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JS Global Lifestyle Company Limited
JS 环球生活有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1691)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

FINANCIAL HIGHLIGHTS OF THE 2022 ANNUAL RESULTS ANNOUNCEMENT

- Total revenue of the Group was approximately US$5,041.2 million, representing a year-on-year decrease of approximately 2.1%;
- Gross profit was approximately US$1,880.2 million, a year-on-year decrease of approximately 2.3%;
- Profit for the year ended December 31, 2022 was approximately US$357.5 million, a year-on-year decrease of approximately 22.4%;
- Adjusted net profit for the year ended December 31, 2022 was approximately US$425.6 million, a year-on-year decrease of approximately 15.3%;
- Profit attributable to owners of the parent for the year ended December 31, 2022 decreased by 21.0% year-on-year to approximately US$332.3 million;
- Adjusted net profit attributable to owners of the parent for the year ended December 31, 2022 was approximately US$393.8 million, a year-on-year decrease of approximately 15.1%;
- EBITDA for the year ended December 31, 2022 decreased by 12.2% year-on-year to approximately US$624.5 million;
- Adjusted EBITDA for the year ended December 31, 2022 decreased by 8.2% year-on-year to approximately US$673.0 million;
- As the Group is processing significant strategic restructuring, the Board does not recommend the payment of any final dividend for the year 2022.

The board (the "**Board**") of directors (the "**Directors**") of JS Global Lifestyle Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**" or "**we**") for the year ended December 31, 2022 (the "**Reporting Period**").

FINANCIAL INFORMATION

The financial information below is an extract of the consolidated financial statements of the Group for the year ended December 31, 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2022

	Notes	**2022** ***US$'000***	2021 *US$'000*
REVENUE	*4*	**5,041,210**	5,150,593
Cost of sales		**(3,161,024)**	(3,226,210)
Gross profit		**1,880,186**	1,924,383
Other income and gains	*5*	**36,907**	41,308
Selling and distribution expenses		**(790,395)**	(808,793)
Administrative expenses		**(609,911)**	(537,607)
Impairment losses on financial assets		**(9,547)**	(7,500)
Other expenses		**(8,274)**	(9,779)
Finance costs	*7*	**(47,428)**	(27,890)
Share of profits and losses of associates		**5,167**	713
PROFIT BEFORE TAX	*6*	**456,705**	574,835
Income tax expense	*8*	**(99,202)**	(114,133)
PROFIT FOR THE YEAR		**357,503**	460,702
Attributable to:			
Owners of the parent		**332,274**	420,499
Non-controlling interests		**25,229**	40,203
		357,503	460,702
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
— Basic		**US$9.7 cents**	US$12.4 cents
— Diluted		**US$9.6 cents**	US$12.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2022

	2022 *US$'000*	2021 *US$'000*
PROFIT FOR THE YEAR	**357,503**	460,702
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(75,120)**	16,071
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(75,120)**	16,071
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Financial assets designated at fair value through other comprehensive income:		
Changes in fair value	**(1,908)**	1,370
Income tax effect	**467**	(88)
	(1,441)	1,282
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent period	**(1,441)**	1,282
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(76,561)**	17,353
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**280,942**	478,055
Attributable to:		
Owners of the parent	**273,412**	432,358
Non-controlling interests	**7,530**	45,697
	280,942	478,055

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2022

	Notes	**2022** **US$'000**	2021 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**218,972**	205,840
Investment properties		**16,756**	19,997
Prepaid land lease payments		**14,533**	16,170
Right-of-use assets		**72,752**	78,641
Goodwill	*11*	**848,619**	849,296
Other intangible assets		**609,239**	588,369
Investments in associates		**30,080**	27,330
Financial assets at fair value through profit or loss		**76,158**	81,197
Financial assets designated at fair value through other comprehensive income		**42,495**	44,728
Deferred tax assets		**103,433**	77,073
Other non-current assets		**20,649**	41,095
Total non-current assets		**2,053,686**	2,029,736
CURRENT ASSETS			
Inventories	*12*	**646,270**	782,280
Trade and bills receivables	*13*	**1,198,025**	1,245,748
Prepayments, other receivables and other assets		**158,853**	84,964
Financial assets at fair value through profit or loss		**17,286**	82,068
Derivative financial instruments		**22,657**	—
Pledged deposits		**34,901**	28,558
Cash and cash equivalents		**504,137**	555,457
Total current assets		**2,582,129**	2,779,075

	Notes	**2022** *US$'000*	2021 *US$'000*
CURRENT LIABILITIES			
Trade and bills payables	*14*	**687,506**	879,078
Other payables and accruals		**663,275**	618,441
Other financial liabilities		**87,148**	—
Derivative financial instruments		**—**	66
Interest-bearing bank borrowings	*15*	**135,275**	85,272
Lease liabilities		**16,986**	19,167
Tax payable		**4,838**	21,373
Total current liabilities		**1,595,028**	1,623,397
NET CURRENT ASSETS		**987,101**	1,155,678
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,040,787**	3,185,414
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*15*	**721,781**	856,874
Lease liabilities		**67,466**	68,174
Deferred tax liabilities		**160,656**	151,661
Other non-current liabilities		**26,235**	19,810
Total non-current liabilities		**976,138**	1,096,519
Net assets		**2,064,649**	2,088,895
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*16*	**34**	34
Treasury shares		**(32,614)**	(2,956)
Share premium		**1,064,487**	1,064,487
Capital reserve		**(60,719)**	(27,266)
Reserves		**928,504**	825,798
		1,899,692	1,860,097
Non-controlling interests		**164,957**	228,798
Total equity		**2,064,649**	2,088,895

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended December 31, 2022

1. CORPORATE AND GROUP INFORMATION

JS Global Lifestyle Company Limited (JS 环球生活有限公司 , the "**Company**") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- design, marketing, manufacture, export, import and distribution of a full range of floor care products, hard-surface steam cleaning products and small kitchen appliances under the brands of "**Shark**" and "**Ninja**"; and
- design, manufacture, marketing, export and distribution of small kitchen electrical appliances under the brand of "**Joyoung**".

In the opinion of the Directors, the immediate holding company and the ultimate holding company of the Company is JS Holding Limited Partnership ("**JS Holding**"), which is incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations issued and approved by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial liabilities associated with the put option which have been measured at fair value. These financial statements are presented in United States dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The application of the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and on the disclosures set out in these consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its operations and has two reportable operating segments of SharkNinja and Joyoung:

(a) the SharkNinja segment is involved in the design, marketing, manufacture, export, import and distribution of a full range of floor care products, hard-surface steam cleaning products and small kitchen appliances; and

(b) the Joyoung segment is involved in the design, manufacture, marketing, export and distribution of small kitchen electrical appliances.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except the head office and corporate income and expenses which are excluded from such measurement. The head office and corporate income and expenses include exchange gains or losses, interest income, non-lease-related finance costs, and other unallocated corporate income and expenses.

Year ended December 31, 2022

	Joyoung *US$'000*	**SharkNinja** *US$'000*	**Total** *US$'000*
Segment revenue			
Sales to external customers	**1,325,306**	**3,715,904**	**5,041,210**
Intersegment sales	**173,667**	**1,462**	**175,129**
	1,498,973	**3,717,366**	**5,216,339**
Reconciliation:			
Elimination of intersegment sales			**(175,129)**
Revenue *(note 4)*			**5,041,210**
Segment results	**88,275**	**410,864**	**499,139**
Reconciliation:			
Interest income			**198**
Exchange gain			**10,792**
Unallocated income			**1,933**
Finance costs			**(39,065)**
Corporate and other unallocated expenses			**(16,292)**
Profit before tax			**456,705**
Other segment information			
Share of profits and losses of associates	**5,167**	**—**	**5,167**
Impairment of inventories and financial assets recognized in profit or loss	**4,237**	**17,691**	**21,928**
Depreciation and amortization	**17,480**	**110,568**	**128,048**
Interest income	**6,065**	**1,381**	**7,446**
Finance costs	**637**	**7,726**	**8,363**
Investments in associates	**30,080**	**—**	**30,080**
Capital expenditure*	**17,761**	**147,502**	**165,263**

Year ended December 31, 2021

	Joyoung *US$'000*	SharkNinja *US$'000*	Total *US$'000*
Segment revenue			
Sales to external customers	1,435,745	3,714,848	5,150,593
Intersegment sales	183,275	12,143	195,418
	1,619,020	3,726,991	5,346,011
Reconciliation:			
Elimination of intersegment sales			(195,418)
Revenue *(note 4)*			5,150,593
Segment results	124,214	507,151	631,365
Reconciliation:			
Interest income			2,465
Exchange losses			(668)
Unallocated income			556
Finance costs			(24,281)
Corporate and other unallocated expenses			(34,602)
Profit before tax			574,835
Other segment information			
Share of profits and losses of associates	713	—	713
Impairment/(reversal of impairment) of inventories and financial assets recognized in profit or loss	(197)	19,063	18,866
Depreciation and amortization	19,022	97,752	116,774
Interest income	5,437	182	5,619
Finance costs	516	3,093	3,609
Investments in associates	27,330	—	27,330
Capital expenditure*	24,689	122,970	147,659

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets, including assets from the acquisition of a subsidiary.

Geographical information

(a) *Revenue from external customers*

	2022	2021
	US$'000	*US$'000*
North America	**2,928,050**	2,964,033
Mainland China	**1,307,225**	1,398,210
Europe	**632,313**	616,765
Other countries/regions	**173,622**	171,585
	5,041,210	5,150,593

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2022	2021
	US$'000	*US$'000*
North America	**750,760**	717,080
Mainland China	**160,544**	177,838
Europe	**16,601**	7,611
Other countries/regions	**4,347**	6,488
	932,252	909,017

The non-current assets information above is based on the locations of the assets and included property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and intangible assets other than goodwill.

Information about major customers

The major customers which contributed more than 10% of total revenue of the Group for the years ended December 31, 2022 and 2021 are listed below:

	2022	2021
	%	*%*
Customer A	**11.2**	11.6
Customer B	**10.0**	11.1

All the revenues derived from other single external customers were less than 10% of the Group's total revenues for the years ended December 31, 2022 and 2021.

4. REVENUE

An analysis of revenue is as follows:

	2022	2021
	US$'000	*US$'000*
Revenue from contracts with customers		
Sale of goods and provision of extended warranties	**5,041,210**	5,150,593

Revenue from contracts with customers

(a) Disaggregated revenue information

	2022	2021
	US$'000	*US$'000*
Geographical markets		
North America	**2,928,050**	2,964,033
Mainland China	**1,307,225**	1,398,210
Europe	**632,313**	616,765
Other countries/regions	**173,622**	171,585
Total revenue from contracts with customers	**5,041,210**	5,150,593

	2022	2021
	US$'000	*US$'000*
Timing of revenue recognition		
Goods transferred at a point in time	**5,039,613**	5,148,735
Services transferred over time	**1,597**	1,858
Total revenue from contracts with customers	**5,041,210**	5,150,593

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022	2021
	US$'000	*US$'000*
Sale of goods and provision of extended warranties	**28,060**	81,394

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of home appliance products

The performance obligation is satisfied upon delivery of the home appliance products and payment is generally due within 30 to 60 days from delivery. Some contracts provide customers with a right of return, sales rebates and extended warranties which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2022	2021
	US$'000	*US$'000*
Amounts expected to be recognized as revenue:		
Within one year	24,331	28,060
More than one year	2,651	2,575
	26,982	30,635

5. OTHER INCOME AND GAINS

	2022 *US$'000*	2021 *US$'000*
Other income		
Bank interest income	**7,644**	8,084
Net rental income from investment property operating leases	**2,815**	1,382
Government grants	**15,359**	13,172
Others	**2,918**	3,305
	28,736	25,943
Gains		
Gain on disposal of items of property, plant and equipment	**—**	39
Gain on financial assets at fair value through profit or loss, net	**5,209**	9,844
Gain on disposal of associates, net	**—**	1,097
Foreign exchange differences, net	**2,782**	—
Others	**180**	4,385
	8,171	15,365
	36,907	41,308

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2022 *US$'000*	2021 *US$'000*
Cost of inventories sold	**3,161,024**	3,226,210
Depreciation of property, plant and equipment	**71,758**	65,517
Depreciation of investment properties	**1,765**	2,448
Depreciation of right-of-use assets	**22,193**	21,431
Amortization of prepaid land lease payments	**418**	425
Amortization of other intangible assets (excluding capitalized development costs)*	**24,934**	21,911
Research and development costs:		
Amortization of capitalized development costs	**6,980**	5,042
Current year expenditure	**224,436**	214,418
	231,416	219,460
Lease payments not included in the measurement of lease liabilities	**6,880**	11,703
Auditor's remuneration	**1,793**	1,905
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**424,985**	347,577
Equity-settled share award expense	**8,607**	21,495
Pension scheme contributions**	**11,851**	10,848
	445,443	379,920

	2022	2021
	US$'000	*US$'000*
Foreign exchange differences, net	**(2,782)**	6,324
Impairment of inventories	**12,381**	11,366
Impairment of financial assets, net:		
Impairment of trade receivables, net	**8,761**	7,458
Impairment of financial assets included in prepayments, other receivables and other assets	**786**	42
	9,547	7,500
Product warranty provision:		
Additional provision	**25,299**	20,171
(Gain)/loss on disposal of items of property, plant and equipment	**2,298**	(39)
Gain on financial assets at fair value through profit or loss, net	**(5,209)**	(9,844)
Gain on disposal of associates, net	**—**	(1,097)
Loss on disposal of right-of-use assets	**30**	—
Government grants***	**(15,359)**	(13,172)

Notes:

* The amortization of patents, retailer relationship and software for the year is included in "Administrative expenses" and "Selling and distribution expenses" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** Various government grants have been received for setting up research activities and alleviating unemployment in Mainland China. Government grants received for which related expenditure has not yet been undertaken are recognised as deferred income and included in other non current liabilities in the statement of financial position.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	US$'000	*US$'000*
Interest on bank loans	**35,080**	20,038
Interest on lease liabilities	**3,850**	3,452
Amortization of deferred finance costs	**3,756**	3,629
Other finance costs	**4,742**	771
	47,428	27,890

8. INCOME TAX

	2022	2021
	US$'000	*US$'000*
Current income tax charge/(credit):		
In Mainland China	**17,335**	12,853
In the United States	**76,900**	88,489
In Hong Kong	**13,074**	17,769
In the United Kingdom	**2,387**	4,550
Elsewhere	**996**	2,184
Deferred income tax:		
In Mainland China	**696**	2,681
In the United States	**(16,959)**	(7,145)
In the United Kingdom	**4,773**	(7,248)
Total tax charge for the year	**99,202**	114,133

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The determination of current and deferred income taxes was based on the enacted tax rates.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the relevant PRC income tax law, except for certain preferential treatments available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% (2021: 25%) on their respective taxable income. During the year, four (2021: five) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates.

The US income tax includes (a) federal income tax calculated at a fixed rate of 21% (2021: 21%) for the year ended December 31, 2022 on the estimated US federal taxable income and (b) state income tax calculated at various state income tax rates on the estimated state taxable income for the respective states.

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

The United Kingdom income tax is calculated at a rate of 19% (2021: 19%) on the estimated taxable income.

The Group realized tax benefits during the year through applying the preferential corporate income tax rates and the corporate income tax exemptions. These preferential tax treatments were available to the Group pursuant to the enacted PRC tax rules and regulations and are subject to assessment by the relevant PRC tax authorities.

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

2022

	Mainland China		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Profit/(loss) before tax	95,828		267,599		106,472		18,136		(31,330)		456,705	
Tax at the statutory tax rates	23,957	25.0	56,196	21.0	17,568	16.5	3,446	19.0	1,078	(3.4)	102,245	22.4
(Lower)/higher tax charges for specific provinces or enacted by local authority	(6,541)	(6.8)	7,063	2.6	—	—	—	—	(113)	0.4	409	0.1
Effect of withholding tax on the distributable profits of Group's subsidiaries	4,685	4.9	—	—	—	—	3,091	17.0	—	—	7,776	1.7
Effect on opening deferred tax of decrease in tax rates	—	—	—	—	—	—	(1,785)	(9.8)	—	—	(1,785)	(0.4)
Adjustments in respect of current tax of prior years	776	0.8	(1,630)	(0.6)	(731)	(0.7)	816	4.5	31	(0.1)	(738)	(0.2)
Expenses not deductible for tax	1,226	1.3	—	—	—	—	—	—	—	—	1,226	0.3
Income not subject to tax	—	—	(1,319)	(0.5)	(3,781)	(3.6)	—	—	—	—	(5,100)	(1.1)
Profits and losses attributable to associates	(1,263)	(1.3)	—	—	—	—	—	—	—	—	(1,263)	(0.3)
Super deduction on research and development costs	(8,745)	(9.1)	(6,436)	(2.4)	—	—	—	—	—	—	(15,181)	(3.3)
Temporary difference and tax losses not recognized	3,936	4.1	6,067	2.3	18	—	1,592	8.8	—	—	11,613	2.5
Tax charge/(credit) at the Group's effective tax rate	18,031	18.9	59,941	22.4	13,074	12.2	7,160	39.5	996	(3.1)	99,202	21.7

2021

	Mainland China		The United States		Hong Kong		The United Kingdom		Others		Total	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Profit/(loss) before tax	121,891		391,377		96,415		(15,976)		(18,872)		574,835	
Tax at the statutory tax rates	30,413	25.0	82,189	21.0	15,995	16.5	(3,035)	19.0	640	(3.4)	126,202	22.0
(Lower)/higher tax charges for specific provinces or enacted by local authority	(11,364)	(9.3)	10,908	2.8	—	—	—	—	277	(1.5)	(179)	—
Effect of withholding tax on the distributable profits of Group's PRC subsidiaries	2,308	1.9	—	—	—	—	—	—	—	—	2,308	0.4
Effect on opening deferred tax of decrease in tax rates	(1,566)	(1.3)	—	—	—	—	1,489	(9.3)	—	—	(77)	—
Adjustments in respect of current tax of prior years	380	0.3	(772)	(0.2)	405	0.4	—	—	1,050	(5.6)	1,063	0.2
Expenses not deductible for tax	368	0.3	—	—	620	0.7	—	—	217	(1.1)	1,205	0.2
Income not subject to tax	(115)	(0.1)	(6,305)	(1.6)	—	—	(489)	3.1	—	—	(6,909)	(1.2)
Profits and losses attributable to associates	(278)	(0.2)	—	—	—	—	—	—	—	—	(278)	(0.1)
Super deduction on research and development costs	(8,357)	(6.9)	(4,676)	(1.2)	—	—	(663)	4.1	—	—	(13,696)	(2.4)
Tax losses not recognized	3,745	3.1	—	—	749	0.8	—	—	—	—	4,494	0.8
Tax charge/(credit) at the Group's effective tax rate	15,534	12.8	81,344	20.8	17,769	18.4	(2,698)	16.9	2,184	(11.6)	114,133	19.9

The share of tax credit attributable to associates amounting to US$1,263,000 (2021: US$278,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

9. DIVIDENDS

	2022	2021
	US$'000	*US$'000*
Proposed final dividend — nil (2021: HK$0.4098 (equivalent to US$0.0527)) per ordinary share	**—**	184,254

The Board does not recommend the payment of any final dividend for the year as the Company is processing significant strategic restructuring.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,418,257,000 (2021: 3,402,181,000) shares in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive effect arising from the share award scheme of Joyoung Co., Ltd., a subsidiary of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2022	2021
	US$'000	*US$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**332,274**	420,499

	Number of shares 2022	Number of shares 2021
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,418,257**	3,402,181
Effect of dilution — weighted average number of ordinary shares:		
Share award scheme	**29,206**	18,696
	3,447,463	3,420,877

11. GOODWILL

	2022	2021
	US$'000	*US$'000*
Goodwill at January 1	**849,296**	848,238
Acquisition of a subsidiary	**—**	830
Exchange realignment	**(677)**	228
Less: provision for impairment	**—**	—
Goodwill at December 31	**848,619**	849,296

Impairment testing of goodwill and indefinite life intangible assets

Goodwill and trademarks recorded in other intangible assets with indefinite lives acquired through business combinations are allocated to the cash-generating unit ("**CGU**") of SharkNinja Global and its subsidiaries (collectively referred to as the "**SharkNinja Global**") for impairment testing.

The Group performed its annual impairment test as at December 31, 2022. The recoverable amount of the SharkNinja Global CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management at December 31, 2022, and corroborated by the market approach. The discount rate applied to the cash flow projections is 12% (2021: 16%). The growth rate used to extrapolate the cash flows beyond the five-year period is 2.5% (2021: 2.5%).

Assumptions were used in the value in use calculation of the SharkNinja Global CGU at December 31, 2022. The following describes key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth — The bases used to determine the future earnings potential are historical sales and average expected growth rates of the markets in North America, Europe, Asia and other markets.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, adjusted for expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Expenses — The value assigned to the key assumptions reflects past experience and management's commitment to maintain the SharkNinja Global CGU's operating expenses to an acceptable level.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Based on the result of the impairment test on the SharkNinja Global CGU, the estimated recoverable amount of the SharkNinja Global CGU exceeded its carrying amount by US$1,772 million (2021: US$3,549 million) as at December 31, 2022.

Sensitivity to changes in assumptions

The Company has performed the sensitivity analysis on key assumptions used in the impairment test. Had the estimated key assumptions been changed as follows, the headroom would be increased/(decreased) by:

	2022 ***US$'000***	2021 *US$'000*
Five-year period growth rate increased by 5%	**174,652**	212,593
Five-year period growth rate decreased by 5%	**(170,817)**	(207,190)
Discount rate decreased by 5%	**312,866**	395,424
Discount rate increased by 5%	**(274,595)**	(349,814)

With regard to the assessment of the value in use of the SharkNinja Global CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the CGU to exceed its recoverable amount.

12. INVENTORIES

	2022 *US$'000*	2021 *US$'000*
Raw materials	**23,347**	35,797
Finished goods	**639,305**	753,839
Less: Impairment	**(16,382)**	(7,356)
	646,270	782,280

The movements in provision for impairment of inventories are as follows:

	2022 *US$'000*	2021 *US$'000*
At the beginning of the year	**7,356**	6,077
Impairment losses	**12,381**	11,366
Less: Amount written off	**(3,233)**	(10,095)
Exchange realignment	**(122)**	8
At the end of the year	**16,382**	7,356

13. TRADE AND BILLS RECEIVABLES

	2022 *US$'000*	2021 *US$'000*
Bills receivable	**264,515**	347,605
Trade receivables	**945,339**	904,961
Less: Impairment	**(11,829)**	(6,818)
	1,198,025	1,245,748

Certain of the Group's trading terms with its customers are payments in advance, while for other customers, credit is granted. The credit period is generally 30 days to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management.

Included in the Group's trade and bills receivables are amounts due from the Group's associates of US$7,013,000 (2021: US$11,293,000) as at December 31, 2022, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2022 *US$'000*	2021 *US$'000*
Within 6 months	**1,189,551**	1,226,556
6 months to 1 year	**7,072**	18,607
1 to 2 years	**1,402**	585
	1,198,025	1,245,748

The movements in provision for impairment of trade receivables are as follows:

	2022	2021
	US$'000	*US$'000*
As at the beginning of the year	**6,818**	6,624
Impairment losses, net	**8,761**	7,458
Amount written off as uncollectible	**(3,750)**	(7,264)
As at the end of the year	**11,829**	6,818

As at December 31, 2022 and 2021, the trade receivables were denominated in US$ and RMB, and the fair values of trade receivables approximated to their carrying amounts.

An impairment analysis is performed at each reporting date using a provision matrix or assessed individually to measure expected credit losses. As at December 31, 2022, the amount of individually assessed provision was US$6,998,000 (2021: US$2,314,000). The provision rates used in the provision matrix are based on the days from the billing date for customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At December 31, 2022

		Past due			
	Not overdue to 6 months	**7 to 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**0.14%**	**30.12%**	**53.30%**	**100%**	
Gross carrying amount (US$'000)	**925,370**	**2,261**	**3,002**	**1,217**	**931,850**
Expected credit losses (US$'000)	**1,333**	**681**	**1,600**	**1,217**	**4,831**

At December 31, 2021

		Past due			
	Not overdue to 6 months	7 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.17%	31.68%	54.15%	100%	
Gross carrying amount (US$'000)	882,199	3,782	1,276	1,117	888,374
Expected credit losses (US$'000)	1,498	1,198	691	1,117	4,504

14. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	US$'000	*US$'000*
Within 1 year	**686,698**	877,927
1 to 2 years	**808**	1,151
	687,506	879,078

Included in the trade and bills payables are trade payables of US$13,070,000 (2021: US$9,981,000) due to associates which are repayable within 90 days, which represents credit terms similar to those offered by the associates to their major customers.

The Group's bills payable were secured by pledged deposits of the Group of US$34,901,000 (2021: US$28,558,000) as at December 31, 2022, and secured by bills receivable of the Group of US$124,815,000 (2021: US$189,054,000) as at December 31, 2022.

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

15. INTEREST-BEARING BANK BORROWINGS

	December 31, 2022			December 31, 2021		
	Interest rate (%)	**Maturity**	***US$'000***	Interest rate *(%)*	Maturity	*US$'000*
Current						
Bank loans — secured (a)	**1.56+LIBOR**	**2023**	**48,303**	1.56+LIBOR	2022	35,870
Bank loans — secured (a)	**1.80+LIBOR**	**2023**	**86,972**	1.80+LIBOR	2022	49,402
			135,275			85,272
Non-current						
Bank loans — secured (a)	**1.56+LIBOR**	**2024 to 2025**	**372,612**	1.56+LIBOR	2023 to 2025	420,921
Bank loans — secured (a)	**1.80+LIBOR**	**2024 to 2025**	**349,169**	1.80+LIBOR	2023 to 2025	435,953
			721,781			856,874
			857,056			942,146

	2022	2021
	US$'000	*US$'000*
Analyzed into:		
Bank loans repayable:		
Within one year or on demand	**135,275**	85,272
In the second year	**222,797**	135,092
In the third to fifth years, inclusive	**498,984**	721,782
	857,056	942,146

Notes:

(a) The bank loans are secured by:

(i) The pledge of 411,558,069 (2021: 307,618,897) shares of Joyoung Co., Ltd. as at December 31, 2022, and the pledge of 103,939,172 shares of Joyoung Co., Ltd which was effective starting from January 24, 2022;

(ii) 82.90% of shares in Shanghai Lihong Enterprise Management Company Limited ("**Shanghai Lihong**") held by JS Global Trading HK Limited;

(iii) 0.86% of shares in Shanghai Lihong held by Easy Appliance Limited;

(iv) Certain of the Group's assets amounting to US$2,554,454,000 (2021: US$2,564,917,000) as at December 31, 2022; and

(v) The pledge of equity interests of the following companies:

	Percentage of equity interests
Global Appliance LLC	100%
EP Midco LLC	100%
SharkNinja Operating LLC	100%
Euro-Pro International Holding Company	100%
SharkNinja Sales Company	100%
SharkNinja Management LLC	100%
Global Appliance UK Holdco Limited	100%
SharkNinja Global SPV, Ltd.	100%
SharkNinja Global SPV 2 Limited	100%
Bilting Developments Limited	100%
JS (BVI) Holding Limited	100%
JS Global Trading HK Limited	100%
Euro-Pro Hong Kong Limited	100%
SharkNinja (Hong Kong) Company Limited	100%
Shenzhen SharkNinja Technology Co., Ltd	100%
Suzhou SharkNinja Technology Co., Ltd	100%

The Group's unutilized available bank borrowing facilities amounted to US$200,000,000 (2021: US$200,000,000) as at December 31, 2022.

16. ISSUED CAPITAL

	2022 ***US$'000***	2021 *US$'000*
Authorized:		
5,000,000,000 (2021: 5,000,000,000) ordinary shares of US$0.00001 each	**50**	50
Issued and fully paid:		
3,494,612,277 (2021: 3,494,612,277) ordinary shares of US$0.00001 each	**34**	34

	Note	Number of ordinary shares	Nominal Value *US$'000*
At January 1, 2021		**3,489,112,277**	**34**
Issue of shares to the RSU Plan	*(i)*	**5,500,000**	**—**
At December 31, 2021, January 1, 2022 and December 31, 2022		**3,494,612,277**	**34**

A summary of movements in the Company's share capital is as follows:

(i) In January 2021, the Company issued and allotted 5,500,000 ordinary shares with a nominal value of US$0.00001 each to Grand Riches Ventures Limited pursuant to the RSU Plan.

17. EVENTS AFTER THE REPORTING PERIOD

On February 23, 2023, the Company submitted a proposal to The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to the spin-off and separate listing of SharkNinja pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company has obtained approval from the Stock Exchange that the Company may proceed with the proposed spin-off, and it may be undertaken together with an initial public offering of SharkNinja shares on a U.S. Exchange, either the New York Stock Exchange or National Association of Securities Dealers Automated Quotations (NASDAQ), subject to the determination by SharkNinja and the Company.

The following discussion should be read in conjunction with the consolidated financial information of the Group, including the related notes, set forth in the financial information section of this announcement.

BUSINESS OVERVIEW

Our mission is to positively impact people's lives around the world every day through transformational, innovative, and design-driven smart home products.

We are a global leader in high-quality, innovative small household appliances and our success is centered around our deep understanding of consumer needs and is built on our strong product innovation and design capability powered by a global research and development platform, marketing strengths driving high brand engagement, and an omni-channel distribution model with high penetration. Through continuously creating new products, expanding, and diversifying our product portfolio to stimulate consumers' demand and grow the market, we are the leader of the market, reshaping the consumer behavior and their lifestyle globally. With trusted market-leading brands, Shark, Ninja and Joyoung, we continue to maintain a leading position in the global small household appliance market.

We focus on three core competencies: (i) developing transformational innovative products with appealing designs; (ii) effecting multi-form brand marketing; and (iii) building a global omni-channel sales network. They are supported by operational infrastructure, including a global research and development platform which utilizes consumer engagement to amass information on consumer preferences and behaviors that informs and influences the product development process, a centralized supply chain with a global reach and a comprehensive information management system across the entire value chain.

We offered our transformational and innovative small household appliances under the brand names of Shark, Ninja and Joyoung, within the following two business segments during the Reporting Period:

- the SharkNinja segment focused on home environment appliances and kitchen appliances which are sold in North America, Europe, Japan and various other countries throughout the world. The Shark and Ninja brands maintained leading market share in multiple product categories and in a number of countries through an intense focus on quality, reliability, consumer satisfaction and accessible innovation to consumers;

- the Joyoung segment continued to focus on the development of kitchen appliances, cleaning appliances, water appliances and cookwares. In China, our Joyoung brand maintained leading market share in several innovative product categories.

Global Update

2022 marked another strong year for the Company, as revenue remained nearly flat with only a slight decrease of 2.1% after the growth of 22.8% in 2021 and 39.1% in 2020. On a constant currency basis, our revenue would have increased by 0.7% but was impacted by devaluation of the Chinese Renminbi, the Great British Pound and the Japanese Yen against the U.S. Dollar in 2022. We faced challenging economic conditions in 2022 amidst the rise in inflation in many of the markets in which we sell our products, along with retailer destocking as a result of economic uncertainty. Despite those challenges, we were able to maintain revenue level after the growth we achieved in 2020 and 2021 by continuing to execute on our strategy of launching new products in new product categories, bringing new technology to our existing categories which allowed us to continue to gain market share, and by continuing our plans to grow internationally outside of China and the United States (the "**U.S.**").

We have continued to invest in the areas that are going to drive continued growth for us as well, including the development of exciting new products within our existing categories, the development of new products in new categories, and international expansion. As a result of those investments, our adjusted net profit declined by 15.3% to US$425.6 million, but we are confident that those investments will enable us to sustain our growth moving forward.

The COVID-19 pandemic continued to cause disruptions to our business, particularly in China in 2022, and concerns about the economy and inflation have caused uncertainties within all of the markets that we operate in. Our 2022 results are evidence of the strength of our long-term strategy and ability to execute on it despite the challenges we have faced and the continued hard work and ongoing dedication of our associates and partners around the globe.

The United States

Shark remains the #1 vacuum brand in the U.S., while Ninja continues to be the #1 brand in small kitchen appliances in the U.S. Retaining these incredible standings, in very competitive markets, is a direct result of executing on our strategy of growing market share in existing categories and launching into new categories.

Our market share grew in nearly every major category that we operate in. Our market share within cleaning appliances grew from 32.0% to 34.6%[1], cooking appliances declined from 27.4% to 26.2%[2], and food preparation appliances grew from 33.4% to 36.1%[3] in the U.S. We also grew market share within product categories that we launched into in 2021 including hair care products in which our market share grew from 0.8% in 2021 to 7.4% in 2022[4], air purifiers in which our market share increased from 3.0% in 2021 to 6.4% in 2022[5] and ice cream makers in which our market share increased from 23.7% in 2021 to 60.5% in 2022[6]. We have been able to grow our market share in the U.S. by the following ways:

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1 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2022 vs. January–December 2021. "Cleaning appliances" include: Bare Floor Cleaners, Upright Vacuums, Stick Vacuums, Robotic Vacuums, Hand Vacuums

2 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2022 vs. January–December 2021. "Cooking appliances" include: Air Fryers, Fryers, Electric Grills, Other Electric Grills/Griddles, Multi-Cookers, Toaster Oven

3 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2022 vs. January–December 2021. "Food preparation appliances" include: Juice Extractors, Traditional Blending, Kitchen System, Single Serve Blending & Processing, Traditional Food Processor

4 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2022 vs. January–December 2021 "Hair Care" includes: Hair Dryers and Hot Air Stylers

5 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2022 vs. January–December 2021 (Air Purifiers)

6 Source: The NPD Group/Retail Tracking Service, U.S. dollar sales, January–December 2022 vs. January–December 2021 (Ice Cream/Yogurt Makers)

- Launching new categories in 2022 which allowed us to start winning market share in those new categories. The following list represents product launches in new product categories in 2022:

  - **Ninja Woodfire Outdoor Grill** which is our first entry into the outdoor grilling category. This product includes seven cooking functions including grill, smoker, roast, bake, dehydrate, air crisp and broil without the use of either gas or charcoal.

  - **Shark Hydrovac**, marking our first entry into the two-in-one vacuum category. This product vacuums, mops and cleans itself at the same time. The continuous self-cleaning system keeps dirt from being redeposited back on the floor.

- Securing strong placement of these new categories at retailers as a result of our solid track record of success when we have expanded into new product categories in the past, and our willingness to invest in advertising to support the new product launches.

- Launching numerous new products in existing categories in order to grow market share globally, including a new series of vacuums with odor neutralizer technology.

- Continuing to expand upon new categories that were launched in 2021 by bringing an expanded assortment of products to those categories in 2022 with additional features and functionality including:

  - **Shark Flexstyle** which was built upon our 2021 entry into the personal care space. This product transforms between a powerful, fast hair dryer, and an ultra-versatile multi-styler.

  - **Shark Air-Purifier 3-in-1 and Shark Air Purifier Max** which were built upon our entry into air purification in 2021. These products include such features as HEPA filtration and odor neutralization, Clean Sense IQ, and purified air, purified heat and purified fan modes.

  - **Ninja Creami Deluxe 11-in-1 XL Ice Cream Maker** which was built upon our entry into the ice cream maker space in 2021. This product has 11 functions, the ability to hold 3 cups, and Advanced Creamify Technology.

- Continuing to heavily leverage, with respect to all of our product launches, consumer insights in order to validate that the products we are bringing to the market will resonate with consumers and create excitement, while also living up to the claims we are making in our advertising.

Marketing and advertising continued to be a significant area of spending for us, as we continued to invest in digital advertising, short-form and long-form television advertising to provide further knowledge to consumers about the products we are bringing to the market. Further, we are leveraging new media channels, broadening advertising support by pushing notification wherever the consumer spends time across streaming, social platforms, and mobile, while maintaining close partnerships with platforms to test, learn and scale up. We increased influencer marketing activity, with a bigger focus on promoting consumer 5-star reviews and experiences to drive online conversation and spread authentic word-of-mouth, showcasing our strong and growing consumer loyalty.

We have continued to leverage our omni-channel distribution strategy as sales shifted from offline to online and consumers are able to find our products wherever they choose to shop. We have leveraged our strong relationships with retailers to gain incremental product placements and key promotions during Amazon Prime Day, Black Friday, Cyber Week, and other key promotional periods.

China

The Joyoung segment of the Group actively developed serialized and scenario-based product portfolios to satisfy the demands of consumers of different age groups. In 2022, we targeted different scenarios and launched several series of products. In our main selling series of products, we launched high-performance multi-functional blenders with zinc oxide bacteriostatic technology, air fryers with stereo hot air cyclic heating technology that do not need flip-overs, zero-coating rice cookers with water film technology, water purifiers with integrated bacteriostat, heat and purification functions, Damowang non-stick and wear-resisting fry pan (大磨王耐磨不粘炒鍋), which enhanced Joyoung's brand influence and the touch of technology of its products effectively. In addition, the self-cleaning function of small household appliances has become an essential option for product optimization and upgrading. From the kitchen to the whole house, from the "wash-free" high-performance multi-functional blender to the "one-button self-cleaning" wet dry vacuum, the Company actively took advantages of consumers insight, grasping the mainstream direction of the iteration of wet dry vacuum — the features of sterilization, antibacterial and deodorization, launched a wet dry vacuum with multiple functions such as automatic drying and electrolytic tap water sterilization.

In terms of channels, Joyoung used a three-dimensional and multi-level sales network to achieve precise coverage of consumer groups in different circles. In 2022, Joyoung comprehensively deployed content e-commerce platforms (primarily Douyin), and expanded corresponding online brand flagship stores and live broadcast rooms according to different categories, different channels, and different customer groups, and insisted on multi-platform, diversified and high-frequency online live broadcasts, and was committed to realizing the sales closed loop of the shortest link. In the offline market, relying on the original tens of thousands of sales terminals, Joyoung constantly improved and optimized the sales network, actively deployed and continued to explore new retail channels, and promoted the construction of brand stores represented by shopping mall stores.

In terms of operation, in 2022, Joyoung gave full play to the advantages of its self-built digital middle platform network, continuously improved digital operations, and proactively adapted to the trend of high-speed integration of online and offline development, and completed the construction of content marketing, offline experience, online ordering, nearby delivery, door-to-door service and other rich new retail O2O shopping experience, shortening the distance with consumers, users, and fans, and accumulating a valuable big data foundation for the future deep mining of digital economic value. In addition, Joyoung also comprehensively improved the operation quality and efficiency of the front and back offices through digital system management in the supply chain and warehousing.

In 2022, although the domestic economy continued to suffer from the double-sided attack of the COVID-19 pandemic and the external environment, according to the inferential data by All View Cloud ("**AVC**") through traditional channels, the online and offline average retail prices of 13 major categories of small kitchen appliances in 2022 increased by 4.5% and 9.7% respectively, showing that the consumption environment was picking up. Consumers were willing to pay a reasonable premium for higher-quality, better-looking, and more convenient products. After the relaxation of the prevention and control policies against the COVID-19 pandemic at the end of 2022, the Chinese economy was also moving towards recovery.

Europe

The Shark and Ninja brands continued to gain market share in all major categories we operate in within the European market. These positive trends in Europe continue to be driven by executing on our strategy of growing market share in existing categories, expanding into new markets, and launching into new categories.

During 2022, the Shark brand grew its market value share in the United Kingdom (the "**U.K.**") vacuum cleaner market to 31.8%, growing 1.2 percentage points compared to the same period in 2021[7]. In 2022, the Ninja brand held a 16.9%[8] market value share of the food preparation market in the U.K. This is up from 12.5% in 2021. Ninja held a market value share of 59.6% of electrical cooking pots in the U.K. in 2022 – this is up from 47.9% in the same period in 2021[9]. In 2022, Ninja grew in value within the deep fryers market by 217%, and held 42.7% market share in terms of value.[10]

Other Markets

During 2022, the Group also reported strong growth in other markets, particularly in Israel and Japan where we have launched several cleaning appliances designed specifically for Japan, which have been widely embraced by consumers.

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7 GfK; Market Intelligence; Panelmarket Total Vacuum Cleaners; Value Sales, GB; Jan–Dec 2021 & Jan–Dec 2022

8 GfK; Market Intelligence; Total Food Preparation; Value Sales, GB; GB; January–December 2022 & January–December 2021

9 GfK; Market Intelligence; Total Electrical Cooking Pots; Volume & Value Sales, GB; January–December 2022 & January–December 2021

10 GfK; Market Intelligence; Total Deep Fryers; Volume & Value Sales, GB; GB; January–December 2022 & January–December 2021

FINANCIAL REVIEW

Overall performance

During the year ended December 31, 2022, the total revenue of the Group was US$5,041.2 million, a year-on-year decrease of 2.1%. Gross profit was US$1,880.2 million, a year-on-year decrease of 2.3%. Gross profit margin was 37.3%, a decrease of 0.1 percentage point compared to 37.4% in 2021. Profit for the year ended December 31, 2022 decreased by 22.4% year-on-year to approximately US$357.5 million. EBITDA[11] for the year ended December 31, 2022 decreased by 12.2% year-on-year to approximately US$624.5 million and adjusted EBITDA[12] for the year ended December 31, 2022 decreased by 8.2% year-on-year to approximately US$673.0 million. Adjusted net profit[13] for the year ended December 31, 2022 decreased by 15.3% year-on-year to approximately US$425.6 million. Profit attributable to owners of the parent decreased by approximately 21.0% year-on-year to approximately US$332.3 million. The Board does not recommend the payment of a final dividend for the year ended December 31, 2022.

Revenue

For the year ended December 31, 2022, the Group recorded a total revenue of US$5,041.2 million (2021: US$5,150.6 million), representing a year-on-year decrease of 2.1%.

The following table sets forth the breakdown of the Group's revenue by business segment:

	For the year ended December 31,			
	2022		2021	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
SharkNinja segment	**3,715.9**	**73.7**	3,714.9	72.1
Joyoung segment	**1,325.3**	**26.3**	1,435.7	27.9
Total	**5,041.2**	**100.0**	5,150.6	100.0

11 EBITDA is defined as profit before taxation plus finance costs, depreciation and amortization, less interest income. For a reconciliation of profit before tax for the year to EBITDA as defined, see "— Non-IFRS Measures" below.

12 For a reconciliation of EBITDA for the year ended December 31, 2022 to adjusted EBITDA as defined, see "— Non-IFRS Measures" below.

13 Adjusted net profit is defined as profit for the year adjusted for certain items that do not affect the Company's ongoing operating performance, including items arising from acquisition and relating to the reorganization in preparation for the global offering and non-recurring items and items not related to the Company's ordinary course of business (each without considering tax effect). For a reconciliation of profit for the years to adjusted profit, see "— Non-IFRS Measures" below.

The SharkNinja segment represents the Group's SharkNinja business unit, which distributes its products in the U.S., Europe and other markets around the world and primarily focuses on cleaning appliances and kitchen appliances. The Joyoung segment represents the Group's Joyoung business unit, which focuses on kitchen appliances in China.

Revenue from the SharkNinja segment was US$3,715.9 million (2021: US$3,714.9 million), similar to the prior year, and accounting for 73.7% of the total revenue of the Group; revenue from the Joyoung segment was US$1,325.3 million (2021: US$1,435.7 million), decreased by 7.7% year-on-year, and accounting for approximately 26.3% of the total revenue of the Group.

The SharkNinja Segment maintained sales in 2022 by growing sales in categories that launched in 2021 including air purification, personal care and ice cream makers, as well as by generating incremental sales from categories that launched in 2022 including outdoor grills and 2-in-1 vacuums. Those increases were offset by the impact of foreign currency as the Great British Pound, the Euro and the Japanese Yen were weaker throughout 2022 as compared to 2021. On a constant currency basis, revenue from the SharkNinja Segment would have been up by 2.4%. In addition, we saw softer consumer demand for some of our product categories as well as retailer destocking.

The decrease of revenue in the Joyoung segment was primarily attributable to the persistent challenges within the China market, and softer demand and depression of consumer market under uncertain economic environment. In addition, revenue was negatively impacted by business disruptions caused by the COVID-19 pandemic especially in the fourth quarter of 2022.

The following table sets forth the breakdown of the Group's revenue by brand:

	For the year ended December 31,			
	2022		2021	
	Amount	*%*	Amount	%
	(in US$ million, except percentage)			
Shark	**2,056.6**	**40.8**	2,013.0	39.1
Ninja	**1,667.6**	**33.1**	1,722.5	33.4
Joyoung	**1,317.0**	**26.1**	1,415.1	27.5
Total	**5,041.2**	**100.0**	5,150.6	100.0

For the year ended December 31, 2022, the revenue contributed by the Shark brand was US$2,056.6 million (2021: US$2,013.0 million), representing a year-on-year increase of approximately 2.2%. Our sales of Shark branded product increased as a result of growth within air purification and personal care products categories, both of which were new sub-categories that launched in the second half of 2021 and benefited from a full year of sales in 2022 along with an expanded product portfolio which was launched throughout 2022. In addition, we gained market share within cleaning appliances market, despite softer consumer demand for certain types of cleaning appliance products.

For the year ended December 31, 2022, the revenue contributed by the Ninja brand was US$1,667.6 million (2021: US$1,722.5 million), representing a year-on-year decrease of approximately 3.2%. This decrease is a result of retailer destocking and softer consumer demand for the cooking appliances category, offset by market share gains and growth within recent new sub-category launches including ice cream makers which were launched in 2021 and benefited from a full year of sales in 2022, and outdoor grills which were launched in 2022.

For the year ended December 31, 2022, the revenue contributed by the Joyoung brand was US$1,317.0 million (2021: US$1,415.1 million), representing a year-on-year decrease of approximately 6.9%. Such decrease was mainly due to softer consumer demand under uncertain economic environment during the year and business disruptions by the COVID-19 pandemic in the fourth quarter of 2022.

The following table sets forth the breakdown of the revenue by geographical regions of the Group:

	For the year ended December 31,			
	2022		2021	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
North America	**2,928.1**	**58.1**	2,964.0	57.6
China	**1,307.2**	**25.9**	1,398.2	27.1
Europe	**632.3**	**12.5**	616.8	12.0
Other markets	**173.6**	**3.5**	171.6	3.3
Total	**5,041.2**	**100.0**	5,150.6	100.0

For the year ended December 31, 2022, total revenue generated from North America was approximately US$2,928.1 million (2021: US$2,964.0 million), representing year-on-year decrease of 1.2%. Our sales in North America benefited from the growth within air purification products, personal care products and ice cream makers which were new sub-categories that were launched in 2021 and benefited from a full year of sales in 2022. In addition, we generated incremental sales from new product sub-categories which were launched in 2022 including outdoor grills and 2-in-1 vacuums, and we gained market share across existing categories. This incremental revenue was offset by declines in existing categories due to softer consumer demand and retailer destocking.

For the year ended December 31, 2022, total revenue generated from China was approximately US$1,307.2 million (2021: US$1,398.2 million), representing a year-on-year decrease of approximately 6.5%. The decrease in China was primarily due to the macro environment that the overall demand in the small household appliance industry slowed down and offline channels were affected, as the small household appliance industry in China encountered temporary challenges. In addition, revenue was negatively impacted by business disruptions caused by COVID-19 pandemic especially in the fourth quarter of 2022.

For the year ended December 31, 2022, total revenue generated from Europe was approximately US$632.3 million (2021: US$616.8 million), representing a year-on-year growth of 2.5%. On a constant currency basis, our revenue generated from Europe would have increased by 14.6% but were impacted by the devaluation of the Great British Pound and Euro against the U.S. Dollar. Growth on a constant currency basis was a result of incremental sales due to market share gains in the U.K. as well as growth in Germany and other countries which we are expanding our presence in.

For the year ended December 31, 2022, total revenue generated from other markets was approximately US$173.6 million (2021: US$171.6 million), representing a year-on-year growth of 1.2%. On a constant currency basis, our revenue generated from other markets would have increased by 8.8% but were impacted by the devaluation of the Japanese Yen against the U.S. Dollar in 2022. Growth in other markets was generated by expanding our presence in several countries including Japan, Australia, New Zealand and Israel.

The following table sets forth the breakdown of the Group's revenue by product category:

	For the year ended December 31,			
	2022		2021	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
Cleaning appliances	**1,940.1**	**38.5**	1,962.5	38.1
Cooking appliances	**1,762.0**	**34.9**	1,868.1	36.3
Food preparation appliances	**1,012.8**	**20.1**	1,045.6	20.3
Others	**326.3**	**6.5**	274.4	5.3
Total	**5,041.2**	**100.0**	5,150.6	100.0

Cleaning appliances include upright vacuums, robotic vacuums, cordless and corded stick vacuums and other floor care products. Cooking appliances include rice cookers, pressure cookers, induction cookers, air fryers, countertop grills and ovens, outdoor grills, coffee and tea makers and other appliances and utensils for cooking.

Food preparation appliances include high-performance multifunctional blenders, soymilk makers, food processors, ice cream makers and other small household appliances that facilitate the food preparation process. Others product category includes small household appliances, such as water purifiers, ventilators, water heaters, air purifiers, personal care, garment care and thermos.

For the year ended December 31, 2022, cleaning appliances remained as the Group's largest product category, with revenue contribution of 38.5% for the Reporting Period. The cleaning category declined by 1.1% year-on-year to US$1,940.1 million. We largely maintained sales in this category as a result of market share gains and new product innovation, despite softer consumer demand for certain types of cleaning appliance products.

Revenue generated from the cooking appliances category decreased by 5.7% year-on-year to US$1,762.0 million for the year ended December 31, 2022. This decrease is a result of retailer destocking and softer consumer demand for the category, offset by market share gains.

For the year ended December 31, 2022, food preparation appliances recorded revenue decline of 3.1%, with the revenue of US$1,012.8 million. This decrease is a result of overall softness in the market within most regions that we sell in, partially offset by growth within recent new sub-category launches including ice cream makers.

For the year ended December 31, 2022, others product category recorded a year-on-year growth of 18.9% to approximately US$326.3 million. This increase was a result of growth within air purification and personal care products, both of which were new sub-categories that were launched in the second half of 2021 and benefited from a full year of sales in 2022 along with an expanded product portfolio which was launched throughout 2022.

OTHER FINANCIAL INFORMATION

Cost of sales

For the year ended December 31, 2022, the cost of sales of the Group was approximately US$3,161.0 million (2021: US$3,226.2 million), representing a year-on-year decrease of approximately 2.0%. The decrease was primarily attributable to the decrease in sales as well as other factors impacting our cost of sales as described further below.

The following table sets forth the breakdown of the cost of sales of the Group by business segment:

	For the year ended December 31,			
	2022		2021	
	Amount	**%**	Amount	%
	(in US$ million, except percentage)			
SharkNinja segment	**2,260.5**	**71.5**	2,227.8	69.1
Joyoung segment	**900.5**	**28.5**	998.4	30.9
Total	**3,161.0**	**100.0**	3,226.2	100.0

For the year ended December 31, 2022, the SharkNinja segment recorded a total cost of sales of approximately US$2,260.5 million (2021: US$2,227.8 million), representing a year-on-year increase of approximately 1.5%. The increase was primarily attributable to certain cost headwinds including higher average container and commodity costs throughout 2022 as compared to 2021. These headwinds were partially offset by the benefit of tariff exclusions on most of the vacuums and air fryers that were imported into the U.S. from China.

For the year ended December 31, 2022, the Joyoung segment recorded a total cost of sales of approximately US$900.5 million (2021: US$998.4 million), representing a year-on-year decrease of approximately 9.8%. The decrease was primarily due to decrease in sales and effective cost control implemented during the year.

Gross profit

For the year ended December 31, 2022, the gross profit of the Group was approximately US$1,880.2 million (2021: US$1,924.4 million), representing a year-on-year decrease of approximately 2.3%. The decrease was primarily attributable to the decrease in revenue along with a decrease in gross profit margin of the SharkNinja segment, partially offset by an increase in gross profit margin from the Joyoung segment.

Gross profit margin was 37.3% in 2022, representing a decrease of 0.1 percentage point from 37.4% in 2021. The decline in gross profit margin was due to a decline in gross profit margin of the SharkNinja segment, as explained below, partially offset by an increase in gross profit margin of the Joyoung segment.

The following table sets forth the Group's gross profit and gross margin by business segment:

	For the year ended December 31,			
	2022		2021	
	Gross Profit	**Gross Margin %**	Gross Profit	Gross Margin %
	(in US$ million, except percentage)			
SharkNinja segment	**1,455.4**	**39.2**	1,487.1	40.0
Joyoung segment	**424.8**	**32.1**	437.3	30.5
Total	**1,880.2**	**37.3**	1,924.4	37.4

The gross profit margin for the year ended December 31, 2022 was 37.3%, representing a decrease of 0.1 percentage point from 37.4% for the year ended December 31, 2021. For the year ended December 31, 2022, the SharkNinja segment recorded a gross profit of approximately US$1,455.4 million (2021: US$1,487.1 million), representing a year-on-year decrease of approximately 2.1%, and its gross profit margin decreased by 0.8 percentage point in 2022. The decrease in gross profit margin was primarily attributable to certain cost headwinds including higher average container and commodity costs throughout 2022 as compared to 2021 along with more investment in promotions to ensure strong retailer sell-through of our products. These headwinds were partially offset by the benefit of tariff exclusions on most of the vacuums and air fryers that were imported into the U.S. from China.

For the year ended December 31, 2022, the Joyoung segment recorded a gross profit of approximately US$424.8 million (2021: US$437.3 million), representing a year-on-year decrease of approximately 2.9%. The gross profit margin increased from 30.5% in 2021 to 32.1% in 2022, mainly attributable to the change of product mix which the proportion of new products with higher gross margin increased compared with the prior year.

Other income and gains

Other income and gains of the Group primarily include (i) gain on financial assets at their fair value; (ii) government grants (mainly relating to research and promotion activities, innovation and patents); (iii) bank interest income; (iv) net rental income from investment property operating leases and (v) foreign exchange differences, net.

The following table sets forth the breakdown of the Group's other income and gains:

	For the year ended December 31,	
	2022	2021
	(in US$ million)	
Other income		
Bank interest income	**7.6**	8.1
Net rental income from investment property operating leases	**2.8**	1.4
Government grants	**15.4**	13.2
Others	**2.9**	3.3
Subtotal	**28.7**	26.0
Gains		
Gain on financial assets at fair value through profit or loss, net	**5.2**	9.8
Gain on disposal of associates, net	**—**	1.1
Foreign exchange differences, net	**2.8**	—
Others	**0.2**	4.4
Subtotal	**8.2**	15.3

In 2022, other income and gains of the Group was approximately US$36.9 million (2021: US$41.3 million), representing a year-on-year decrease of approximately 10.7%. The decrease was primarily due to decrease in net gain from financial assets at fair value through profit or loss as compared with the prior year.

Selling and distribution expenses

Selling and distribution expenses of the Group primarily consist of (i) advertising expenses; (ii) warehousing and transportation expenses for sales of products; (iii) trade marketing expenses in relation to marketing and branding expenses primarily at sales channel; (iv) staff cost in relation to sales and distribution staff; (v) business development expenses; and (vi) office expenses and others.

The following table sets forth the breakdown of the Group's selling and distribution expenses:

	For the year ended December 31,	
	2022	2021
	(in US$ million)	
Advertising expenses	**293.1**	316.5
Warehousing and transportation expenses	**158.8**	172.2
Trade marketing expenses	**137.2**	143.1
Staff cost	**121.0**	108.1
Business development expenses	**18.8**	17.5
Office expenses and others	**61.5**	51.4
Total	**790.4**	808.8

The Group's selling and distribution expenses decreased by approximately 2.3% year-on-year from approximately US$808.8 million in 2021 to approximately US$790.4 million in 2022, which was mainly due to the decrease in advertising expenses due to optimization of media investments in certain channels and product categories and warehousing and transport expenses as a result of the sales decrease.

Administrative expenses

Administrative expenses primarily consist of (i) staff cost in relation to product development and administrative staff; (ii) professional service fees primarily consisting of (a) legal fees, (b) tax, audit and advisory fees, and (c) engineering consulting fees; (iii) depreciation and amortization; (iv) office expenses; and (v) other expenses.

The following table sets forth the breakdown of the Group's administrative expenses:

	For the year ended December 31,	
	2022	2021
	(in US$ million)	
Staff cost	**331.1**	286.0
Professional service fees	**69.3**	63.4
Depreciation and amortization	**59.1**	54.4
Office expenses	**22.0**	25.6
Other expenses[14]	**128.4**	108.2
Total	**609.9**	537.6

The Group's administrative expenses increased by approximately 13.4% year-on-year from approximately US$537.6 million for the year ended December 31, 2021 to approximately US$609.9 million for the year ended December 31, 2022. The increase was primarily attributable to headcount investments within new product development and the impact of international business expansion, as well as certain non-recurring bonuses granted during the year.

Other expenses

Other expenses of the Group primarily consist of (i) foreign exchange differences, net; (ii) impairment on prepayments and other assets; and (iii) other expenses.

The following table sets forth the breakdown of the Group's other expenses:

	For the year ended December 31,	
	2022	2021
	(in US$ million)	
Foreign exchange difference, net[15]	**—**	6.3
Impairment of prepayments and other assets	**4.1**	0.5
Other	**4.2**	3.0
Total	**8.3**	9.8

Finance costs

14 Other expenses primarily include bank transaction fees, prototype expenses, patent fee and traveling expenses.

15 The foreign exchange differences, net for the current year was net exchange gain which was included in "other income and gains".

Finance costs primarily represent (i) interest expenses on bank loans; (ii) interest expenses on lease liabilities; (iii) amortization of deferred finance costs, representing amortization of various fees associated with the bank loans; and (iv) other finance costs.

The following table sets forth the breakdown of the Group's finance costs:

	For the year ended December 31,	
	2022	2021
	(in US$ million)	
Interest on bank loans	**35.1**	20.0
Interest on lease liabilities	**3.8**	3.5
Amortization of deferred finance costs	**3.8**	3.6
Other finance costs[16]	**4.7**	0.8
Total	**47.4**	27.9

Finance costs of the Group increased by approximately 70.1% year-on-year from approximately US$27.9 million for the year ended December 31, 2021 to approximately US$47.4 million for the year ended December 31, 2022. The increase was primarily attributable to increase in average interest rates on bank loans in 2022.

Income tax

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which its entities are domiciled and operate. Under the relevant People's Republic of China ("**PRC**") income tax law, except for certain preferential treatments available to the Group, the PRC subsidiaries of the Group are subject to income tax at a rate of 25% (2021: 25%) on their respective taxable income. During 2022, four (2021: five) of the Group's entities obtained approval from the relevant PRC tax authorities and were entitled to preferential corporate income tax rates or corporate income tax exemptions.

During 2022, the Group's U.S. subsidiaries were subject to U.S. federal income tax at the rate of 21.0%, and to various U.S. state income taxes at rates ranging from 0.38% to 11.5%. The Group's subsidiaries in the U.K. were subject to the income tax rate of 19.0% during 2022.

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits rates regime.

Income tax expense of the Group decreased by approximately 13.1% year-on-year from approximately US$114.1 million in 2021 to approximately US$99.2 million in 2022. The decrease was primarily attributable to the decrease in the Group's profit before tax, partially offset by the increased PRC dividend withholding tax.

16 Other finance costs primarily include transaction fees for bills and trade receivables discounting.

Net profit

As a result of the foregoing reasons, net profit for the Group for the year ended December 31, 2022 decreased by approximately 22.4% from approximately US$460.7 million in 2021 to approximately US$357.5 million in 2022.

NON-IFRS MEASURES

To supplement the Group's consolidated statements of profit or loss which are presented in accordance with IFRS, the Group also uses adjusted net profit, EBITDA and adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. The Group believes that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provide useful information to potential investors and management in facilitating a comparison of the Group's operating performance from period to period by eliminating potential impacts of certain items that do not affect the Group's ongoing operating performance, including expenses arising from the acquisition of SharkNinja and the reorganization (the "**Reorganization**") in preparation for the global offering of the Company in 2019 (the "**Global Offering**"), and non-operational or one-off expenses and gains (each without considering tax effect). Such non-IFRS measures allow investors to consider matrices used by the Group's management in evaluating the Group's performance. From time to time in the future, there may be other items that the Group may exclude in reviewing the Group's financial results. The use of the non-IFRS measures has limitations as an analytical tool, and it should not be considered in isolation from, or as a substitute for or superior to analysis of, the Group's results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following table shows the Group's adjusted net profit, EBITDA and adjusted EBITDA:

	For the year ended December 31,	
	2022	2021
	(in US$ million)	
Profit for the year	**357.5**	460.7
Add:		
Items arising from acquisition and relating to the Reorganization	***19.6***	*19.6*
Amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja	**19.6**	19.6
Non-recurring items and items not related to the Company's ordinary course of business	***48.5***	*22.1*
Stock-based compensation[17]	**19.1**	28.4
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**—**	(1.1)
Loss/(gain) on fair value change from financial assets	**18.1**	(5.2)
Gain on fair value change from derivative financial instruments	**(22.7)**	—
One-off bonus	**34.0**	—
Adjusted net profit	**425.6**	502.4
Attributable to:		
Owners of the parent	**393.8**	464.0
Non-controlling interests	**31.8**	38.4
	425.6	502.4

17 The amount in 2022 includes stock-based compensation of US$12.2 million and an one-off adjustment of US$6.9 million on employee receivables related to stock-based compensation..

	For the year ended December 31,	
	2022	2021
	(in US$ million)	
Profit before tax	**456.7**	574.8
Add:		
Finance cost	**47.4**	27.9
Depreciation and amortization	**128.0**	116.8
Bank interest income	**(7.6)**	(8.1)
EBITDA	**624.5**	711.4
Add:		
Non-recurring items and items not related to the Company's ordinary course of business	***48.5***	*22.1*
Stock-based compensation[18]	**19.1**	28.4
Gain on disposal of property, plant and equipment, investment property, associates and subsidiaries	**—**	(1.1)
Loss/(gain) on fair value change from financial assets	**18.1**	(5.2)
Gain on fair value change from derivative financial instruments	**(22.7)**	—
One-off bonus	**34.0**	—
Adjusted EBITDA	**673.0**	733.5

The non-IFRS measures used by the Group adjusted for, among other things, (i) amortization of intangible assets and deferred financing costs arising from the acquisition of SharkNinja, (ii) stock-based compensation, (iii) gain on disposal of property, plant and equipment, investment property, associates and subsidiaries, (iv) loss or gain on fair value change from financial assets, (v) gain on fair value change from derivative financial instruments and (vi) certain non-recurring bonuses, which may be considered recurring in nature but are neither considered by the Group as related to the Group's ordinary course of business nor indicative of the Group's ongoing core operating performance. Therefore, the Group believes that these items should be adjusted for when calculating adjusted EBITDA and adjusted net profit, as applicable, in order to provide potential investors with a complete and fair understanding of the Group's core operating results and financial performance, so that potential investors can assess the Group's underlying core performance undistorted by items unrelated to the Group's ordinary course of business operations, especially in (i) making period-to-period comparisons of, and assessing the profile of, our operating and financial performance, and (ii) making comparisons with other comparable companies with similar business operations but without any material acquisition.

18 The amount in 2022 includes stock-based compensation of US$12.2 million and an one-off adjustment of US$6.9 million on employee receivables related to stock-based compensation.

Liquidity and financial resources

Inventory

The Group's inventory decreased by 17.4% from approximately US$782.3 million as of December 31, 2021 to approximately US$646.3 million as of December 31, 2022. This decrease is in part due to a decrease in in-transit inventory to North America and Europe as the length of time that it took to import products from China to those regions was prolonged in 2021 due to supply chain disruptions. In addition, lower inventory level was kept by Joyoung segment following the destocking strategy. Inventory turnover days[19] increased from 76 days in 2021 to 82 days in 2022.

Trade and bills receivables

The Group's trade receivables decreased by 3.8% from approximately US$1,245.7 million as of December 31, 2021 to approximately US$1,198.0 million as of December 31, 2022. The decrease was primarily due to lower sales in the fourth quarter of 2022 as compared to 2021. Trade receivables turnover days[20] increased from 86 days in 2021 to 88 days in 2022.

Trade and bills payables

The Group's trade payables decreased by 21.8% from approximately US$879.1 million as of December 31, 2021 to approximately US$687.5 million as of December 31, 2022. Trade payables turnover days[21] decreased from 98 days in 2021 to 90 days in 2022.

During the year ended December 31, 2022, the Group funded its operations, working capital, capital expenditure and other capital requirements primarily from (i) bank borrowings; and (ii) cash generated from operations.

As of December 31, 2022, the Group had cash and cash equivalents of approximately US$504.1 million as compared to US$555.5 million as of December 31, 2021. The cash and cash equivalents of the Group are mainly denominated in HK$, RMB and US$.

As of December 31, 2022, the Group's total borrowings amounted to approximately US$857.1 million, representing a decrease of approximately 9.0% compared to approximately US$942.1 million as of December 31, 2021. As at December 31, 2022, all of the Group's borrowings were denominated in US$, and the borrowings were based on floating interest rates.

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

20 Average trade and bills receivables equal trade and bills receivables at the beginning of the year plus trade and bills receivables at the end of the year, divided by two. Turnover of average trade and bills receivables equals average trade and bills receivables divided by revenue and then multiplied by the number of days in the year.

21 Average trade and bills payables equal trade and bills payables at the beginning of the year plus trade and bills payables at the end of the year, divided by two. Turnover of average trade and bills payables equals average trade and bills payables divided by cost of sales and then multiplied by the number of days in the year.

The table below sets forth a breakdown of the bank borrowings of the Group as of December 31, 2022:

	As of December 31, 2022 *(in US$ million)*
Interest-bearing bank borrowings (current portion)	**135.3**
Interest-bearing bank borrowings (non-current portion)	**721.8**
Total	**857.1**

The table below sets forth the aging analysis of the repayment terms of interest-bearing borrowings as of December 31, 2022:

	As of December 31, 2022 *(in US$ million)*
Repayable within one year	**135.3**
Repayable within two years	**222.8**
Repayable within three to five years	**499.0**
Total	**857.1**

As of December 31, 2022, the Group had total bank facilities of approximately US$1,062.5 million (2021: approximately US$1,150.0 million), of which bank facilities of approximately US$200.0 million were unutilized (2021: approximately US$200.0 million).

Gearing ratio

As of December 31, 2022, the Group's gearing ratio (calculated as the total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity) was 45.6%, representing a decrease of 3.7 percentage points as compared with 49.3% as of December 31, 2021. The decrease was mainly attributable to decrease in bank borrowings this year.

Foreign exchange risk

The Group's currency exposures arise from sales or purchases by business units in currencies other than their respective functional currencies.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency exchange rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As the borrowings of the Group are all denominated in US$, the interest rates on its borrowings are primarily affected by the benchmark interest rates set by the LIBOR.

The Group manages its interest rate risk by closely monitoring and regulating the debt portfolio of the Group and will consider entering into interest rate swap contracts should the need arise.

Charge on assets

As of December 31, 2022, certain assets of the Group's subsidiaries had been pledged to secure the Group's borrowings of a total amount of US$857.1 million and total pledged assets accounted for approximately 56.4% of the total assets of the Group. As of December 31, 2022, the equity interest of certain of the Group's subsidiaries had been pledged to secure the Group's borrowings.

Capital expenditures

The capital expenditures of the Group primarily consist of additions to property, plant and equipment, investment properties, prepaid land lease payments, right-of-use assets and other intangible assets. For the year ended December 31, 2022, capital expenditures of the Group amounted to approximately US$165.3 million (2021: US$149.6 million).

Contingent liabilities

As of December 31, 2022, the Group had no material contingent liabilities.

Capital Commitments

The Group had the following capital commitments at the end of the reporting period:

	2022	2021
	US$'000	*US$'000*
Contracted, but not provided for:		
Property, plant and equipment	**27,396**	13,285
Intangible assets	**2,888**	2,127
	30,284	15,412

PROSPECT & STRATEGY

Growth Strategies

The Company is committed to driving sustainable long-term growth and strengthening the market position as a global leader in small household appliances through the following strategies:

- develop and commercialize innovative products, combining powerful technology with appealing designs;

- drive sustainable long-term growth through sales network and product category expansion;

- maximize synergies between the Joyoung segment and the SharkNinja segment;

- strengthen the Group's brand recognition and enhance consumer engagement; and

- pursue strategic partnerships and acquisitions.

With respect to growth through our sales network, in 2022, we focused on expanding internationally including further growth within the U.K. and Japan, building momentum from our 2020 launch in Germany and France, and at the same time working with major retailers in these countries to have the products placed through local sales teams. In the long run, the Group's development strategy focuses on three dimensions: the growth of existing products, the increase in new product offerings and the expansion to new global markets. We will continue to follow and explore consumer demands, launch innovative products continuously through our strong global R&D platform, and create winning products leveraging our strong marketing and media communication capabilities and omni-channel sales network.

With regards to product innovation, we continually seek to expand the product portfolio within the categories that we are already in. Further, we have recently expanded into categories that are brand new to us, including outdoor cooking, bakeware, and home environment, in addition to further expansion within personal care and beauty, cutlery, air purifiers, cookware, and ice cream makers categories. Beyond these new categories that have been launched within 2021 and 2022, we continue to identify new segments of the market where we can bring innovation to customers. We also plan to continue to develop new products within existing categories in order to continue to diversify our offering of products within each of those categories.

The core competitiveness of Joyoung is mainly reflected in the advantages of mid-to-high-end, all category and multi-brand positionings; the nationwide online and offline sales network, especially the new retail channels represented by retail stores "Shopping Mall" and the operational advantages of content e-commerce; the product advantages of insight into consumer needs and focusing on the core mainstream category innovation; and the use of digital middle platform to explore the value of big data and strengthen the advantages of digital operation.

Global Supply Chain and Macroeconomic Factors

Throughout 2022 we saw far fewer disruptions to the global supply chain which impacted our business in 2020 and 2021, and in the second half of 2022 we also saw costs of certain types of supply chain such as ocean freight started to decline. In addition, we saw several currencies including the Chinese Renminbi, the Great British Pound, the Euro and the Japanese Yen all weaken against the U.S. Dollar in 2022. While the weakening of those currencies impacts the amount of revenue and profit that we generate from those markets, a devalued Chinese Renminbi allows us to reduce our product costs from our suppliers in China.

In 2022, we navigated concerns about inflation in most of the markets that we operate in, as well as concerns about an economic recession. As a result, retailers were not willing to carry as much inventory as they historically have and consumers were more focused on buying products during promotional periods rather than when products are sold at full price.

We believe the costs of our products and the related ocean freight costs that we incur to import those products into North America and Europe will be less on average during 2023 than it was during 2022 as a result of the recent trends noted above, but we anticipate that concerns about the economic and inflation will continue throughout 2023. However, we believe the demand for our products will continue to be strong moving forward as we continue to bring new innovation to the market.

Go-Forward Impact of Trade War

Most of the vacuums, air fryers and air purifiers that we import from China to the U.S. have been subject to the ongoing trade war between the U.S. and China. As a result, we paid 25% tariffs on those goods imported into the U.S. during 2021. However, on March 23, 2022, the Office of the United States Trade Representative announced that tariff exclusions on most of our products that had been subject to those 25% tariffs would be reinstated through December 31, 2022, retroactive to October 12, 2021 and on December 21, 2022 those tariff exclusions were extended to September 30, 2023. Accordingly, we expect to be able to import the majority of the vacuums, air friers and air purifiers that are produced in China into the U.S. without tariffs during 2023.

As a result of trade war between the U.S. and China as well as the desire to further diversify our supply chain, we have continued to source finished goods from outside of China with suppliers in Vietnam and Thailand. We are also working with those suppliers to improve supply chain efficiency and reduce their costs to be closer to the cost we pay for products produced in China moving forward. Despite tariff exclusions being reinstated for 2023, we are maintaining our focus on a diversified supply chain by shifting production out of China and working on initiatives to lower our product cost on those goods.

BOARD COMMITTEES

The Company has established four Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including the strategy committee, the audit committee (the "**Audit Committee**"), the remuneration committee and the nomination committee.

AUDIT COMMITTEE

The Audit Committee, consisting of three independent non-executive Directors, namely Mr. Yuan Ding (Chairman), Mr. Timothy Roberts Warner and Mr. Yang Xianxiang, has discussed with the external auditor of the Company, Ernst & Young, and reviewed the Group's consolidated financial information for the year ended December 31, 2022, including the accounting principles and practices adopted by the Group.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2022, the Group had approximately 5,661 employees in total (as of December 31, 2021: 5,582), of which approximately 3,837 employees were with its China operation, approximately 1,075 employees were with its U.S. operations, and approximately 749 employees were with other countries or regions operations. For the year ended December 31, 2022, the Group recognized staff costs of US$452.1 million (2021: US$394.1 million).

The Group implements training programs for all of its employees, from entry-level employees to management on subjects such as corporate culture, research and development, strategies, policy and internal control, internal systems and business skills. Some of the Group's subsidiaries have labor unions that protect employees' rights, help fulfill the subsidiaries' economic objectives, encourage employee participation in management decisions and assist in mediating disputes between the subsidiaries and union members. The remuneration package for employees generally includes salary and bonuses. Employees typically receive welfare benefits, including medical care, pension, occupational injury insurance and other miscellaneous benefits.

In order to recognize and reward the management and employees of the Group for their contribution, to attract the best available talents, and to provide additional incentives to them to remain with and further promote the success of business, the Company adopted the restricted stock unit plan (the "**RSU Plan**") on October 9, 2019 (amended on December 14, 2020, June 4, 2021, December 30, 2021 and March 29, 2022, respectively), and (i) issued and allotted 141,618,409 ordinary shares with a par value of US$0.00001 pursuant to the RSU Plan on October 25, 2019, which represent approximately 4.05% of the issued share capital of the Company as at the date of this announcement; and (ii) issued and allotted 5,500,000 ordinary shares with a par value of US$0.00001 pursuant to the RSU Plan on January 18, 2021, which represent approximately 0.16% of the issued share capital of the Company as at the date of this announcement. As of December 31, 2022, the Company had granted an aggregate of 141,602,148 restricted stock units, of which 16,731,463 and 16,083,866 restricted stock units were vested on April 1, 2022 and April 8, 2022, respectively, in accordance with the terms and conditions of the RSU Plan.

With the aim to further improving the corporate governance structure of Joyoung Co., Ltd. ("**Joyoung**") (a subsidiary of the Company), establishing and enhancing the long-term incentive and constraint mechanism of Joyoung, attracting and retaining talents, the Company approved and adopted the share option incentive scheme of Joyoung (the "**Subsidiary Option Scheme**"). On June 1, 2021 following the registration on Shenzhen Stock Exchange, it has offered the first grant of 15,600,000 options pursuant to the Subsidiary Option Scheme to 107 eligible persons upon the approval of the Company's shareholders at the extraordinary general meeting of the Company held on May 28, 2021. For more details, please refer to the circular of the Company dated May 12, 2021 and the announcements of the Company dated May 28, 2021 and June 2, 2021. On March 28, 2022, with the authorization of the first extraordinary general meeting of Joyoung of 2021, the fourteenth meeting of the fifth board of directors and the thirteenth meeting of the fifth board of supervisors of Joyoung approved (i) the forfeiture and cancelation of 1.19 million options granted to 12 persons as these persons ceased to be eligible persons due to resignation; and (ii) the forfeiture and cancelation of 5.764 million options granted to the eligible persons due to failure to meet the performance target. Upon the completion of the above forfeiture and cancellations, the number of eligible persons has been adjusted from 107 to 95 and the number of unexercised share options has been adjusted to 8.646 million options.

On March 28, 2022, Joyoung adopted the phase I employee stock ownership plan (the "**JY ESOP I**"), which was amended on April 1, 2022 and approved by the shareholders of Joyoung on April 22, 2022. Pursuant to the JY ESOP I, the funding of the JY ESOP I comes from the remuneration of the employees, the self-raised funding of the employees and other sources of funding allowed by applicable laws and regulations. The maximum amount of funding that may be raised by the JY ESOP I is RMB208,000,000 and Joyoung will not provide any means of financial assistance to the eligible employees. The sources of shares (the "**Target Shares**") of JY ESOP I include A shares of Joyoung repurchased through the designated share repurchase account of Joyoung, A shares of Joyoung purchased from secondary market and other means allowed by the applicable laws and regulations. The JY ESOP I plans to use (i) a maximum of 8,000,000 shares repurchased through the designated share repurchase account of Joyoung; and (ii) such number of shares purchased from secondary market at market price with a maximum amount of RMB200,000,000 for the JY ESOP I. The JY ESOP I will include a maximum of 30 eligible employees, including directors, senior management and core management team of Joyoung and its subsidiaries. The term of the JY ESOP I is 72 months. The Target Shares granted to the relevant eligible employee will vest on the 12th, 24th, 36th, 48th and 60th month from the date of transfer of the relevant Target Shares to such eligible employee and 20% of the total number of the Target Shares granted to such eligible employee will vest at each time of vesting. As at the date of this announcement, JY ESOP I held 16,000,000 shares of Joyoung in total, representing 2.09% of the total issued share capital of Joyoung.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. During the Reporting Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision C.2.1 of the CG Code — Chairman and Chief Executive Officer

Under the code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Wang Xuning ("**Mr. Wang**") currently holds both positions.

After taking into consideration the factors below, the Board considers that vesting the roles of the Chairman and Chief Executive Officer in the same person, being Mr. Wang, is beneficial to the Group's business prospects and operational coordination between Joyoung and SharkNinja Operating LLC: Mr. Wang is responsible for formulating the overall business strategies and conducting general management of the Group. He has been the key person contributive to the development and business expansion of Joyoung since the invention of the soymilk maker in 1990s. Also, since the acquisition of SharkNinja, being the Global Chief Executive Officer of SharkNinja Global SPV Ltd. (the holding company of SharkNinja), he has acted as the main point of communication between the corporate operation of Joyoung and SharkNinja. Regarding the rapidly evolving small household appliance industry in which the Group operates, the Chairman and Chief Executive Officer need to have a profound understanding and be equipped with extensive industry knowledge to stay abreast of market changes, so as to facilitate the Group's business development.

COMPLIANCE WITH MODEL CODE REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, which applies to all Directors and relevant employees of the Company who are likely to possess inside information in relation to the Company or its securities due to his/her office or employment.

The Company has made specific enquiries with each Director, and each of them confirmed that he/she had complied with all required standards under the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF ASSETS

The Group did not have any significant investments during the Reporting Period. During the Reporting Period, the Group also did not carry out any material acquisitions and disposals of subsidiaries, associates and joint ventures.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In February 2023, the Company submitted a proposal to the Stock Exchange in relation to the spin-off and separate listing of SharkNinja pursuant to Practice Note 15 of the Listing Rules. The Company has obtained approval from the Stock Exchange that the Company may proceed with the proposed spin-off, and it may be undertaken together with an initial public offering of SharkNinja shares on a U.S. Exchange, either the New York Stock Exchange or National Association of Securities Dealers Automated Quotations (NASDAQ), subject to the determination by SharkNinja and the Company. For more details, please refer to the announcement of the Company on February 23, 2023.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**Annual General Meeting**") will be held on May 22, 2023. The notice of the Annual General Meeting will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com) and despatched to the shareholders of the Company in due course.

PAYMENT OF FINAL DIVIDEND

As the Group is processing the significant strategic restructuring, the Board does not recommend the payment of final dividend for the year ended December 31, 2022 (2021: HK$0.4098 per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from May 17, 2023 to May 22, 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on May 16, 2023.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jsgloballife.com). The annual report 2022 of the Company will be dispatched to the shareholders of the Company and published on the same websites in due course.

By order of the Board
JS Global Lifestyle Company Limited
Wang Xuning
Chairman

Hong Kong, March 31, 2023

As at the date of this announcement, the Board comprises Mr. Wang Xuning, Ms. Han Run and Ms. Huang Shuling as executive Directors, Mr. Hui Chi Kin Max, Mr. Stassi Anastas Anastassov and Mr. Sun Zhe as non-executive Directors and Mr. Yuan Ding, Mr. Timothy Roberts Warner and Mr. Yang Xianxiang as independent non-executive Directors.