

Stock Code: 002032

Short Form: Supor

Announcement No.: 2022-012

# Zhejiang Supor Co., Ltd.

## Abstract of Annual Report 2021

### I. Important Notes

This is the abstract of Annual Report. For detailed information, please refer to the full text of Annual Report as posted on the media designated by China Securities Regulatory Commission.

All directors have attended the Board Meeting in person, in which the current annual report was reviewed and approved.

Non-standard audit opinions

☐ Applicable ☒ Not Applicable

Profit Distribution Preplan of the Company's Common Shares

☒ Applicable ☐ Not Applicable

Convert capital reserves to capital

☐ Yes ☒ No

The profit distribution plan adopted at this Board Meeting specifies that: based on the 808,678,476 shares at the end of 2021 (shares in the Company's special stock repurchase account were granted to incentive objects on January 27, 2022), the Company will distribute all shareholders cash dividends of CNY19.30 per 10 shares (tax included), issue 0 bonus shares (tax included) and will not convert capital reserves to capital.

During the period from the disclosure of this profit distribution preplan to the actual implementation date, if the Company's capital stock changes due to conversion of convertible bonds into stocks, share repurchases, equity incentive exercise, and refinancing and new share listing, it will be executed based on the changed capital stock, and the above distribution ratio remains unchanged.

Profit Distribution Preplan of the Company's Preferred Stock

☐ Applicable ☒ Not Applicable

### II. The Company's Basic Information

#### 1. Profile

Short Form of the Stock:	Supor	Stock Code	002032
Stock Exchange for Stock Listing	Shenzhen Stock Exchange		
	Board Secretary	Representative of Securities Affairs	
Name	Ye Jide	Fang Lin	
Address	23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou China	23F of Supor Building, No.1772 Jianghui Road, New & High Tech Development Zone, Hangzhou China	
Tel.:	0571-86858778	0571-86858778	
Fax:	0571-86858678	0571-86858678	
Email	yjd@supor.com	flin@supor.com	

## 2. The Company's Main Businesses during Report

As China's famous cookware R&D and manufacturing company, Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company") is a China's leading manufacturer of small domestic appliances and also the first listed company in China's cookware industry. Established in 1994, the headquarters of the Company locates in Hangzhou owning 6 R&D and manufacture bases located in Yuhuan City, Hangzhou City, Shaoxing City (Yuecheng District and Keqiao District), Wuhan City, and Ho Chi Minh City with 11,840 employees.

Developed strategic cooperation relationship with the Company since 2006, SEB Group is the actual controller of the Company. By the end of the reporting period, SEB Group held 82.44% shares of the Company. With a long history of more than 160 years, SEB Group is the world's famous cookware R&D manufacturer and small domestic appliance with about 350 million products sold to more than 150 countries worldwide per year.

Supor's main businesses include open fire cookware and kitchen utensil, small domestic appliance, kitchen & electric appliance and H&PC appliance.

(1) Open fire cookware and kitchen utensils mainly include wok, pressure cooker, frying pan, sauce pan, steamer, ceramic slow cooker, kettle, knife, spatula, thermal pot, thermos & flask, kitchen gadgets, crisper, etc.

(2) The small domestic appliance mainly includes electric rice cooker, electric pressure cooker, induction hob, soymilk maker, electric kettle, juicer, slow cooker, electric steamer, electric chafing dish, food processor, baked machine, air fryer, etc.

(3) The kitchen & electric appliance mainly includes range hood, gas stove, disinfection cabinet, water purifier, embedded steaming oven, water heater, integrated stove, etc.;

(4) The H&PC appliance mainly includes air purifier, clothes steamers, dust collector, floor washer and electric iron.

The Company's cookware and electrical products have been exported to more than 50 countries and regions such as Japan, European and American countries mainly through SEB Group.

## 3. Major Accounting Data and Financial Indicators

### (1) Major Accounting Data and Financial Indicators in latest three years

Has the Company retroactively adjusted or restated the accounting data of previous years?

☐ Yes ☒ No

Unit: RMB Yuan

	End of 2021	End of 2020	Increase/ decrease (%)	End of 2019
Total assets (Yuan)	13,899,456,422.16	12,292,270,384.71	13.07%	11,847,953,986.45
Net assets attributable to shareholders of listed company (Yuan)	7,622,639,752.86	7,200,939,908.92	5.86%	6,836,417,032.56
	2021	2020	Increase/ decrease (%)	2019
Operating income (Yuan)	21,585,331,407.47	18,596,944,289.02	16.07%	19,853,477,882.97
Net profit attributable to shareholders of listed company (Yuan)	1,943,943,608.94	1,846,221,538.10	5.29%	1,919,914,191.25
Net profit attributable to shareholders of listed company with non-recurring profit or loss deducted (Yuan)	1,858,036,556.80	1,595,178,564.27	16.48%	1,734,302,272.66
Net cash flows from operating activities (Yuan)	2,049,881,568.69	2,076,592,774.00	-1.29%	1,732,940,977.12
Basic earnings per share (Yuan/share)	2.400	2.264	6.01%	2.349

Diluted earnings per share (Yuan/share)	2.395	2.261	5.93%	2.346
Weighted average return on net assets	26.81%	26.97%	-0.16%	30.54%

Note: The Ministry of Finance modified and promulgated the Accounting Standards for Business Enterprises No. 14 - Income (hereinafter referred to "New Income Standards" on July 5, 2017 that domestic listing enterprises shall implement the New Income Standards from January 1, 2020. In accordance with the new standards and related transition regulations, the Group implemented the New Income Standards from January 1, 2020. Under the New Income Standards, the Group's payable customer expenses that meet the sale offsetting requirements were offset by the operating income in 2020 and 2021 year but operating income in 2019 year represented the one under original standards. Therefore, the total sales of these reporting periods are different in terms of standards. If the total sales of "2019" is recalculated based on same standards, the total sales is CNY18,805,552,126.33.

## (2)Quarter-based Major Financial Indicators

Unit: RMB Yuan

	The 1st quarter	The 2nd quarter	The 3rd quarter	The 4th quarter
Total sales	5,136,308,321.66	5,297,567,571.96	5,231,222,288.72	5,920,233,225.13
Net profit attributable to shareholders of listed company	504,799,303.45	360,791,143.44	375,446,602.61	702,906,559.44
Net profit attributable to shareholders of listed company deducted by non-recurring profit or loss	468,498,175.18	391,677,546.49	352,719,456.67	645,141,378.46
Net cash flows from operating activities	576,498,821.51	-276,068,058.06	267,930,971.06	1,481,519,834.18

Any difference between financial indicators or the total and relevant financial indicators disclosed in quarter-based report or semiannual report?

☐ Applicable ☒ Not Applicable

## 4. Share Capital and Shareholders

### (1)Number of shareholders of the Company and share-holding conditions

Total number of common shareholders by end of reporting period	18,112	Number of common shareholders at the end of last month before the disclosure date of the annual report	19,499	Total number of preferred stockholders with restored voting right (if any).	0	Total number of preferred stockholders with restored voting right at the end of last month before the disclosure date of the annual report (if any)	0
Information on top 10 shareholders							
Shareholder's name	Nature of shareholder	Proportion of share-holding	Number of shares held at period-end	Number of restricted outstanding shares	Number of shares pledged or frozen		
					State of shares	Quantity	
SEB INTERNATIONALE S.A.S	Foreign legal entity	82.44%	666,681,904	0			
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	7.97%	64,468,384	0			
BNP Paribas - Own funds	Foreign legal entity	0.56%	4,541,981	0			

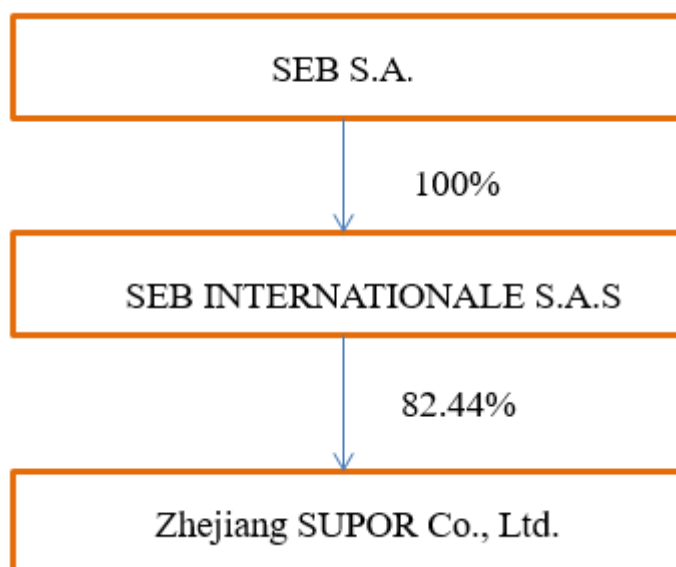
Fidelity Mutual Fund & Investment Management - Clients' capital	Foreign legal entity	0.47%	3,794,722	0		
Guotai Junan Securities Asset Management - China Construction Bank - Guotai Junan Jundexin Complex Securities Investment Funds with Two Years' Holding Period	Others	0.40%	3,195,498	0		
E-Fund Management Co., Ltd. - Social Security Fund No. 1104 Portfolio	Others	0.29%	2,377,300	0		
ABC - First Seafront China Scare Assets Flexible Complex Securities Investment Fund	Others	0.26%	2,090,788	0		
ICBC - First Seafront National Comparative Advantage Flexible Complex Securities Investment Funds	Others	0.22%	1,740,684	0		
ICBC-Zhongou Value-selected Return Complex Securities Investment Funds	Others	0.16%	1,320,047	0		
ICBC-Huaan Essence Consumption & Service Stock-type Securities Investment Funds	Others	0.13%	1,047,801	0		
Related relationship or concerted parties among the above shareholders	ABC - First Seafront China Scare Assets Flexible Complex Securities Investment Fund and ICBC - First Seafront National Comparative Advantage Flexible Complex Securities Investment Funds, both are run by the First Seafront Fund. It is unknown whether other shareholders are associated with each other, and whether they are persons acting in concert as stipulated in the Measures for the Administration of the Acquisition of Listed Companies.					
Information on top 10 common shareholders involved in securities margin trading business (if any)	None					

**(2) Number of shareholders of the Company and share-holding conditions of Preferred Stock**

☐ Applicable    ☒ Not Applicable

No preferred stock existed in the reporting period.

**(3) Property right and controlling relationship diagram between the Company and the actual controller**



## 5. The Company's Bonds

None

## III. Important notes

### (I) Domestic sales in the reporting period

#### 1. Product strategy

During the reporting period, Supor continued the "consumer-centric" strategy guiding its innovation and development of new products, and deeply explored the needs of segmented users under different scenarios by means of internet data, so as to constant provide smart and ingenious product solutions that meet diversified consumer needs and offer intimate, comprehensive consumer experiences.

In terms of cookware, Supor has continuously explored the consumer demand on the use of cookware and kept accelerating the expansion of products with core competitiveness. In 2021, in terms of the wok category, the Company launched the Ti rustproof wok, which adopts the patented ferrotitanium cladding technology significantly improve the anti-corrosion and anti-perforation capacity in contrast with traditional iron wok, and its ti base material which is antibacterial and uncoated provides healthier cooking experience to consumers. In terms of the frying pan category, the Company launched the oil-concentration series products, whose patented oil concentration and protrusion prevention technology can prevent the pot bottom from protruding, allow even oil concentration, prevent overheating during drying, and produce lovely sun eggs with only a little oil. According to the market share data of cookware for the 30 major cities in China as monitored by GFK, the total offline market shares of the eight major product categories of Supor cookware (wok, pressure cooker, frying pan, stockpot, milk pot, steamer, cookware set, and ceramic slow cooker) reached 48.4% in 2021, continuing to maintain the leading advantages as the top brand in the industry. According to the network-wide market shares data as monitored by AVC, the total online market shares of the ten major product categories of Supor cookware (wok, pressure cooker, frying pan, milk pot, stockpot, kettle, casserole, hot pot, steamer, and cookware set) reached 21.7% in 2021, which is three-fold to that of the 2<sup>nd</sup> brand.

Supor continuously and positively expands the water cup and kitchen utensil categories. In terms of the water cup category, the Company enhances the rejuvenation marketing, and engages the spokesperson Fan Chengcheng and utilizes the top-level art IP resources of the British Museum to launch the co-branding product series, which are popular among young consumers. In the field of the kitchen utensil category, the Company continuously explores consumption bottlenecks and scenarios to create products, and the innovative kitchen knife design has combined with the use habits of Chinese consumers, which emphasizes on the design of ventilation and draining, with a view to keeping the kitchen tops from ponding and bacteria reproduction. As for the chopping board category, the Company launches the antibacterial series, which are adopted with the silver ion total-penetration technology, and the chopping seams remain resistant to bacteria, so as to persistently ensuring consumer health at all times.

In the aspect of small domestic appliance, Supor adheres to the differentiated product innovation strategy at all times, and continuously rolls out innovative and intelligent products which provide creative functions for healthy and nutritious cooking. Supor and China National Rice Research Institute jointly launched the industry's first far-infrared electric rice cooker featuring the far-infrared heating technology in 2021, adopting the differentiated far-infrared penetration heating technology to improve heating efficiency and effectively stimulate the aroma of rice. With Supor's tenth-generation wide-port spherical bottom liner to provide consumers with sweeter, plumper and greater experience of steamed rice, the product has quickly become the popular product in the offline channel and the online channel of the high-end price segment of RMB 1,000+. Supor launched the new concept product multi-functional food processor, which adopts the guided recipes as if the cooking is guided by the chef in person, and the patented industry-leading instant networking technology (simple touch by mobile phone), to bring consumers with better experience of cooking dishes. Embracing the product category development trend, Supor also launched the new-generation detachable and washable air fryer with a detachable and transparent glass cover, which adopts the side-mounted heating fan technology to ensure no leakage of heated oil for side baking and frying. According to the monitoring data of AVC, the online total market shares of the thirteen major product categories of Supor's small domestic appliance (electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, slow cooker, high-speed blender, juicer, electricity cake clang, electric steamer, electric oven, and health kettle) reached 21.1% in 2021, nearly ranking first in the industry. The offline total market shares of the eleven major product categories of Supor's small domestic appliance (electric rice cooker, electric pressure cooker, induction hob, electric kettle, soymilk maker, slow cooker, high-speed blender, blender, juicer, electricity cake clang, and health kettle) reached 30.1% in 2021, ranking second in the industry steadily.

Meanwhile, Supor persistently facilitates the product category development of H&PC appliance, and launched the industry's first suction and mopping integrated dust collector which doesn't require manual washing in 2021. With the design of front suction and rear mopping, the integrated function of the product can easily meet the cleaning requirements, and the compact and lightweight product body allows access to the bottom of furniture for deep cleaning. The product also has the intelligent self-cleaning mechanism, which provides the one-key automatic mop-cleaning function. In terms of the clothes steamer category, Supor continues to keep the leading position in the industry. According to the monitoring data of AVC, the total online market shares of Supor's clothes steamer category has reached 10.5%, ranking second in the industry. The total offline market shares of Supor's clothes steamer category has reached 29.8%, ranking first in the industry steadily.

In terms of large kitchen appliance, Supor continues to enhance the development in the branding. Amongst others, the launched dual-wing instant extractor hood adopts the vertical oil extraction to draw oil and fume in a shorter distance, with the patented flow distribution technology to realize adjustable left-right flow and allow immediate oil and fume extraction at any point; The launched ultimate-fire gas stove provides a wind range of fire power (0.18-5.2KW), allowing unmanned cooking regardless of stir frying or simmering. According to the monitoring data of AVC, the total online market shares of Supor's stove category reached 14.6% in 2021, ranking first in the industry.

## **2. Channel strategy**

With the accelerated integration of online and offline markets, Supor remained "consumer-centric" and kept optimizing its layout of channels based on the changes in consumers' purchase path, thereby meeting the needs of various consumers through a multi-channel, multi-mode layout matrix. The Company insisted on winning consumers' trust with high-quality products, and winning distributors' and retailers' support with excellent services.

In 2021, Supor speeded up the channel reform, and the marketing efficiency further improved as a result. During the reporting period, Supor continued to strengthen the construction of online channels, thereby maintaining a rapid growth in e-commerce business, and the proportion of sales through e-commerce channels kept expanding.

In order to better promote online channel sales, Supor continuously enhances the development of the e-commerce one basket inventory mode, and has fulfilled the uniform warehousing and distribution for both self-operating products and distributor products, thus improving the channel capital turnover efficiency and reducing the financial pressure of the distributors.

On the traditional e-commerce platforms of Tmall and JD, Supor has gradually completed the store matrix development, and has strongly promoted direct sales through the DTC of flagship store, with a view to more precisely reaching out to and providing better

services to consumers through the mode of direct interaction.

On emerging social e-commerce platforms such as TikTok and Kuaishou, Supor accelerates the reform, positively explores growth points of new channels, acts positively to embrace the distribution variation of platform flows, and establishes favorable strategic cooperation with the platforms and top live-streamers. In 2021, Supor took the first-mover advantage on the major social platforms of TikTok and Kuaishou, etc., with market shares of major product categories ranking first.

Supor has been continuously implementing the strategy of promoting new products and selling high-value products, in a bid to increase the sales proportion of high added-value and high margin products through the innovation of differentiated products and marketing measures, and has successfully improved the profitability of online channels. During the grand promotion event of the "Double 11" in 2021, Supor realized a total sales amount of CNY 1.68 billion, and many of Supor's single products ranked first in the sales of the corresponding categories, along with the significant increase in the profitability of varied product categories.

In terms of offline channels, due to the continuous influence of the COVID-19 pandemic, the traditional channels of tier-1 and 2 markets are facing great challenges in the business operating environment. Supor and offline distributors are working together to actively cope with the adverse situation so as to enhance the refinement operation of the terminals and facilitate the improvement in store sales effectiveness, thus the overall market position remains solid. Meanwhile, Supor also took active part in implementing and further deepening its development strategy for tier-3 and 4 markets, and strengthened the comprehensive cooperation with e-commerce platforms such as JD, Tmall and Suning in O2O channels in lower-tier market, where its advantages in the differentiation of mid- to high-end products and stable agents can be leverage to create new growth points in tier-3 and 4 markets.

### **3. Brand building**

In the reporting period, the Company continuously enhances the brand development and digital marketing transformation, increases the investment in digital medias, explores the new product promotion mode focusing on content marketing, and realizes precise access to consumers and improves consumer experience. Meanwhile, it gives play to the advantages of diversified product categories based on precise data insights, and improves the cross repurchase of different product categories. The Company utilizes the celebrity cooperation and platform marketing IP mode, works with the cultural and sports celebrities such as Fan Chengcheng, Su Bingtian, and Liu Yuning, participates in the events such as Tmall Reunion Day, JD Super Day, and TikTok Super Day, and continuously breaks through to improve the awareness of young consumers.

It further moves to enhance the development of the brand membership center to promote user favorability and loyalty to the brand, and takes the consumer refinement operation as the means to create the ultimate user experience of the brand on an overall basis. In addition, it has launched the brand-new membership mini-program as the platform for interaction between the brand and consumers, which provides consumers with more convenient brand experience and purchase & after-sale services, and builds a content community with higher brand warmth through joint content creation with the consumers.

### **(II) Export sales in the reporting period**

In terms of foreign trade, due to the significant and rapid price rising of bulk raw materials such as aluminum, stainless steel, and copper in 2021, the exchange rate of RMB to USD is constantly appreciating, plus the obstructed international logistics, longer shipment periods and escalating logistical costs, the cost pressure of international buyers is intensified as a result.

Due to the sales growth of the SEB Group in the global market and the impeded full recovery of the global supply chain caused by the pandemic in 2021, the orders of the SEB Group have been continuously transferred to Supor, and thus the revenue of the Company's main export business has realized a year-on-year growth of 27.28% overall. However, the significant rise of raw material costs has also created a major impact on the Company's profitability in the short run.

Zhejiang Supor Co., Ltd.

Board Chairman: Thierry de LA TOUR D'ARTAISE

April 1, 2022