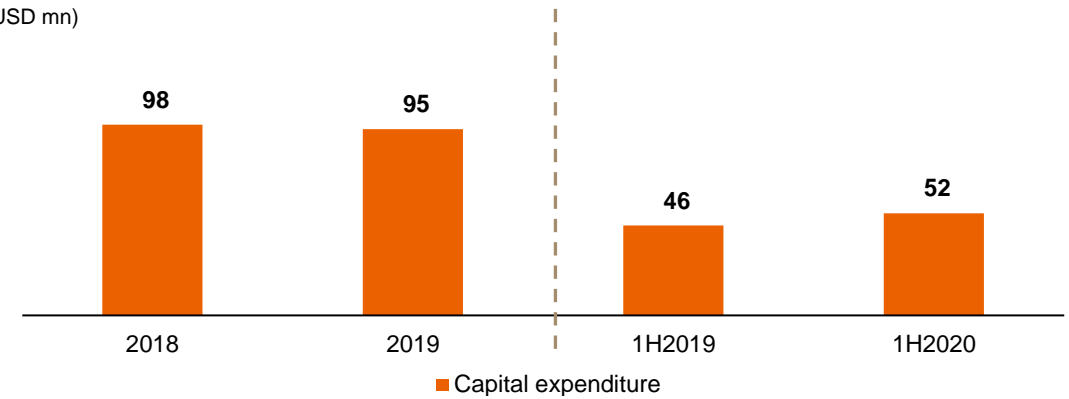
Cash flow

(USD mn)



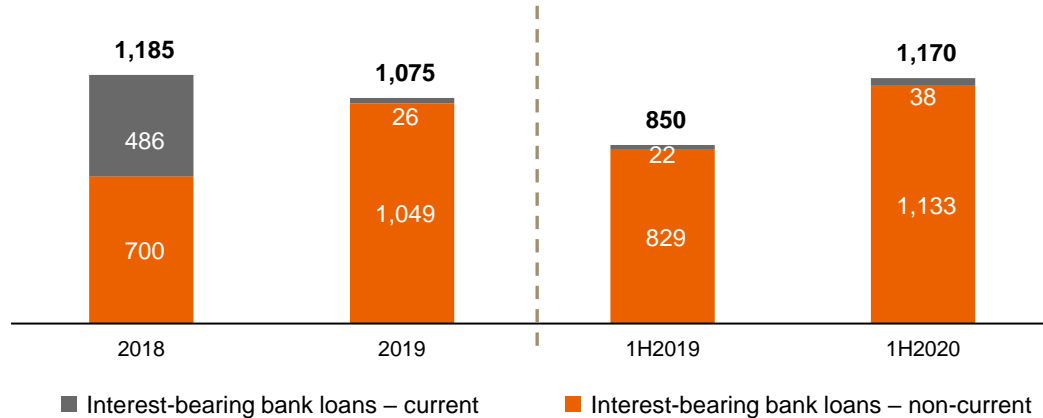
Capital expenditure

(USD mn)

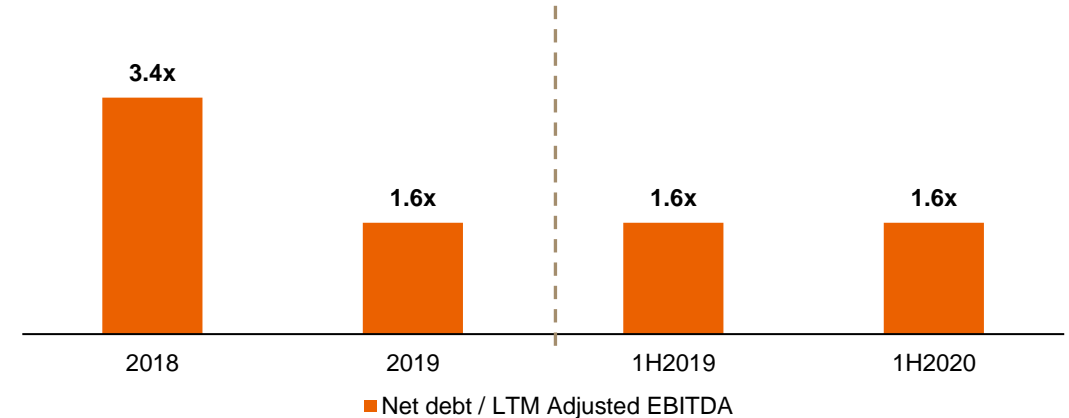


Debt profile and maturities

(USD mn)



Leverage ratio⁽¹⁾

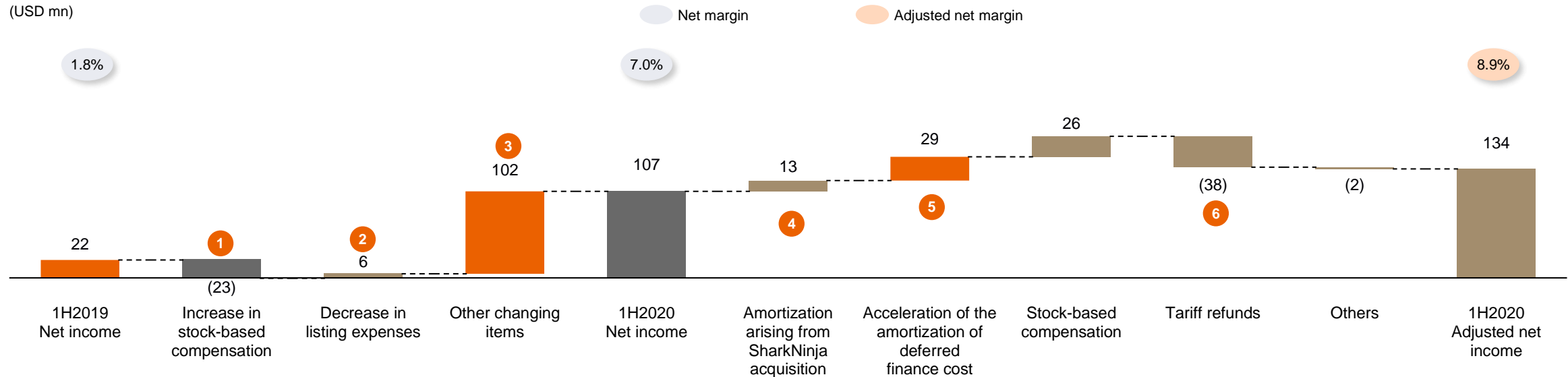


In March 2020, we have successfully completed the low-cost refinancing of certain existing borrowings and effectively reduced our finance costs

(1) Adjusted EBITDA figures were non-audited numbers; net debt is calculated as the sum of interest-bearing bank loans and lease liabilities, less cash and cash equivalents and pledged deposits used to secure bank loans and bills payables

Adjustment – Net income

1H2019 – 1H2020 Net income adjustments

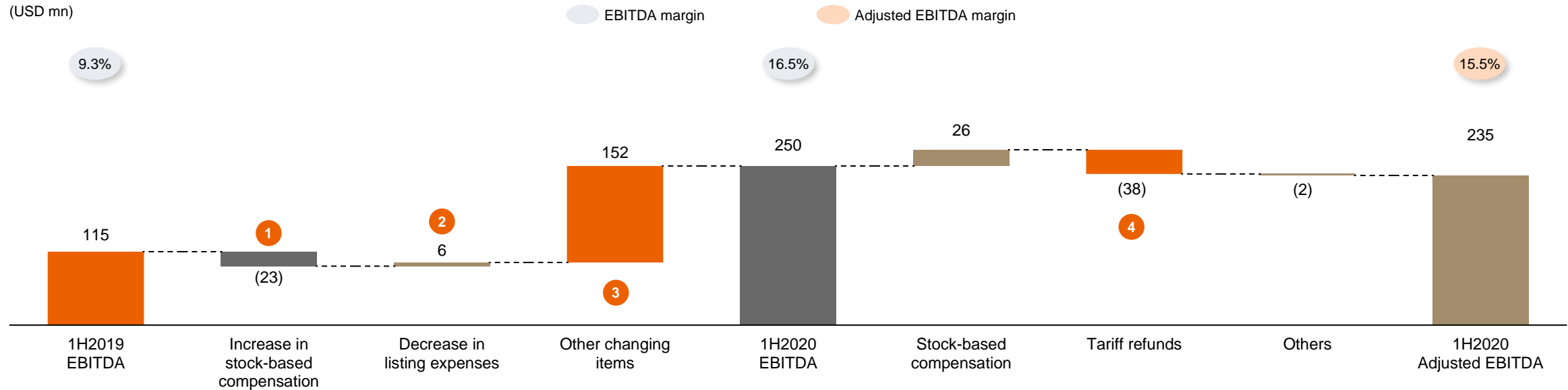


Commentary

- 1 Stock-based compensation increased from USD 2.9mn in 1H2019 to USD 25.5mn in 1H2020, which was mainly due to the newly-adopted RSU Plan in October 2019
- 2 Listing expenses was USD 5.8mn in 1H2019 as a result of the HKEx listing of JS Global, such expenses was nil during 1H2020
- 3 Change of net income from 1H2019 to 1H2020 (excluding stock-based compensation and decrease in listing expenses) was mainly due to the increase in gross profit (USD 199.6mn), partially offset by the increase in selling and distribution expenses (USD 40.4mn) and the increase in administrative expenses (USD 41.2mn), among other changing items
- 4 Includes the amortization of intangible assets arising from the acquisition of SharkNinja (patent and retailer relationships owned by SharkNinja as determined at fair value on acquisition date)
- 5 Includes the amortization of deferred financing costs due to the loan replacement of the Company in March 2020
- 6 Includes the tariff refunds of USD 38.1mn recorded in 1H2020 in relation to the tariff expenses recognized in prior periods

Adjustment – EBITDA

1H2019 – 1H2020 EBITDA adjustments



Commentary

- 1 Stock-based compensation increased from USD 2.9mn in 1H2019 to USD 25.5mn in 1H2020, which was mainly due to the newly-adopted RSU Plan in October 2019
- 2 Listing expenses was USD 5.8mn in 1H2019 as a result of the HKEx listing of JS Global, such expenses was nil during 1H2020
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- 4 Includes the tariff refunds of USD 38.1mn recorded in 1H2020 in relation to the tariff expenses recognized in prior periods



2. 1H2020 Business update




JS Global is a leading global brand focusing on small household appliances



Global small household appliance market scorecard

	1H2020 retail sales value (USD bn)	1H2020 market share
Company A	6.3	13.3%
Company B	3.6	7.5%
Company C	3.4	7.2%
Company D	2.5	5.3%
Company E	2.5	5.3%
JS Global	2.4	5.1%
Company F	2.2	4.6%

 Small household appliance-focused companies⁽¹⁾



Top 10 small household appliance companies accounted for **~56.2%** global market share in 1H2020



JS Global ranked **#6** in the global small household appliance market in 1H2020



JS Global ranked **#3** among the small household appliance-focused companies⁽¹⁾

The competitive position JS Global has established will continue to cement and enhance its global leadership



Innovation capability

- Strong global R&D platform
- Successfully created and defined a number of categories



Supply chain management

- Highly flexible and accommodating global supply chain system
- Highly effective product quality and cost control



Sales channel

- Extensive offline and online sales network in China and the US, the two largest small household appliance markets
- Omni-channel strategy helps better integrate resources and serve consumers



Brand awareness

- Strong brand names in China and the US markets with global influence
- The growing brand power and focus on mid-to high-end market has enabled JS Global to gain strong pricing power and to ride the premiumization trend

Note: Industry data from Frost & Sullivan industry report; market size, market share and ranking by retail sales value
 (1) Small household appliance-focused companies represent those that generated over 50% of revenue in 1H2020 through sales of small household appliances

1H2020 Business review highlights

Strong US sales

- Strong growth in US was primarily due to strong performance of new products, including the expanded Ninja Foodi Series, advanced navigation robotic vacuums and the Shark VACMOP among others, launched in 2H2019 and 1H2020. Meanwhile, we have captured the opportunities brought by "stay-at-home" trend and satisfied consumer demands for cleaning and cooking appliances with our existing products and new products



Strong China sales

- Revenue for Joyoung segment grew by 9.1% in 1H2020, which was primarily attributable to our advantages in online channels, new product launches and further expansion of core product's mainstream sales price range, effectively satisfying consumer demands
- Strong sales performance during 618 shopping festival, whereby Shark China was ranked #1 in mop category on both Tmall.com and JD.com



Robust expansion in international markets

- Rapid growth in Europe with a revenue growth of 56.5% YoY, primarily due to the strong growth in UK. In addition, we have successfully established presence in Germany and France during the period
- Revenue in other markets grew by 14.1% YoY, primarily driven by the overall sales growth in Japan



Strong performance from new products

- Continuous positive customer feedback from the newly-launched SharkNinja products in 2H2019 and 1H2020, including the expanded Ninja Foodi Series, Advanced Navigation robotic vacuums and the Shark VACMOP, among others
- Enhanced brand appeal to the lifestyle-conscious and younger generations with the launch of new products under SKY series and Mengchao series in China, as well as the successful expansion into mainstream sales price range



Effective mitigation on increased customs duties and steady maintenance of gross margin

- We have benefited from tariff exclusions on certain vacuum, robotic vacuum and air fryer products which has resulted in USD 38.1mn in tariff refunds in 1H2020 related to tariff expenses recognized in prior periods
- In light of the continued uncertainty of the customs duties environment, we have continued expanding the capacities in Southeast Asia and optimizing cross-regional synergies to elevate the JS Global's supply chain and increase the flexibility of our production capacities



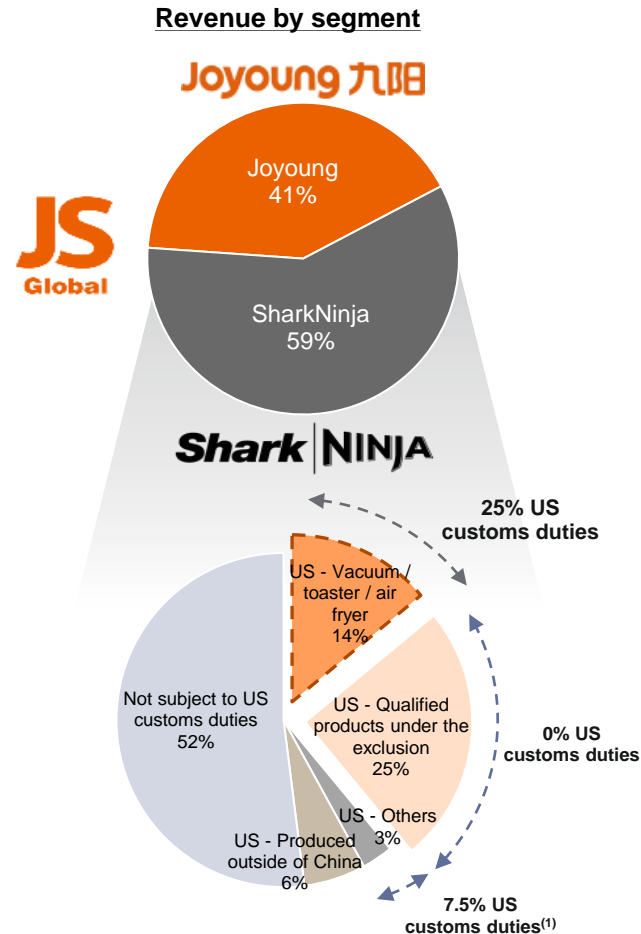
Synergies

- Based on the successful experience in co-developing the Foodi products, ShakNinja and Joyoung continued to deepen the collaboration in heated appliances and launched various new products including Grill series, DZ series double basket air fryers and SF series steam air fryers, as well as electric mop series, etc.
- Expansive global sourcing network enlarged the supplier base of JS Global
- Economies of scale by aggregating commonly purchased parts enhanced our bargaining power against suppliers and effectively lowered the cost of good sold during the period
- Realization of synergies proven by the strong performance of the Ninja Foodi series and Shark China



Business impacted by US customs duties

- During 1H2020, c. **8%** of JS Global revenue were subject to 25% US customs duties (representing c. **14%** of SharkNinja revenue in 1H2020)
- During 1H2020, c. **15%** of JS Global revenue were benefiting from the exclusion granted on certain 25% US customs duties impacted products (representing c. **25%** of Sharkninja revenue)



2020 Customs duties mitigation strategy



We have continued to expand the capacity in Vietnam and started production in Thailand in 1H2020



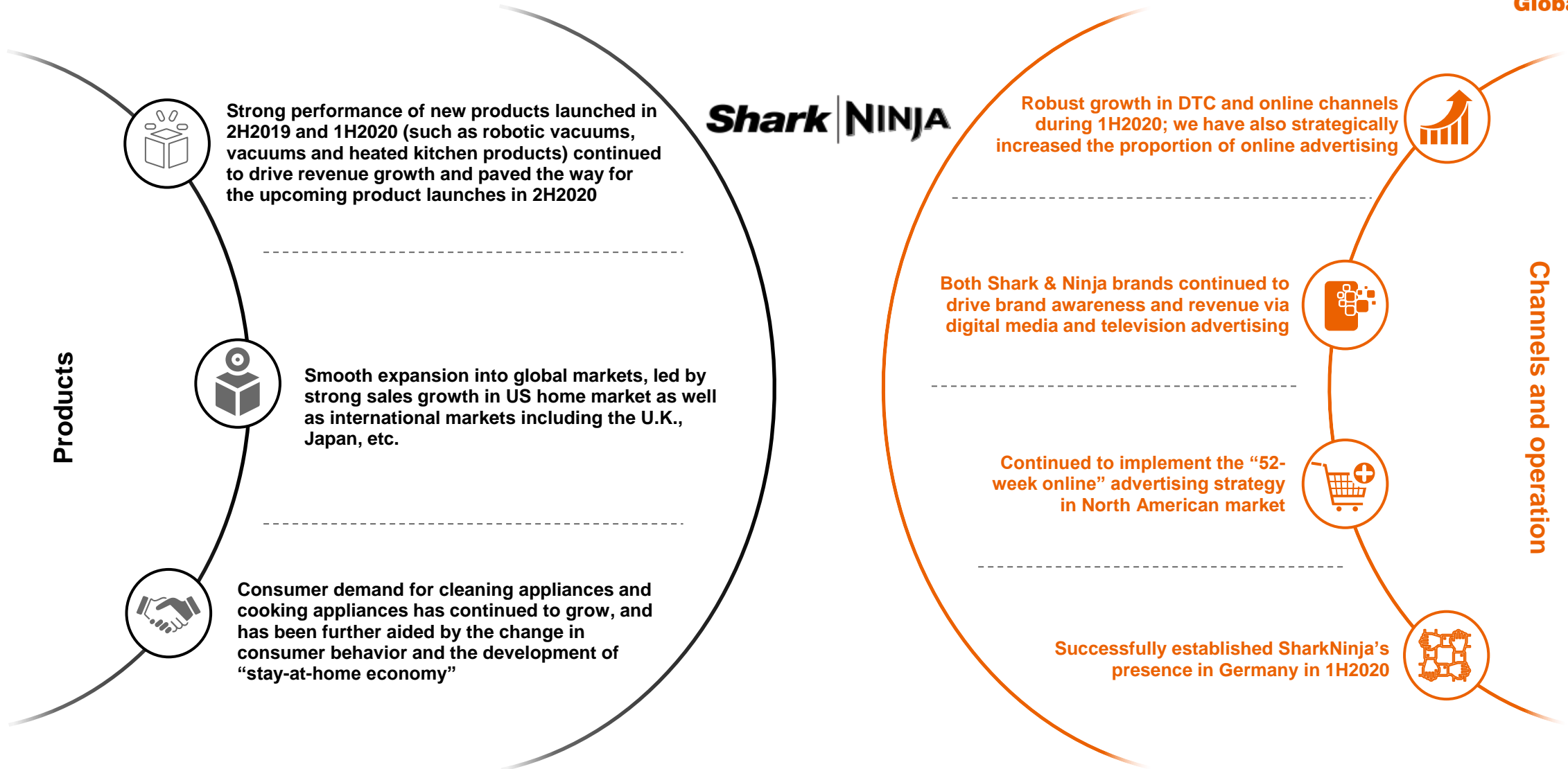
Seeking refunds for products that we believe qualify for exclusions under Section 301



Updating retailer assortments in order to increase the percentage of our products that qualify for exclusions

(1) According to USTR, effective February 14, 2020, the rate of additional customs duties for List 4a will be reduced from 15% to 7.5%

SharkNinja segment – general review



SharkNinja segment – 2019 and 1H2020 new product overview

1H2020 Popular product overview

NINJA Ninja Foodi				Shark Advanced Navigation		Shark Corded and Cordless Vacuums		
								
Foodi Digital Air Fryer Oven	Foodi Indoor Grill	Foodi Heated Blender	Foodi Deluxe (8qt.)	Advanced Navigation with auto empty functions	Advanced Navigation	Cordless Vacuums	Corded Vacuums with self-cleaning brush roll technology	VACMOP Cordless Hard Floor System

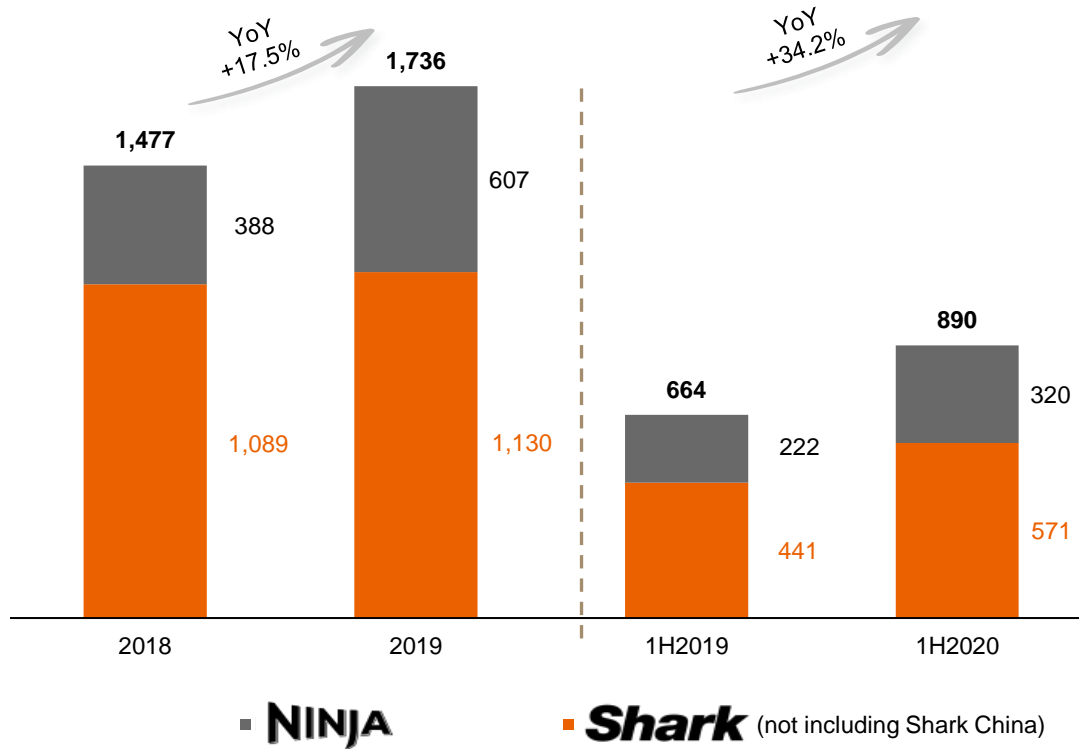
2H2020 New product overview

Shark					
	WandVac System	Cordless Vacuums with Vertex technology	Corded Vacuums with Vertex technology	AI Robot Series	
NINJA					
	Foodi Smart XL Grill	Foodi XL Pro Air Oven	Foodi 2-Basket Air Fryer	Foodi NeverStick Premium	Foodi Power Pitcher System

SharkNinja segment – revenue and gross profit

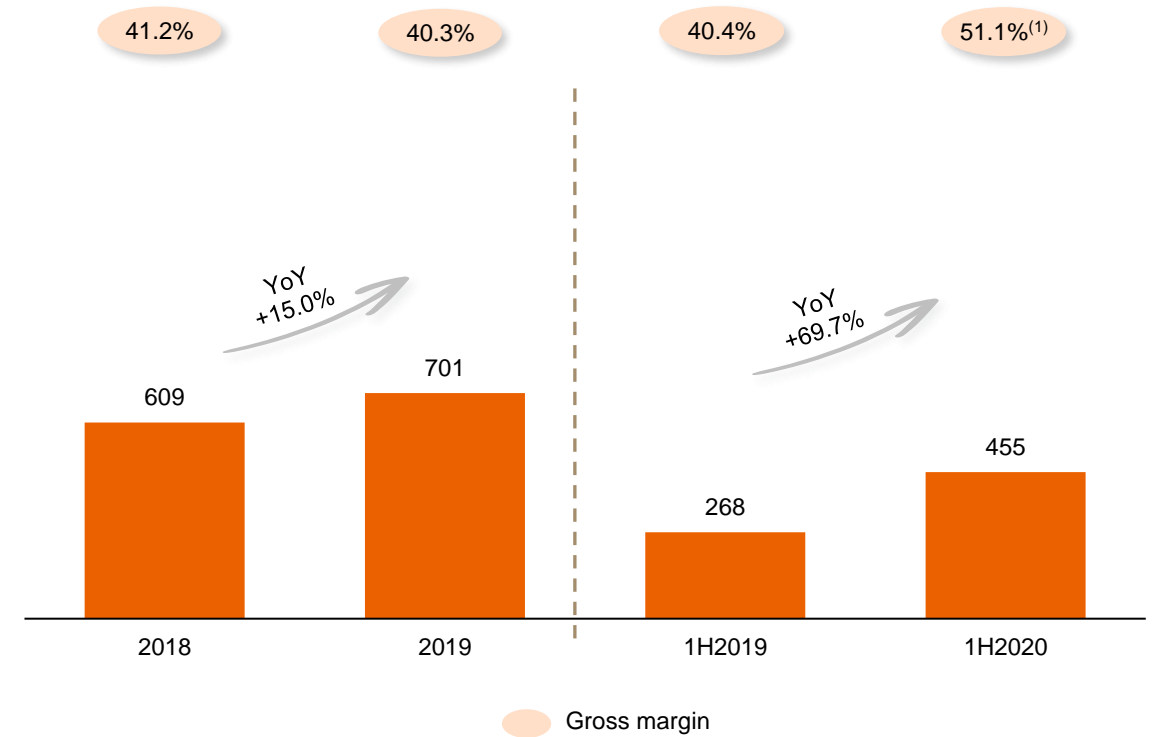
Revenue by brand

(USD mn)



Gross profit

(USD mn)



(1) Gross margin would have been 46.9% excluding the impact of tariff refunds of USD 38.1 million in 1H2020 in relation to the tariff expenses recognized in prior periods

Joyoung segment – general review

Joyoung 九阳

Products



Continued to launch new and innovative products under the SKY series, receiving positive market feedback and successfully expanding into mainstream price range



Crossover IP collaboration became more diversified with products becoming more serialized, successfully drawing the attention of new-era consumers to national brands



Capturing the opportunities of “stay-at-home economy”, baking category and breakfast machines have gained popularity

Channels and operation



Leveraged our advantages in online channels to capture growth opportunities



Established a comprehensive offline & online livestreaming ecosystem, encompassing celebrities, KOLs, “Bosses”, store owners, employees and in-store promoters, etc. to raise brand awareness



Actively explored new channel forms, including offline premium branded stores and online flagship stores, and achieved O2O integration via digitalized operations



Continued to develop digitalized and new retail operations by establishing new channels, cultivating new users and attracting new fans to achieve comprehensive digital transformation

New product launches and channel innovation in 1H2020

Mengchao series – crossover IP collaboration became more diversified, and products became more serialized



Celebrity and KOL endorsement



Established a comprehensive online & offline livestreaming ecosystem, encompassing celebrities, KOLs, "Bosses", etc.

SKY series – continued innovation, successfully expanding into mainstream price range

S – multifunctional steamer



S160



S1

K – soymilk maker



K150



K2S



K350

Y – high-performance multifunctional blender



Y1

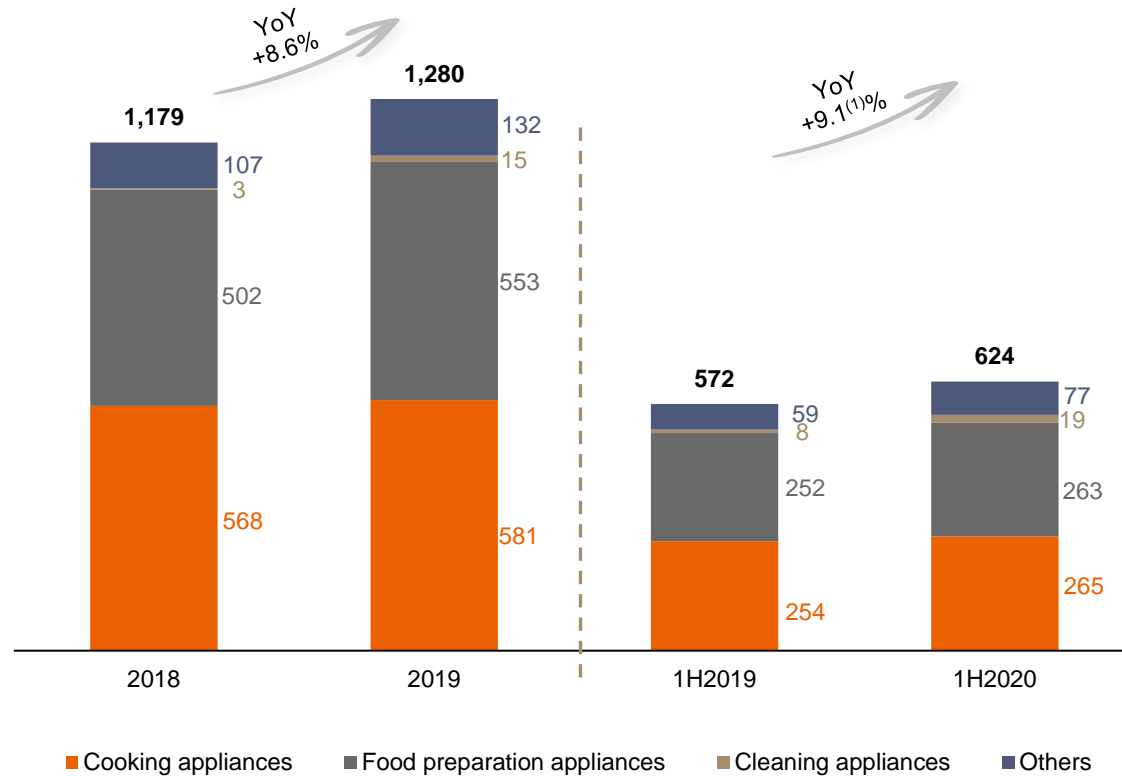


Y3

Joyoung segment – revenue and gross profit

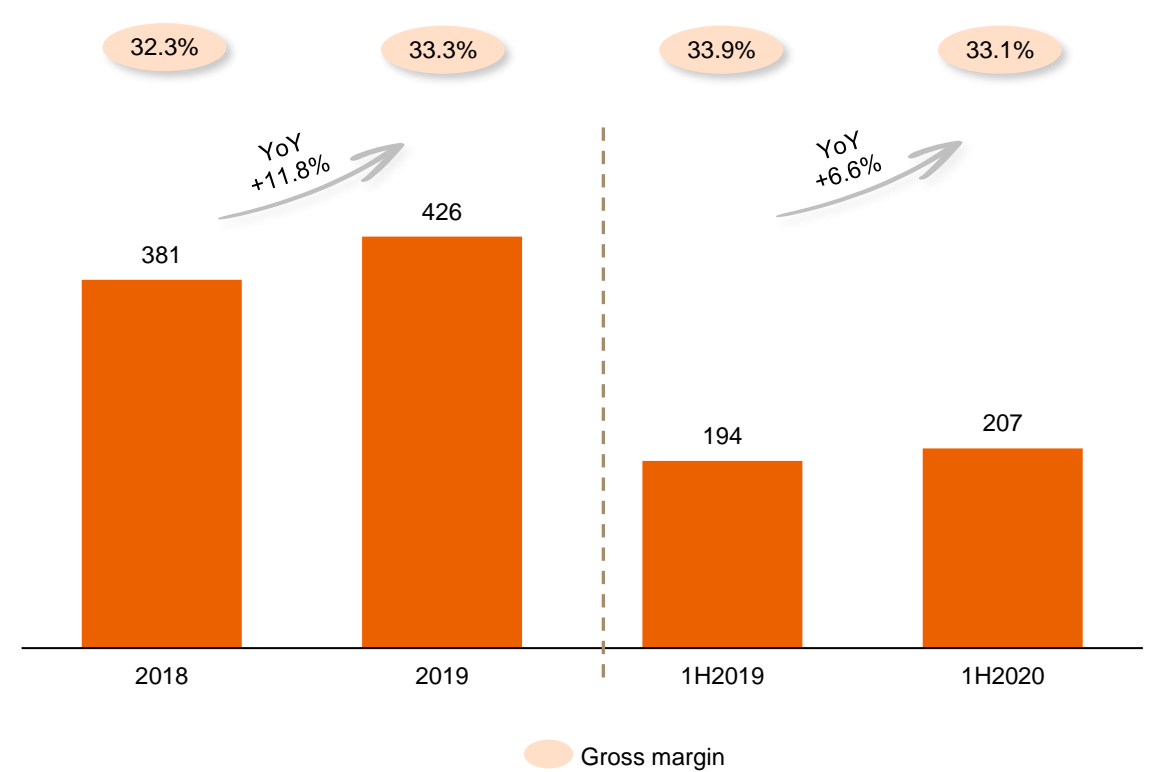
Revenue by product category

(USD mn)



Gross profit

(USD mn)



(1) Sales growth of Joyoung segment would have been higher if reported in RMB term, as the average exchange rate used for the segment during 1H2020 depreciated compared with 1H2019

Synergies and China JV update

Business synergies



Enriched product portfolio

- Based on the successful experience in developing the Foodi products, ShakNinja and Joyoung continued to deepen the collaboration in heated appliances and launched various new products including Grill series, DZ series double basket air fryers and SF series steam air fryers, as well as electric mop series, further enriching product portfolio and effectively widening the market outreach



ShakNinja and Joyoung engineering teams driving expanded collaboration programs to include design review, resource sharing, and rapid development of new projects

- R&D Centers across the globe in US, China, and UK



Supplier base expansion through existing, new, and expanding sourcing relationships within mainland China



Economies of scale by aggregating commonly purchased parts enhanced our bargaining power against suppliers, effectively reducing the cost of good sold

China JV update



Continue to solidify the **No.1** position in steam mops; ranked **No.1** in mop category on **Tmall.com** and **JD.com** during **618 shopping festival** in 2020



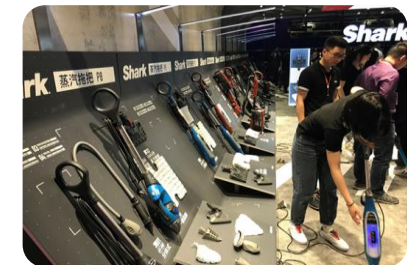
Ranked No.1 on Tmall.com and JD.com during 618 shopping festival, drawing attention from media



Established the very first technical specification of foldable vacuums in the industry



Focus brand promotion in key cities and channels

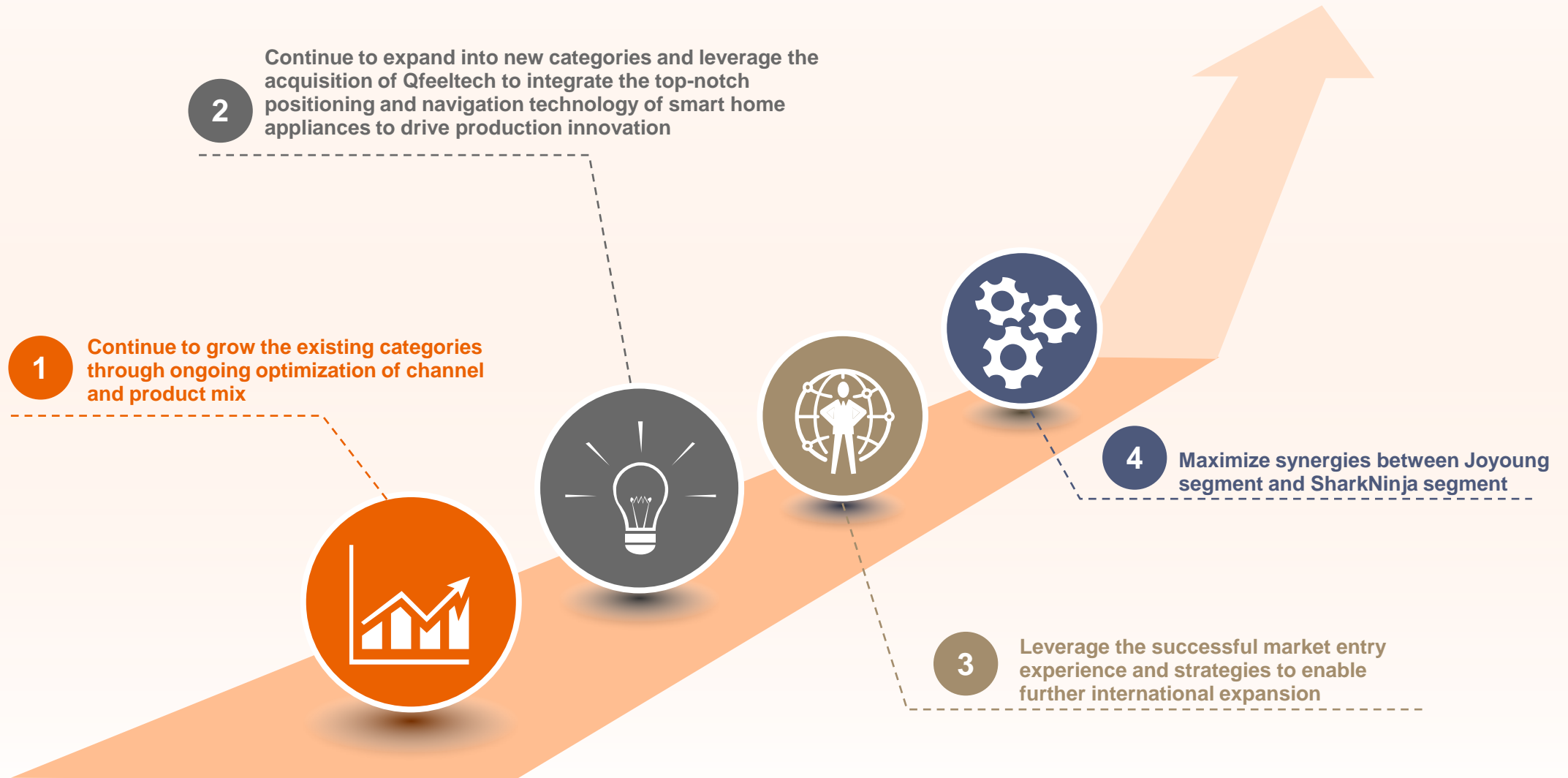


Product demonstrations by in-store promoters to enhance shopping experience

3. Strategy and outlook



Key growth strategies



Joyoung 九阳

- In terms of production, our capacity as well as the capacities of our upstream / downstream suppliers have fully recovered since Q2 2020
- In terms of sales, the offline stores for Joyoung have resumed operation, with offline traffic concentrated in new retail formats such as our Shopping Mall stores as a result of accelerated change of consumer habits of due to COVID-19. In addition, we have held the “stay-at-home immunity challenge” via Key Opinion Customers which resulted in over 100mn customer outreach, capturing customer’s preference and mitigating the offline impacts
- On demand side, in the post-COVID-19 era, consumer interest and demand in kitchen appliances have increased. In addition, the increasing awareness of health and hygiene has resulted in increasing consumer demand in deep-cleaning products

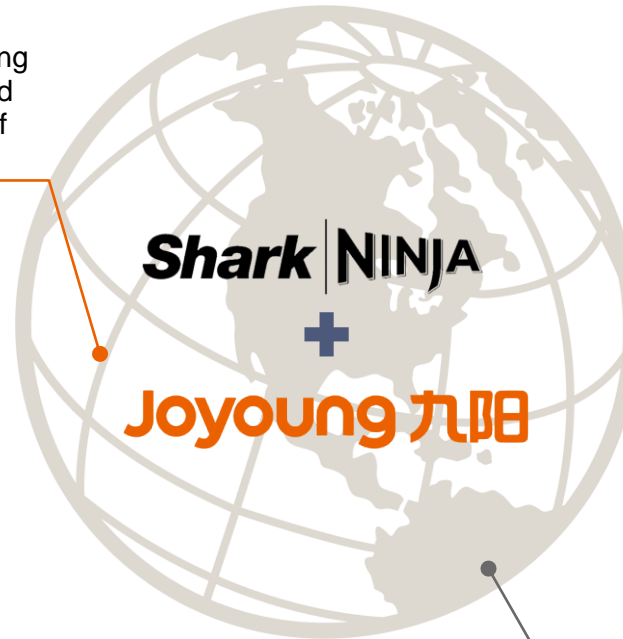
Shark NINJA

- Our supply chain disruption was 4 to 6 weeks on average due to COVID-19, while we have been able to effectively minimize such supply chain impact on most products as we typically carry c. 2 months’ worth of inventory
- We have been able to leverage our omni-channel distribution capabilities including our relationships with North American retailers (such as Walmart, Amazon and Target) to promptly respond to changes in consumer behavior as more sales are transitioning to online channels from offline channels
- With the continued spread of COVID-19 to Europe and North America, consumers are staying home, cooking for themselves more often rather than eating out and are more focused on hygiene. We have been able to capture the growth opportunities of such “at-home economy” by precisely matching consumer demand with our various product lines, such as cooking appliance and cleaning appliances

Business synergies and China JV

1 Business synergies

- Executing on cost savings opportunities identified by cross functional teams by using combined purchases and shared suppliers to negotiate better costs
- Closer collaboration of engineering teams to standardize designs and generate additional economies of scale



- More localized, serialized and lighter products
- Securing the leading position in the vacuum category
- Integrated online and offline development driven by brand and channel
- Digital marketing in all domains; capturing the livestreaming opportunities
- End-POS and in-store promoters-driven offline network integration

2 China JV



Positively impact people's lives around the world every day through transformational, innovative and design-driven smart home products



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