

Ticker: 002242

Stock Abbreviation: Joyoung

Joyoung Co., Ltd.

Abstract of the Semi-Annual Report 2023

Section I Important Statements

This is an abstract of the Semi-Annual Report 2023. Investors are kindly reminded to read the complete version of Semi-annual Report 2023 on the website, which is designated by the China Securities Regulatory Commission to get complete information about operational results, financial statements, and future plans of the Company.

All directors attended the board meeting that reviewed the Semi-Annual Report.

Modified Audit Opinion

Applicable N/A

The preliminary plan for dividend distribution and converting capital reserves into share capital for common shareholders which were considered and approved by the Board

Applicable N/A

The preliminary plan for dividend distribution for preferred shares in the reporting period was approved by the Board

Applicable N/A

Section II Company Profile

1. Company Information

Stock Abbreviation	Joyoung	Ticker	002242
Stock Exchange Where the Shares of the Company are Listed	Shenzhen Stock Exchange		
Contact Us	Board Secretary	Securities Representative	
Name	Minxin MIAO		
Address	No.760 Yin Hai Street, Qiantang New District, Hangzhou, Zhejiang Province		
Tel.	0571-81639178		
E-mail	002242@joyoung.com		

2. Management's Discussion and Analysis

According to National Bureau of Statistics, China's Gross Domestic Product (GDP) amounted to 59.3 trillion yuan in the first half of this year, a year-on-year increase of 5.5% at constant prices; of which, GDP in the second quarter saw a year-on-year increase of 6.3%. At present, the national economy continues to recover, the overall rebound is improving, high-quality development is advancing solidly. It is in a critical period of economic recovery and industrial upgrading, structural problems and cyclical contradictions are intertwined and overlapping, the domestic and international environment is complex and volatile, the world's unprecedented changes are accelerating. Fluctuations in international commodity prices and exchange rates are still large, which exerts greater pressure and impacts on the operating efficiency of enterprises.

The Party Central Committee, the State Council and relevant ministries and commissions have emphasized the need to actively expand domestic demand while consumption plays a fundamental role in economic growth. The household electrical appliance industry has gradually become an important engine of industrial steady growth, promote consumption, promote intelligent home appliances, integrated home appliances, functional furniture and other products, to enhance home intelligence and environmental protection, to meet the needs of the people's aspirations for a better life.

Space Technology: Quality Technology Leading to New Life

In the first half of the year, the Company mainly popularized the Space Series 2.0 products, focusing on the distribution of medium- and high-end product lines, leading the industry in a new development direction, and launched new products such as the 0-coating non-stick rice cooker N1S, quick & easy air fryer V1 Fast and less noisy blender with BLDC B1.

The inner liner of N1S is made of food-grade stainless steel, which is a real 0-coating inner liner, avoiding the hidden danger of coating shedding, addressing customers' worries about the health hazards of coating shedding. N1S is equipped with Joyoung's original air-cooled space technology, which precisely controls the temperature of each section of the core to bring a better texture of the rice. By relying on the air-cooled cooling, the water vapor forms a layer of uniform thickness of water film on the inner liner wall, which separates the rice and inner liner to achieve the effect of non-stick; coupled with the application of the "dot-matrix micro-pit", N1S makes the structure of the water film more stable, and further enhances the effect of non-stick. This originally-developed rice cooker helped the Company realize breakthrough in revenue on rice cooker category.

Joyoung applied space kitchen "three-dimensional hot air heating technology" to air fryers, thus users could bake crispy food with juicy texture without turning over the food during the whole cooking process. The V1 Fast Air Fryer is also equipped with Joyoung's unique 6-layers sealed water system, which forms a 240 degrees high temperature 85% saturated steam environment inside the air fryer, and users could choose tender or crispy texture with one click, bringing users the wonderful experience of cooking a pot of juicy chicken wings in 8 minutes.

The Company insisted on user insights, and found that noise is the biggest pain point of high-speed blenders that consumers complain about. In this regard, the Company launched a less noisy blender with BLDC B1 that contains brushless DC motor to minimize noise, with a series of relevant patents. The noise when operating the B1 Blender is around 37 dB. Besides, with doubled power and stable operation, the motor's service life is extended by 10 times. The Company also provides a "lifetime replacement" after-sales service commitment for this motor. At the same time, by controlling the speed and direction of the brushless DC motor, users could choose the texture of drinks.

"Health" and "innovation" are not only the DNA of the Joyoung brand, but also the inheritance of the Company's values. Through continuous technology and product innovation, efficient digital user communication and product implementation, and fast and precise marketing strategies, the Company captures new market demands in a timely manner and is able to respond quickly to meet the user's needs for high-quality small home appliance products.

Going with the Flow: The New Standard for Content Scenarios

As young people of Generation Z gradually became the mainstream consumer group of the new era, the Company's brand positioning, communication methods and experience scenes in stores also became more and more youthful, fitting for the mainstream consumers. And the active, accurate and efficient communication of the whole chain can help the Company reach more target groups which is beneficial for improving the conversion rate of the chain, and introduce original intelligent technology products to more families.

According to data from the National Bureau of Statistics, in the first half of the year, total retail sales of consumer goods amounted to 22.76 trillion yuan, an increase of 8.2% year-on-year. Among them, household electrical appliances and audio-visual equipment increased by 1.0% year-on-year; online retail sales of physical goods increased by 10.8%. Socio-economic environment is warming up, consumers prefer to choose high quality appliances, which in turn puts forward higher requirements for small household electrical appliances.

Domestic retail channels are changing rapidly, and the online and offline channels are ever-changing. The Company continues to actively layout and expand emerging channels, coordinates the development of shelf e-commerce and content e-commerce, Shopping Mall new retail and markets in lower-tier cities, grasps the opportunity of content e-commerce, focuses on the development of content e-commerce platforms such as Xiaohongshu and Douyin, and establishes professional teams such as user research, data analysis, content creation, live video broadcasting, and editing, directing, and filming, etc., and gradually forms the complete live broadcasting matrix and the closed loop of "interested - purchase - share". By these ways, the Company accumulated more new users and new customer as the NPS lifted.

At the same time, the Company has also strengthened the construction of retail terminals such as training shopping guide teams to carry out scenario-based demonstrations and do live streaming. Relying on self-developed digital platform, the Company has built a more comprehensive, efficient and accurate O2O digitalized marketing and operation system covering omni channels, especially emerging channels, which will comprehensively enhance the ability of its retail sales.

In order to better reach users, serve consumers and comply with the market development trend, during the reporting period, the Company also focused on the development of direct to consumer channel, which not only brings the Company closer to consumers, users and followers, but also contributes to the Company's long-term sustainable and high-quality development.

Proactive Thinking: Change the New Development of Quality and Efficiency

The international situation is complicated and volatile, the consumer environment is gradually warming up, the production cost is rising step by step, the competition in the industry is getting more and more intense, the business risks come along with development opportunities, and the competitive advantages of the enterprise have also upgraded and transformed from the single advantage in the past to the supply chain advantage, product innovation advantage, and operational efficiency advantage. Joyoung has improved product quality and operating efficiency through the initiative of a series of measures such as platform production, flexible delivery and sales-oriented production. All business units of Joyoung are retail sales-driven, serving every user as the core, and seizing every market opportunity.

As a leading brand in the domestic small home appliance industry, Joyoung is full of confidence in its future development prospects based on its endeavors to enhance its professional and efficient operation capability to keep pace with the times. In the first half of the year, while continuously launching innovative technology products that lead the industry development trend, Joyoung has also increased R&D investment in the entry-level segment to gain differentiated competitive strength, as well as to improve brand NPS value, market share, category/product penetration and so on.

In the future, the Company will continue to strengthen the brand asset value of "Family Kitchen" + "Hope Kitchen" + "Space Kitchen", actively embrace the changing market environment, continue to give full play to the advantages of insight into consumer demand and quick respond, adhere to the retail sales-driven, comprehensive development of emerging channels, and is committed to building the Company into a leader in high quality small home appliances in all categories.

3. Core Competence Analysis

During the reporting period, there was no significant change in the core competitiveness of the Company. The Company has three major brand assets of "Family Kitchen" + "Hope Kitchen" + "Space Kitchen": hundreds of millions of products provides convenience for users' "Family Kitchen", thousands of "Hope Kitchens" provides meals for more than half a million rural children every day, and "Space Kitchen" built with space technology improves the quality of food and water for astronauts in the Chinese space station.

For details, please refer to the 2022 Annual Report.

4. Key Accounting Data and Financial Indicators

Whether the Company performed a retroactive adjustment to or restatement of accounting data

Applicable N/A

Retroactive adjustment or restatement of reasons

Changes in accounting policies

	H1 2023	H1 2022		Flux
		Before Adjustment	After Adjustment	After Adjustment
Operating revenues (RMB Yuan)	4,317,600,554.64	4,710,448,144.61	4,710,448,144.61	-8.34%
Net profits attributable to shareholders of the Company (RMB Yuan)	247,159,357.70	346,406,390.76	346,450,180.14	-28.66%
Net profits attributable to shareholders of the	226,146,160.01	299,028,193.10	299,071,982.48	-24.38%

Company before non-recurring gains and losses (RMB Yuan)				
Net cash flow from operating activities (RMB Yuan)	336,547,705.76	464,033,063.69	464,033,063.69	-27.47%
Basic earnings per share (RMB Yuan /share)	0.33	0.45	0.45	-26.67%
Diluted earnings per share (RMB Yuan /share)	0.33	0.45	0.45	-26.67%
Weighted average return on net assets	7.33%	8.32%	8.32%	-0.99%
	As of 30 June, 2023	As of 31 December, 2022		Flux
		Before Adjustment	After Adjustment	After Adjustment
Total assets (RMB Yuan)	6,926,888,138.08	7,074,762,950.69	7,075,278,734.87	-2.10%
Net assets attributable to shareholders of the Company (RMB Yuan)	3,353,218,715.45	3,313,074,235.88	3,313,590,020.06	1.20%

Reasons for changes in accounting policies and correction of accounting errors

Note: The Ministry of Finance issued *Accounting Standards Interpretation No. 16* on November 30, 2022, which amends the scope of the exemption from initial recognition of deferred income taxes in *Accounting Standards Codification No. 18: Income Taxes (ASC: No. 18)*. It clarifies the situations that are not applicable to *ASC: No. 18* that exempted from initial recognition of deferred tax liabilities and deferred tax assets: Individual transactions that are not business merger and that, at the time of the transaction, affect neither accounting profit nor taxable income (or deductible losses) and for which the assets and liabilities are initially recognized, result in taxable temporary differences and deductible temporary differences of equal amounts. The Company implemented this provision effective January 1, 2023 and applied the retrospective adjustment method of accounting for individual transactions that occurred between the beginning of the earliest period for which the financial statements are presented and December 31, 2022, and restated the comparative period financial statements.

5. Number of Shareholders of the Company and Their Shareholdings

Unit: share

Total number of common shareholders at the end of the Reporting Period	40,080	Total number of preferred shareholders with resumed voting rights at the end of the Reporting Period (if any)	0			
Top 10 common shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
Shanghai Lihong Enterprise Management Limited	Domestic non-state-owned corporation	50.13%	384,523,746		Pledged	307,618,897
BILTING DEVELOPMENTS LIMITED	Foreign corporation	16.94%	129,924,090		Pledged	103,939,172
Hong Kong Securities Clearing Co., Ltd.	Foreign corporation	4.53%	34,718,761			
Joyoung ESOP Plan (Phase 1)	Others	2.09%	16,000,000			
Central Huijin Investment Ltd.	State-owned corporation	1.46%	11,201,233			

China Universal Asset Management Co.,Ltd - Social Security Fund Portfolio No.423	Others	1.09%	8,363,110			
Basic Pension Insurance Fund Portfolio No. 1001	Others	0.65%	5,001,435			
Hongde Fund-Ruixing Three-Year Holding Hybrid Portfolio-CMB	Others	0.44%	3,353,862			
PICC-Dividend-Participating Insurance	Others	0.34%	2,590,400			
China Universal Fund-Private Co. Hybrid Portfolio-ICBC	Others	0.33%	2,512,133			
Related or acting-in-concert parties among shareholders above	<p>In April 2019, the shareholding structure of Bilting Developments Limited changed. MR. Xuning WANG, the actual controller of the Company, became the actual controller of Bilting Developments Limited (See Report No. 2019-027 of the Company on www.chinainfo.com.cn.). As a result, Shanghai Lihong Enterprise Management Co., Ltd. and Bilting Developments Limited, both controlled by Mr. Xuning WANG, are defined as acting-in-concert parties by the <i>Administrative Measures for the Takeover of Listed Companies</i>.</p> <p>Other than the aforementioned related and acting-in-concert parties, the Company is uncertain about whether there are related or acting-in-concert parties among shareholders above.</p>					
Explanation on common shareholders participating in securities margin trading (if any)	N/A					
Notes on the existence of repurchase specialized accounts among the top 10 shareholders (if any)	The number of ordinary shares held in the repurchase specialized account of Joyoung Co., Ltd. at the end of the reporting period was 4,000,000 shares, accounting for 0.52% of the total share capital of the Company.					

6. Change in controlling shareholders or actual controllers

Change in controlling shareholder during the reporting period

Applicable N/A

Change in actual controller during the reporting period

Applicable N/A

7. Total Number of Preferred Shareholders and TOP 10 Preferred Shareholders and Their Shareholdings

Applicable N/A

8. Relevant Information on Corporate Bonds

Applicable N/A

Section III. Important Matters

None