

## Haier Smart Home Co., Ltd. 2021 Third Quarter Report

The Board of Directors (the “Board”) and the Directors of Haier Smart Home Co., Ltd. (the “Company”) hereby assure that this announcement is free from any false record, misleading representation or material omission and are individually and collectively responsible for the trueness, accuracy and completeness of the content set out herein.

### Important Notice:

The board of directors (the “Board”), the board of supervisors, directors, supervisors and senior management of the Company hereby assure that the content set out in the quarterly report is true, accurate and complete, and free from any false record, misleading representation or material omission, and are individually and collectively responsible for the content set out therein.

The legal representative of the Company, chief financial officer of the Company and person in charge of accounting department hereby certify that the financial statement information set out in the quarterly report is true, accurate and complete.

Whether the third quarterly report has been audited or not

Yes  No

### I. Key Financial Information

#### (I) Major accounting data and financial indicators

Unit and Currency: RMB

Items	During the Reporting Period	Year-on-year increase/decrease during the Reporting Period (%)	From the beginning of the year to the end of the Reporting Period	Year-on-year increase/decrease during the beginning of the year to the end of the Reporting Period (%)
Operating revenue	58,344,749,484.03	-0.58	169,963,571,548.76	10.07
Net profit attributable to shareholders of the listed Company	3,082,339,695.41	-12.43	9,934,611,508.38	57.68

Net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company	2,785,809,654.46	82.93	9,055,716,061.18	121.28
Net cash flow from operating activities	N/A	N/A	13,359,284,075.18	133.91
Basic earnings per share (RMB per share)	0.331	-38.13	1.072	11.90
Diluted earnings per share (RMB per share)	0.331	-36.35	1.061	12.99
Weighted average return on net assets (%)	4.00%	Decrease by 3.03 percentage points	13.29%	Increase by 0.58 percentage point
	At the end of the Reporting Period	At the end of last year		Increase/decrease at the end of the Reporting Period compared to the end of last year (%)
Total assets	212,940,580,271.32	203,459,495,879.65		4.66
Owner equity attributable to shareholders of the listed Company	77,733,774,523.46	66,816,422,614.55		16.34

Note: "Reporting Period" refers to the three-month period commencing from the beginning of this quarter to the end of this quarter.

During the Reporting Period, amid tepid industry demand, rising raw material costs and resurgence of the pandemic overseas, the Company expedited its IoT-based smart home strategic transformation, with a focus on building high-end brands, scenario brands, and ecosystem brands. We continuously consolidated the advantages in one-stop high-end scenario-based smart home solutions, global footprint synergy, efficient operation system, and smart home experiential Cloud platforms; while accelerating digital transformation and efficiency improvement, so as to achieve sustainable development with a steady performance.

## Key Performance Indicators

### I. Revenue and profit

In the first three quarters of 2021, the Company recorded revenue of RMB169.964 billion, net profit of RMB10.064 billion, net profit attributable to shareholders of the listed Company of RMB9.935 billion, net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company of 9.056 billion, representing increases of 10.1%, 25.5%, 57.7% and 121.3% as compared to the same period in 2020, respectively. In particular, in the third quarter, its revenue reached RMB58.345 billion, net profit was RMB3.126 billion, and net profit attributable to shareholders of the listed Company was RMB3.083 billion, net profit after deduction of non-recurring profit or loss attributable to shareholders of the listed Company was 2.786 billion, representing changes of -0.6%, -29.1%, -12.4% and +82.9% respectively as compared to the same period in 2020.

Excluding the impact from the deconsolidation of COSMOPlat in the third quarter of last year, and assuming 100% ownership of the privatised Haier Electronics (01169.HK) in the same period last year, the Company's total revenue and net profit attributable to shareholders of the listed Company would have increased by 20.4% and 60.2% in the first three quarters of 2021 as compared with the same period in 2020; and revenue and net profit attributable to shareholders of the listed Company in the third quarter would have increased by 9.2% and 14.6% as compared with the same period in 2020.

#### 1. Smart Home and Other Business in China

**Revenue of the smart home and other business in China in the first three quarters of 2021 increased by 4.0% as compared with the same period in 2020;** excluding the impact of the deconsolidation of COSMOPlat, revenue would have increased by 24.3% in the first three quarters of 2021 as compared with the same period in 2020.

The Company remained committed to the development from high-end brands to scenario-based and ecosystem brands leveraging on innovation, premium product portfolio and comprehensive solutions. The Company accelerated its digital transformation in terms of distribution network, service coverage and supply chain management. We have built a digital platform that gives sales people online access to the latest product offerings, so they could better manage existing as well as new users. Average customer acquisition by per salesperson increased by 38%.

At the same time, the Company managed to grow market shares across the board. In the first nine months, revenue from Casarte increased by 57% as compared with the same period in 2020, with market share gain as a whole and in all categories, where its share in refrigerator market increased by 2.4 percentage points.

##### (1) Household food solution (internet of food)

**Refrigerator:** The Company addressed users' demand for upgrade with large capacity, health-oriented and freshness preservation technology, kitchen aesthetic designs, and smart scenario experience. According to CMM, by retail sales, our market share reached 38.7% online and 41.4% offline from January to September 2021, representing a year-on-year increase of 3.6 and 2.1

percentage points, our leadership further consolidated as Haier continued to rank no.1 in the industry, while Casarte became no.2 with 14.2% market share or 2.4 percentage points year-on-year expansion.

During the Reporting Period, with the accelerated implementation of globalized operating platform, product upgrade and smart manufacturing, our refrigerator segment quickly responded to change in consumer taste with successful launch of scenario-based solutions, Boguan series boasting cell-level freshness preservation and built-in design was an immediate bestseller. Casarte Homey series that caters for users' taste with stone panel, simplicity in designs and seamless integration with cabinets facilitated by bottom-mounted cooling technology, has contributed to 46% sales revenue growth of Casarte's refrigerators.

**Kitchen appliances:** According to CMM, by retail sales, our market share reached 7.3% offline in the first nine months, representing an increase of 1 percentage point as compared to the same period last year, and Casarte's market share grew by 1.2 percentage points, representing an increase of 75%.

During the Reporting Period, the Company's kitchen appliance segment made breakthroughs in the high-end market by continuously expanding Casarte's product portfolio. Ideal Home Galaxy series was launched with 114 patents and 5 ground-breaking technologies in the industry, providing users with a premium and comprehensive smart kitchen experience, driving Casarte's kitchen appliance sales revenue to grow 123% from January to September 2021, among which Casarte dishwashers grew by 152%. At the same time, the Company continued to upgrade scenario-based solutions, accelerated lower tier network expansion and increased presence in home improvement markets. By introducing GEA and FPA in commercial projects, the Company fully leveraged the global brand portfolio to address diverse customer demands and achieve steady growth. During the first three quarters of 2021, revenue from kitchen appliance grew by 31% as compared with the same period last year, among which the sales of dishwashers grew by 92%.

## **(2) Household clothing solutions (internet of clothing)**

**Washing machine:** According to CMM, by retail sales, our market shares reached 40.5% online and 43.6% offline from January to September 2021, representing increases of 1.1 and 3.1 percentage points.

Our washing machine segment appreciates the growing diversification in users' demand with continued technological innovations. During the period, several "New Species" products were launched, including Casarte Neutron Hemei Washing and Drying Machine, which integrates washing, drying and garment care. Facilitated by innovative patented technology, it is 20cm lower than the height of traditional washer-and-dryer combo, allowing users to enjoy a comfortable "China height" (中国高度) of 150cm, where they do not have to raise their hands above shoulder level, all of which contributing to our front-loading machines' further market share expansion of 8.5 percentage points, reaching 45.8%. In order to eliminate bacteria contamination when wet clothes are left behind after laundry, we developed the unique Deep Breathing series, which can automatically air-dry the laundry and the drum when users do not pick them up in time. Its launch attracted wide attention and a total of 32,000 units have been sold since then.

At the same time, the washing machine segment rapidly expanded into new categories such as tumble dryers, shoe washers. In order to address demand in drying large items, delicate items and reducing crease, the Company developed industry leading technologies including independent fan, hybrid fast drying and smart wind speed control, thus effectively improved drying experience. Sales revenue of tumble dryers grew by more than 260% and its market share offline reached 36.7%, representing an increase of 19.3 percentage points over the same period, and 1.32 times the market share of runner-up according to CMM.

### (3) Household air solutions

**Household air conditioner:** Based on CMM’s retail sales data, from January to September 2021, our market share reached 17.0% offline, representing an increase of 2.5 percentage points as compared with the same period last year, while market share online reached 13.6%, representing an increase of 2.4 percentage points as compared with the same period last year. Through the rapid expansion of Casarte's product portfolio and distribution network, our share in high-end market (wall-mounted units > RMB 4,000 and cabinet units > RMB 10,000) reached 20.8%, representing a year-on-year increase of 5.6 percentage points. In the single third quarter, an impressive 9.2 percentage points market share expansion was achieved, reaching 25% in high-end market, among which installation of Casarte units doubled.

During the period, the household air conditioning business focused primarily on health-conscious and smart products, accelerated the channel reorganization, improved store layout in order to foster a closer user interaction through various marketing strategies including “experience + air-conditioning cleaning(体验官+全民洗空调)”, while implementing operational efficiency initiatives in procurement, R&D, manufacturing and marketing, streamlining SKU as well as improving the efficiency of individual models. During the first three quarters, revenue from household air conditioning grew by 20% as compared with the same period last year, with revenue from Casarte up by 68.6%.

**Central air conditioner:** According to China IOL, the Company’s market share in central air conditioners was 11.1% from January to August 2021, representing an increase of 0.7 percentage points compared to the same period last year.

During the period, Haier’s central air conditioner actively implemented the national “carbon neutral” strategy, continued to achieve technology breakthrough, product innovations in providing customized air energy solutions, and sustained our leadership. For instance, the launch of the new integrated all-in-one air conditioner targets to reduce conventional water system’s complication in installation and limited choices in fluorine unit by creating customized air solution integrating management of temperature, humidification, purification, oxygenation, circulation, freshness and quietness, catering to more specific demands from medical and archaeological industries. In respect of clean energy, the Company rolled out the IoT-enabled ultra-low temperature air-drive heat pump “Flame+ (赤焰+)” series, which features 62°C water temperature and ensures -35°C ultra-low temperature heating. It also targets diversified user demands such as subdivided household heating, regional heating, agricultural heating, commercial hot water usage and drying scenarios, thus providing innovative solutions to hospitality, industrial parks, office buildings and agricultural facilities. Based on the HAI-BMS smart system, the Company developed the industry’s first clean energy smart Heat platform that facilitates efficient, convenient and energy-saving scenario-based solutions.

### (4) Household water solution

**Water heater:** CMM’s retail sales data indicates, from January to September 2021, the Company’s market share online and offline was 31.2% and 27.7%, representing a year-on-year increase of 4.8 percentage points and 3.9 percentage points.

During the period, the Company focused on Casarte Galaxy series with crystal rods, gas-electric hybrid series, mid and high-end ceramic heating chamber series and slim instantaneous heat series to cater for demand in different pricing ranges. In particular, Casarte Galaxy series adopts ground-breaking materials and processes to create a heater rod that does not require magnesium nor leave limescale and form crud. Meanwhile, the Company actively expanded HVAC channels and home improvement markets, increased the number of small outlets, and acquired users through

experience-based service and word-of-mouth marketing. In addition, we strengthened partnership with designers to target new homeowners.

**Water purifier:** According to CMM, from January to September, by retail revenue, the Company's market share offline increased by 23.7%, and its market share ranking rose by one place to the fourth, while the online share increased by 26.8% and maintained industry leading position.

During the period, the water purifier segment focused on meeting increasing demand for safe and healthy water, and launched the Connoisseur series, that is "a mineral water purifier, and a fruit and veggie washer at the same time", and their popularity drove steady revenue growth of the water purifier products.

## **2. Overseas Home Appliance and Smart Home Segment**

In the first three quarters of 2021, revenue of the Company's overseas business increased by 16.8% as compared with the same period in 2020; operating profit margin increased by 1.7 percentage points as compared with the same period in 2020. The continued strong momentum was attributable to: (1) adhering to the 3-in-1 model of R&D, manufacturing and marketing, the Company provided precise services and optimal experiences to users through diversified solutions, thereby achieving better than industry performance in every overseas markets; (2) in the post pandemic period, the Company continued to step up online and strengthened strategic partnership with leading e-commerce players, while expanding the offline network and developing high-end brands and scenario-based ecosystem brands through retail transformation; (3) the Company optimized the global supply chain platform to respond to raw material inflation, component shortage, rising international freight costs, and labour disruption.

- ① **The Americas Market:** During the period, GEA continued to upgrade consumer experience with the introduction of high-end products. GEA's front-load washing machines with antibacterial function were awarded the highest recognition of Good Housekeeping Seal of Approval by the Good Housekeeping Institute. High-end multi-door refrigerators and ovens continued to achieve double-digit growth. The launch of the Swordfish series, a new dishwasher with outstanding drying capability and the advantage of easy installation, contributed to a 70% growth in the segment. GEA also launched a brand-new high-end dishwasher from the Profile brand with antibacterial technology, which was well-received by the market. Meanwhile, GEA obtained the Great Place to Work® Certification™ and it was named in Achievers 50 Most Engaged Workplaces 2021.
- ② **The European Market:** The Company actively expanded online channels and enhanced recognition as a smart home brand with its diversified high-end product portfolio and value-added ecosystem services. In the meantime, Hoover brand received the "Consumer Superbrand" award, and the Company actively assumed social responsibilities in the post pandemic era.
- ③ **The Australian and New Zealand Markets:** Faced with pandemic resurgence, the Company implemented product differentiation and scenario solutions to boost the market share of the two brands by 0.7 percentage points in major channels. While FPA's drawer dishwasher achieved a revenue growth of 13% in spite of the headwinds, high-end kitchen solutions drove the price index of refrigerators, kitchen appliances and dishwashers to 120%. Meanwhile, the Company actively seized the opportunity online to achieve rapid growth.
- ④ **The Japanese Market:** AQUA expedited diversification of high-end products, while Haier brand implemented a shift to medium-to-large products in order to expand the community-based washing business to different scenarios.

- ⑤ The South Asian Market: Under the pressure of the pandemic, Pakistan continued to record high revenue growth. Refrigerators, freezers, air conditioners and washing machines maintained market leading position, topping the market in terms of overall share for five consecutive years.
- ⑥ The Southeast Asian Market: Business development was driven by high-end branding. The Company continued to invest in e-commerce channels while deploying industry opinion leaders and event marketing to promote brand affinity and image.

## **II. Gross Profit**

The Company's gross margin was 30.2% for the first three quarters of 2021, representing an increase of 2.2 percentage points as compared with the same period in 2020. The increase in gross margin was primarily attributable to several factors, where in domestic market, the Company accelerated revenue growth of Casarte, optimized product mix, implemented the super factory project, streamlined SKU and improved manufacturing efficiency to partially mitigate the impact of rising raw material prices, while the prior disposal of businesses with low profitability also contributed positively to gross profit margin. In the overseas market, the cost pressure was effectively mitigated by optimization of product mix, continuous optimization of supply chain layout and improvement in manufacturing efficiency in each region.

## **III. Operating Expenses Ratio**

1. The selling expense ratio of the Company in the first three quarters was 15.4%. Excluding the revenue contribution of COSMOPlat in the first three quarters of 2020, the selling expense ratio decreased by 1.1 percentage point (including the revenue contribution of COSMOPlat, the expense ratio from January to September 2020 was 15.1%). In domestic market, the Company continuously implemented digital transformation, facilitating digital management of salespeople, while working on the digital transformation of after-sale service personnel and supply chain. In the overseas market, the Company benefited from economies of scale arising from rapid revenue growth, and accelerated information system implementation to improve operational efficiency and optimize the selling expense ratio through effective expense control.
2. The administrative expense ratio in the first three quarters was 4.4%. Excluding the revenue contribution of COSMOPlat in 2020, the administrative expense ratio would have decreased by 0.6 percentage point (including the revenue contribution of COSMOPlat, the expense ratio from January to September 2020 was 4.6%). The improvement in administrative expense ratio was attributable to improved operation efficiency.
3. The research and development expense ratio in the first three quarters was 3.7%, representing an increase of 0.5 percentage points year on year. It was mainly due to the step up efforts in building smart capabilities, such as iteration and upgrade of Smart Home APP, Smart Home cloud and other cutting-edge technologies, the incubation of new categories as well as the iteration of Three-Winged Bird scenario experience.

4. The financial expense ratio in the first three quarters was 0.2%, representing a decrease of 0.6 percentage point year on year. The decrease was mainly due to the conversion of convertible bonds and debt repayment.

#### **IV. Working Capital**

##### **1. Trade and bill receivable turnover days**

The trade and bill receivable turnover days of the Company was 50 days in the first three quarters, representing an increase of 2.6 days as compared with the end of 2020, which was mainly attributable to growth in revenue and increase in trade and bill receivables.

##### **2. Inventory turnover days**

The inventory turnover days of the Company was 76 days in the first three quarters, representing an increase of 4.3 days as compared to the end of 2020, which was mainly attributable to the inventory preparation arising from increased sales orders.

##### **3. Trade and bill payable turnover days**

In the first three quarters, trade and bill payable turnover days was 142 days, representing an increase of 5.5 days as compared to the end of 2020, which was mainly attributable to an increase in procurement scale.

#### **V. Cash Flow Analysis**

1. Net cash flow from operating activities for the period amounted to RMB13.36 billion, representing an increase of RMB7.65 billion as compared to the corresponding period. It was mainly due to the increase in operating profit and enhanced operation efficiency;
2. Net cash outflow from investing activities for the period amounted to RMB5.20 billion, representing an increase of 93.1% as compared to the corresponding period, which was mainly due to cash outflow as a result of the increase in investments this year and cash inflow from the disposal of subsidiaries in 2020;
3. Net cash outflow from financing activities for the period amounted to RMB13.08 billion, while net cash inflows in financing activities for the corresponding period amounted to RMB5.75 billion, which was mainly due to the repayment of debt, shares buyback and increase in new borrowings.

#### **VI. Capital Expenditure**

The Company assesses its capital expenditure and investments in each segment in China and overseas from time to time. The capital expenditure in the first three quarters of 2021 was RMB4.91 billion, of which RMB2.18 billion and RMB2.73 billion were used in China and overseas respectively in plant and equipment construction, property rental, and digital infrastructure.

#### **VII. Gearing Ratio**



As of the end of the third quarter in 2021, the Company's gearing ratio was 62.8%, representing a decrease of 3.7 percentage points as compared to the end of 2020, which was mainly due to the conversion of convertible bonds, increase in net profit and the repayment of borrowings.

(II) Non-recurring profit or loss items and amounts

Unit and Currency: RMB

Items	Amounts in the Reporting Period	Amounts from the beginning of the year to the end of the Reporting Period
Profit or loss from disposal of non-current assets (including the write-off portion of the provision for impairment of assets)	65,166,649.46	200,578,022.11
Government grants included in current profit or loss, except that closely related to the normal operating business, complied with requirements of the national policies, continued to be granted with the amount and quantity determined under certain standards	161,823,554.89	445,358,693.42
Profit or loss on change in fair value from financial assets and financial liabilities held for trading, as well as investment income from disposal of financial assets and financial liabilities held for trading and financial assets and liabilities available for sales except for effective hedging related with normal businesses of the Company	67,954,039.04	297,181,061.03
Other non-operating income and expenses except as listed above	14,073,114.60	49,512,691.88
Less: Effect of income taxation	-8,311,500.59	-101,590,091.60
Effect of minority interest, net of tax	-4,175,816.45	-12,144,929.64
Total	296,530,040.95	878,895,447.20

Description on categorizing the non-recurring profit or loss items listed in the Interpretative Announcement No. 1 [2008] of the Information Disclosure of the Companies Public Offering Securities — Non-recurring Profit or Loss (公开发行证券的公司信息披露解释性公告第1号—非经常性损益) as recurring profit or loss item

Applicable Not Applicable

(III) Changes in major accounting data and financial indicators and reasons

Applicable Not Applicable

Items	Percentage of change (%)	Main reasons
Net profit after deduction non-recurring profit or loss attributable to shareholders of the listed Company_ Reporting period	82.93	Mainly as a result of the increase in operating profit for the period and the increase in proportion of net profit attributable to shareholders of the listed Company due to the completion of the introduction of H-share listing and privatization of Haier Electric by the Company
Basic earnings per share	-38.13	Mainly as a result of the investment gain arising from

(RMB per share) _Reporting period		the disposal of equity in a subsidiary (nil in the current period) during the same period, the H shares issued by the Company as the compensation for the cancellation of the scheme shares in accordance with the privatization proposal, and the additional H shares issued by the Company due to the conversion of H share convertible bonds
Diluted earnings per share (RMB per share) _Reporting period	-36.35	Mainly as a result of the investment gain arising from the disposal of equity in a subsidiary (nil in the current period) during the same period, the H shares issued by the Company as the compensation for the cancellation of the scheme shares in accordance with the privatization proposal, and the additional H shares issued by the Company due to the conversion of H share convertible bonds
Weighted average return on net assets (%) _Reporting period	Decrease by 3.03 percentage points	Mainly as a result of H shares issued by the Company as the compensation for the cancellation of the scheme shares in accordance with the privatization proposal, additional H shares issued by the Company due to the conversion of H share convertible bonds, resulting in an increase in shareholders' equity and investment gain arising from the disposal of equity in a subsidiary (nil in the current period) during the same period
Net profit attributable to shareholders of the listed Company from the beginning of the year to the end of the Reporting Period	57.68	Mainly as a result of the increase in operating profit for the period, and the increase in proportion of net profit attributable to shareholders of the listed Company due to the completion of the introduction of H-share listing and privatization of Haier Electric by the Company, partially offset by investment gain arising from the disposal of equity in a subsidiary (nil in the current period) during the same period
Net profit after non-recurring profit or loss attributable to shareholders of the listed Company from the beginning of the year to the end of the Reporting Period	121.28	Mainly as a result of the increase in operating profit for the period and the increase in proportion of net profit attributable to shareholders of the listed Company due to the completion of the introduction of H-share listing and privatization of Haier Electric by the Company
Net cash flow from operating activities from the beginning of the year to the end of the Reporting Period	133.91	Mainly as a result of the increase in operating profit for the period and improvement in operating efficiency

## II. PARTICULARS OF SHAREHOLDERS

- (I) Total number of ordinary shareholders and the number of preferential shareholders with restored voting rights and the shareholdings of the top 10 shareholders

Unit: share			
Total number of ordinary shareholders as of the end of the Reporting Period	186,277	Total number of preferential shareholders with restored voting rights as of the end of the	N/A

		Reporting Period (if any)				
Shareholdings of the top 10 shareholders						
Name of shareholders	Nature of shareholders	Number of shares held	Percentage of shareholdings (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen	
					Status	Number
HKSCC NOMINEES LIMITED	Unknown	2,188,987,197	23.30		Unknown	
Haier Electric Appliances International Co., Ltd.	Domestic non-state owned legal entity	1,258,684,824	13.40		Nil	
Haier Group Corporation	Domestic non-state owned legal entity	1,072,610,764	11.42		Nil	
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	Foreign legal entity	538,560,000	5.73		Nil	
Hong Kong Securities Clearing Company Limited	Unknown	555,229,444	5.91		Unknown	
China Securities Finance Corporation Limited	Unknown	182,592,654	1.94		Unknown	
Qingdao Haier Venture & Investment Information Co., Ltd.	Domestic non-state owned legal entity	172,252,560	1.83		Nil	
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	Domestic non-state owned legal entity	98,014,946	1.04		Nil	
China Merchants Bank Co., Ltd. – Xingquan Herun Hybrid Securities Investment Fund	Unknown	91,780,653	0.98		Unknown	
ALIBABA INVESTMENT LIMITED	Unknown	83,823,993	0.89		Unknown	
Shareholdings of the top 10 shareholders not subject to trading moratorium						
Name of shareholders	Number of listed shares not subject to trading moratorium held	Class and number of shares				
		Class	Number			
HKSCC NOMINEES LIMITED	2,188,987,197	Overseas listed foreign shares	2,188,987,197			
Haier Electric Appliances International Co., Ltd	1,258,684,824	RMB ordinary shares	1,258,684,824			
Haier Group Corporation	1,072,610,764	RMB ordinary shares	1,072,610,764			
HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED	538,560,000	Overseas listed foreign shares	538,560,000			
Hong Kong Securities Clearing Co., Ltd.	555,229,444	RMB ordinary shares	555,229,444			
China Securities Finance	182,592,654	RMB ordinary shares	182,592,654			

Corporation Limited			
Qingdao Haier Venture & Investment Information Co., Ltd.	172,252,560	RMB ordinary shares	172,252,560
Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership)	98,014,946	RMB ordinary shares	98,014,946
China Merchants Bank Co., Ltd. – Xingquan Herun Hybrid Securities Investment Fund	91,780,653	RMB ordinary shares	91,780,653
ALIBABA INVESTMENT LIMITED	83,823,993	Overseas listed foreign shares	83,823,993
Explanation of associations or actions in concert among the above shareholders	<p>(1) Haier Electric Appliances International Co., Ltd. (currently named as Haier COSMO Co., Ltd.) is a subsidiary of Haier Group Corporation. Haier Group Corporation holds 51.20% of its equity. Qingdao Haier Venture &amp; Investment Information Co., Ltd. (青岛海尔创业投资咨询有限公司), HCH (HK) INVESTMENT MANAGEMENT CO., LIMITED, Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) are parties acting in concert with Haier Group Corporation;</p> <p>(2) The Company is not aware of the existence of any connections of other shareholders.</p>		
Explanation of the top 10 shareholders and the top 10 shareholders not subject to trading moratorium engaging in the margin trading and short selling and refinancing business (if any)	<p>As at the end of the Reporting Period, Qingdao Haichuangzhi Management Consulting Enterprise (Limited Partnership) engaged in refinancing and securities lending business, involving a total of 2,004,000 shares, whilst the ownership of which had not been transferred. The actual number of shares held by it totaled 100,018,946 shares.</p>		

### III. Miscellaneous

Other significant information regarding the Company's operations during the Reporting Period should be brought to the attention of investors

Applicable  Not Applicable

- (1) **External guarantees:** As of the end of the Reporting Period, the external guarantees provided by the Company and its subsidiaries were guarantees between the Company and its subsidiaries, the total balance of which amounted to RMB20.18 billion, accounting for 26.0% of the Company's latest net assets and 9.5% of the latest total assets.
- (2) **Foreign exchange derivative:** As of the end of the Reporting Period, the aggregate balance of the Company's foreign exchange derivative transactions amounted to approximately USD 2.17 billion.

- (3) **Entrusted wealth management:** By the end of the Reporting Period, the balance of the Company's entrusted wealth management amounted to RMB2.21 billion, including two parts:
- ① **wealth management products for temporarily idle fund raised previously:** at the end of December 2018, the Company's proceeds for the issuance of convertible corporate bonds were fully received. In order to improve the yield of temporarily-idle funds, the Company intended to carry out cash management with the amounts not exceeding RMB0.5 billion after approved by the Board. By the end of the Reporting Period, the balance of the entrusted wealth management amounted to RMB0.36 billion;
- ② **temporary-idle funds wealth management used by certain subsidiaries of the Company:** Under the premise of ensuring sufficient capital required by the principal operating activities and daily operations, some subsidiaries of the Company purchased some short-term principal-guaranteed wealth management products and structured deposits from major commercial banks to improve the yield of temporarily-idle funds and the return for shareholders within the authority of the president's office meeting and under the condition of ensuring fund safety. By the end of the Reporting Period, the balance of the entrusted wealth management amounted to RMB1.85 billion.
- (4) **Progress of the A-share repurchases:** On 5 March 2021, the Company convened the 16th meeting of the 10th session of the Board, which considered and approved the Resolution in Relation to the Repurchase Plan of a Portion of Public Shares of Haier Smart Home Co., Ltd. It approved the Company to use its own funds to repurchase a portion of A shares of the Company by way of centralised bidding. The repurchase price is no more than RMB46 per share and the proposed total repurchase amount is no more than RMB4.0 billion and no less than RMB2.0 billion, with no more than 86.96 million shares to be repurchased. The period of this repurchase is within 12 months from the date the Board considered and approved the resolution of repurchase of shares. As at the end of the Reporting Period, the Company had repurchased a total of 71,838,966 shares, representing 0.76% of the total share capital of the Company. The highest price purchased was RMB32.80 per share and the lowest price was RMB24.89 per share, and the total amount paid was RMB1,994,364,263.42. For details, please refer to the announcement on the progress of the repurchase disclosed by the Company on a monthly basis.
- (5) **Progress of the Employee Stock Ownership Plan:** During the Reporting Period, according to the relevant arrangements in Core Employees A Share Ownership Plan of Haier Smart Home Co., Ltd. (for Years 2021–2025) (Draft) and its Summary and the Core Employees H Share Ownership Plan of Haier Smart Home Co., Ltd. (for Years 2021–2025) (Draft) and its

Summary, which were considered and approved at the general meeting and have come into effect, the Company completed the shares pool building for the above share ownership plans. Please refer to Announcement of Haier Smart Home Co., Ltd. on the Completion of Non-transactional Transfer of Share Certificates for Core Employees A Share Ownership Plan and Announcement of Haier Smart Home Co., Ltd. on the Completion of Share Purchase for Core Employees H Share Ownership Plan (for Year 2021) issued on 24 July 2021 and 27 July 2021 for further details.

- (6) **Progress of the matters in relation to share incentives:** The Company held the second extraordinary general meeting of 2021 and other relevant meetings on 15 September 2021 to consider and approve the "2021 A Share Option Incentive Scheme (draft) of Haier Smart Home Co., Ltd. and its summary". The share incentive plan involved a total of 51,000,000 share options (of which 46,000,000 options would be granted under the first grant and 5,000,000 options would be reserved), with an exercise price of RMB25.63 per share. On 15 September 2021, the Company held the 23rd meeting of the tenth session of Board and other relevant meetings to consider and approve the "Resolution on the First Grant of Share Options to the Participants of Haier Smart Home Co., Ltd.", after which the works related to the first grant of the share incentives were completed. Please refer to Announcement of Haier Smart Home Co., Ltd. on the First Award of the 2021 A Share Options to the Participants issued on the same date for further details.

#### IV. Quarterly Financial Statements

- (I) Type of Audit Opinion  
Applicable Not Applicable
- (II) Financial Statements

#### Consolidated Balance Sheet 30 September 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Type of Audit: Unaudited

Items	30 September 2021	31 December 2020
<b>Current assets:</b>		
Cash at bank and on hand	41,415,025,484.61	46,461,329,426.91
Provision of settlement fund		
Funds lent		
Financial assets held for trading	2,888,189,624.36	2,165,192,497.83
Derivative financial assets	136,885,409.17	77,839,006.63
Bills receivable	14,584,132,119.43	14,136,349,754.34
Accounts receivable	18,116,053,952.58	15,930,024,286.67

Financing receivables		
Prepayments	1,145,689,726.84	765,427,571.70
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	2,464,638,317.25	1,717,152,945.65
Including: Interest receivable		
Dividend receivable		
Financial assets purchased under resale agreements		
Inventories	36,070,094,427.60	29,446,973,404.75
Contract assets	239,570,182.64	263,412,927.58
Assets held for sale		
Non-current assets due in one year		
Other current assets	2,965,185,089.86	3,283,888,900.58
Total current assets	120,025,464,334.34	114,247,590,722.64
<b>Non-current assets:</b>		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables	304,741,668.20	330,588,978.97
Long-term equity investments	22,807,807,301.52	21,567,658,450.89
Investments in other equity instruments	4,242,437,904.06	2,659,125,265.54
Other non-current financial assets		
Investment properties	26,816,851.55	28,387,002.81
Fixed assets	20,995,893,489.10	20,895,504,722.21
Construction in progress	5,818,491,926.80	3,596,902,447.07
Biological assets for production		
Oil and gas assets		
Right-of-use assets	2,827,110,733.34	2,839,858,259.27
Intangible assets	9,810,514,844.04	10,017,867,645.93
Development cost	233,229,783.08	167,746,724.13
Goodwill	22,243,100,696.36	22,518,460,337.64
Long-term prepaid expenses	516,927,472.21	455,742,504.13
Deferred income tax assets	1,837,596,917.04	2,208,301,258.25
Other non-current assets	1,250,446,349.68	1,925,761,560.17
Total non-current assets	92,915,115,936.98	89,211,905,157.01
Total assets	212,940,580,271.32	203,459,495,879.65
<b>Current liabilities:</b>		
Short-term borrowings	8,458,180,631.47	7,687,908,165.88
Borrowings from central bank		
Due to banks and other financial institutions		
Financial liabilities held for trading	2,224,705.72	26,952,508.66
Derivative financial liabilities	95,516,212.72	239,582,532.90
Bills payable	24,375,581,162.68	21,236,057,053.67
Accounts payable	41,409,432,997.78	36,302,971,944.48
Receipts in advance		

Contract liabilities	9,324,774,033.42	7,048,637,659.48
Disposal of repurchased financial assets		
Absorbing deposit and deposit in inter-bank market		
Customer deposits for trading in securities		
Amounts due to issuer for securities underwriting		
Payables for staff's remuneration	3,451,424,281.99	3,760,099,978.82
Taxes payable	2,376,641,406.71	2,399,705,460.12
Other payables	17,978,525,705.73	17,056,156,167.28
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance Accounts payables		
Liabilities held for sale		
Non-current liabilities due within one year	8,213,205,476.08	7,522,724,913.40
Other current liabilities	355,285,824.66	6,112,053,944.63
Total current liabilities	116,040,792,438.96	109,392,850,329.32
<b>Non-current liabilities:</b>		
Deposits for insurance contracts		
Long-term borrowings	9,520,261,665.11	11,821,416,259.81
Bonds payable	383,013,786.19	6,713,501,050.27
Including: Preference shares		
Perpetual bonds		
Lease liabilities	2,075,728,389.63	2,072,702,352.68
Long-term payables	93,735,949.10	98,203,261.27
Long-term payables for staff's remuneration	1,399,631,122.57	1,245,775,024.35
Estimated liabilities	1,547,293,356.78	1,442,844,036.73
Deferred income	633,114,817.93	633,761,669.48
Deferred income tax liabilities	2,089,444,332.80	1,900,401,265.97
Other non-current liabilities	29,056,984.15	27,033,458.13
Total non-current liabilities	17,771,280,404.26	25,955,638,378.69
Total liabilities	133,812,072,843.22	135,348,488,708.01
<b>Owners' equity (or shareholders' equity):</b>		
Paid-in capital (or share capital)	9,395,905,824.00	9,027,846,441.00
Other equity instruments	133,398,235.40	2,364,195,333.79
Including: Preference shares		
Perpetual bonds		
Capital reserve	22,479,232,117.98	15,009,027,407.40
Less: treasury stock	2,215,540,540.97	28,896,550.65
Other comprehensive income	-231,890,423.78	-1,046,216,729.06
Special reserve		
Surplus reserve	3,045,334,539.60	3,045,334,539.60
General risk provisions		
Undistributed profits	45,127,334,771.23	38,445,132,172.47
Total equity attributable to owners (or shareholders) of the Parent Company	77,733,774,523.46	66,816,422,614.55



Minority shareholders' interests	1,394,732,904.64	1,294,584,557.09
Total owners' equity (or shareholders' equity)	79,128,507,428.10	68,111,007,171.64
Total liabilities and owners' equity (or shareholders' equity)	212,940,580,271.32	203,459,495,879.65

Person in charge of the Company: Liang Haishan  
Person in charge of accounting function: Gong Wei  
Person in charge of accounting department: Ying Ke

**Consolidated Profit Statement**  
January-September 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Type of Audit: Unaudited

Items	2021 First Three Quarters (January-September)	2020 First Three Quarters (January-September)
I . Total operating revenue	169,963,571,548.76	154,411,813,689.44
Including: Operating revenue	169,963,571,548.76	154,411,813,689.44
Interest income		
Insurance premiums earned		
Fee and commission income		
II . Total cost of operations	159,343,921,456.82	148,193,548,528.82
Including: Operating cost	118,623,829,079.36	111,131,091,030.65
Interest expenses		
Fee and commission expenses		
Insurance withdrawal payment		
Net payment from indemnity		
Net provisions withdrew for insurance liability		
Insurance policy dividend paid		
Reinsurance cost		
Taxes and surcharges	562,361,108.77	469,361,548.05
Selling expenses	26,098,146,035.41	23,362,019,340.66
Administrative expenses	7,557,331,611.69	7,081,266,745.91
R&D expenses	6,204,288,536.34	5,007,098,365.49
Financial expenses	297,965,085.25	1,142,711,498.06
Including: Interest expenses	542,540,233.96	1,032,220,170.47
Interest income	400,822,923.36	358,504,311.40
Add: other income	635,028,802.34	923,669,481.27
investment income (losses are represented by “-”)	1,664,671,227.93	3,503,301,030.65
Including: Investment income of associates and joint ventures		
Income generated from the derecognition of financial assets measured at amortized cost		
Exchange gain (losses are represented by “-”)		

Gains on net exposure hedges (losses are represented by “-”)		
Income from change in fair value (losses are represented by “-”)	39,767,883.33	6,595,588.63
Loss on credit impairment (losses are represented by “-”)	-141,683,845.18	-116,103,151.35
Loss on assets impairment (losses are represented by “-”)	-728,421,071.61	-727,876,621.09
Gain from disposal of assets (losses are represented by “-”)	207,581,603.71	-52,591,373.95
III. Operating profit (losses are represented by “-”)	12,296,594,692.46	9,755,260,114.78
Add: non-operating income	147,370,992.20	107,820,893.69
Less: non-operating expenses	104,861,881.92	122,983,406.06
IV. Total profit (total losses are represented by “-”)	12,339,103,802.74	9,740,097,602.41
Less: income tax expense	2,274,926,783.00	1,721,111,958.00
V. Net profit (net losses are represented by “-”)	10,064,177,019.74	8,018,985,644.41
(I) Classification by continuous operation		
1. Net profit from continuous operation (net losses are represented by “-”)	10,064,177,019.74	8,018,985,644.41
2. Net profit from discontinued operation (net losses are represented by “-”)		
(II) Classification by ownership of the equity		
1. Net profit attributable to shareholders of the Parent Company (net losses are represented by “-”)	9,934,611,508.38	6,300,507,503.54
2. Profit or loss attributable to minority shareholders (net losses are represented by “-”)	129,565,511.36	1,718,478,140.87
VI. Other comprehensive income, net of tax	768,015,269.00	-1,726,210,230.61
(I) Other comprehensive income attributable to shareholders of the listed Company, net of tax	776,465,493.58	-1,664,084,285.15
1. Other comprehensive income that cannot be reclassified into the profit or loss	1,180,689,883.33	-58,986,038.62
(1) Changes arising from re-measurement of defined benefit plans	-355,977.81	-2,796,373.04
(2) Other comprehensive income that cannot be transferred into profit or loss under equity method		
(3) Changes in fair value of investments in other equity instruments	1,181,045,861.14	-56,189,665.58
(4) Changes in fair value of credit risks of the enterprise		
2. Other comprehensive income to be reclassified into the profit or loss	-404,224,389.75	-1,605,098,246.53
(1) Other comprehensive income that	37,327,753.73	-189,651,363.03

can be transferred into profit or loss under equity method		
(2) Changes in fair value of other debt investments		
(3) Reclassified financial assets that are credited to other comprehensive income		
(4) Credit impairment provision for other debt investments		
(5) Reserve for cash flow hedging	116,947,915.82	-84,274,049.94
(6) Exchange differences on translation of financial statements denominated in foreign currencies	-558,500,059.30	-1,331,172,833.56
(7) Others		
(II) Other comprehensive income attributable to minority shareholders, net of tax	-8,450,224.58	-62,125,945.46
VII. Total comprehensive income	10,832,192,288.74	6,292,775,413.80
(I) Total comprehensive income attributable to the owners of Parent Company	10,711,077,001.96	4,636,423,218.39
(II) Total comprehensive income attributable to the minority shareholders	121,115,286.78	1,656,352,195.41
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	1.072	0.958
(II) Diluted earnings per share (RMB/share)	1.061	0.939

Person in charge of the Company: Liang Haishan  
Person in charge of accounting function: Gong Wei  
Person in charge of accounting department: Ying Ke

**Consolidated Cash Flow Statement**  
January-September 2021

Prepared by: Haier Smart Home Co., Ltd.

Unit and Currency: RMB Type of Audit: Unaudited

Items	2021 First Three Quarters (January-September)	2020 First Three Quarters (January-September)
<b>I. Cash flow from operating activities:</b>		
Cash received from the sale of goods and rendering services	173,651,240,498.75	147,291,023,850.68
Net increase in customer and inter-bank deposits		
Net increase in borrowing from the central bank		
Net cash increase in borrowing from other financial institutes		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy		

holders and investment		
Cash received from interest, fee and commissions		
Net increase in placement from banks and other financial institutions		
Net increase in cash received from repurchase operation		
Net cash received from customer deposits for trading in securities		
Refunds of taxes	1,375,729,622.99	976,790,858.07
Cash received from other related operating activities	1,625,799,358.48	858,777,749.41
Sub-total of cash inflows from operating activities	176,652,769,480.22	149,126,592,458.16
Cash paid on purchase of goods and services	118,817,633,261.77	107,290,072,174.03
Net increase in loans and advances of customers		
Net increase in deposits in the PBOC and inter-bank		
Cash paid for compensation payments under original insurance contract		
Net increase in cash lent		
Cash paid for interest, bank charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	18,881,393,407.16	16,400,625,372.03
Cash paid for all types of taxes	7,580,113,678.87	5,612,184,299.93
Cash paid to other operation related activities	18,014,345,057.24	14,112,505,937.72
Sub-total of cash outflows from operating activities	163,293,485,405.04	143,415,387,783.71
Net cash flow from operating activities	13,359,284,075.18	5,711,204,674.45
<b>II. Cash flow from investing activities:</b>		
Cash received from recovery of investments	4,665,552,636.62	2,810,432,335.20
Cash received from return on investments	578,040,778.24	348,202,313.61
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	42,303,385.93	80,436,732.37
Net cash received from disposal of subsidiaries and other operating entities		1,314,096,598.53
Other cash received from investment activities		8,051,012.31
Sub-total of cash inflows from investing activities	5,285,896,800.79	4,561,218,992.02
Cash paid on purchase of fixed	4,907,211,978.77	5,099,603,609.64

assets, intangible assets and other long-term assets		
Cash paid for investments	5,582,993,847.32	1,758,422,705.33
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		345,271,380.17
Other cash paid on investment activities	250,000.00	52,942,942.62
Sub-total of cash outflows from investing activities	10,490,455,826.09	7,256,240,637.76
Net cash flow from investing activities	-5,204,559,025.30	-2,695,021,645.74
<b>III. Cash flow from financing activities:</b>		
Cash received from capital contributions	39,420,000.00	1,326,697,709.68
Including: Cash received from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	7,143,577,184.22	23,485,842,921.55
Other cash received from financing activities		4,422,492.60
Sub-total of cash inflows from financing activities	7,182,997,184.22	24,816,963,123.83
Cash paid on repayment of loans	12,788,537,940.13	14,546,595,992.83
Cash paid on distribution of dividends, profits or repayment of interest expenses	3,853,421,860.00	3,966,850,550.91
Including: Dividend and profit paid to minority shareholders by subsidiaries		
Other cash paid to financing activities	3,622,853,443.72	552,815,827.98
Sub-total of cash outflows from financing activities	20,264,813,243.85	19,066,262,371.72
Net cash flow from financing activities	-13,081,816,059.63	5,750,700,752.11
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	-19,753,211.46	-400,075,956.59
<b>V. Net increase in cash and cash equivalents</b>	-4,946,844,221.21	8,366,807,824.23
Add: balance of cash and cash equivalents at the beginning of the period	45,635,132,638.48	34,962,947,399.85
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	40,688,288,417.27	43,329,755,224.08

Person in charge of the Company: Liang Haishan  
Person in charge of accounting function: Gong Wei  
Person in charge of accounting department: Ying Ke

(III) The adjustments of the relevant items of the financial statements at the beginning of the year due to the first implementation of new leasing standards since 2021

Applicable Not Applicable

The Board of Haier Smart Home Co., Ltd.  
29 October 2021