

Semiannual Business Performance Brief 2022 of Zhejiang Supor Co., Ltd.

This Company and all members of the Board of Directors hereby warrant that all information disclosed here are true, accurate and complete, and contain no fictitious statement, misleading information or significant omission.

Special Notes:

The financial data for first half year of 2022 as stated below, audited by the internal Auditing Department of the Company, have not been audited by the certified public accountants. Therefore, investors are kindly reminded to pay attention to possible investment risks.

I. Major Financial Data for First Half Year of 2022

(Unit: RMB)

	2022	2021	Increase/decrease (%)
Total sales	10,323,979,744.82	10,433,875,893.62	-1.05%
Operating profit	1,253,561,647.96	1,117,158,439.08	+12.21%
Total profit	1,252,951,332.99	1,114,549,512.63	+12.42%
Net profit attributable to shareholders of listed company	932,849,164.03	865,590,446.89	+7.77%
Net profit attributable to shareholders of listed company after deducting non-recurring profit or loss	909,342,978.88	860,175,721.67	+5.72%
Basic earnings per share (yuan/share)	1.155	1.066	+8.35%
Return on weighted average net assets	12.31%	12.02%	+0.29%
	End of June 2022	Beginning of 2022	Increase/decrease (%)
Total assets	12,451,359,791.41	13,899,456,422.16	-10.42%
Net assets attributable to shareholders of listed company	6,970,314,203.17	7,622,639,752.86	-8.56%

Share capital	808,654,476.00	808,678,476.00	0%
Net assets per share attributable to shareholders of listed company	8.62	9.43	-8.59%

II. Introduction of Business Performance and Financial Status

The total sales for first half year of 2022 reach 10,323,979,744.82 yuan, declined by 1.05% YoY; total profit is 1,252,951,332.99 yuan, grew by 12.42% YoY; and the net profit attributed to the listed company is 932,849,164.03 yuan, grew by 7.77% YoY. In which,

1. The total sales decreased slightly of 1.05%: for domestic sales, we obtain a fast growth in 2022Q1. In 2022Q2, the growth rate in April and May slowed down due to COVID-19 and gloomy consumption needs, we continue to have a positive growth among domestic market in first half year especially we perform quite well during 618 Promotion Event, benefiting from the successful online channel transformation, as well as optimization of product mix. According to third-party monitoring data, the market shares gained for most of business units from many categories and the competitive position have further strengthened since year begin. As for the online channel, Supor achieved fast growth in TikTok, benefiting from traffic advantages among emerging platforms. For export business, our main customers have been taking pro-active actions in the distribution and channel management including local inventory control, to better deal with the uncertainty and unstableness of the global geopolitics and economics. This resulted in decrease of sales in 2022H1 after fast growth in the past two years.

2. The growth rate of 7.77% for net profit attributable to shareholders of listed company: mainly benefited from channel transformation and optimization of product mix and the gross profit margin improved to some extent. The Company has reclassified transportation costs related to the sale of goods from selling expenses to operating costs in accordance with the requirements of the revenue guidelines during the reporting period. The gross profit margin grew by 2.95pct. YoY (excluding reclassifications). The selling expenses ratio was increased by 2.18pct YoY (excluding reclassifications), mainly due to the increased investment among terminals, such as sales promotional expenses to support and promote the steady growth for sales scale. Besides, the Company had strict internal control on all expenses by taking active measures, among which administration expenses and financial expenses decreased by 0.41% YoY. The overall returns gained from monetary funds and government subsidies increased YoY during the reporting period, both of which had a positive effect

on the growth of profit.

3. The decrease rates of 10.42% and 8.56% for total assets and net assets attributable to shareholders of listed company: mainly due to good control on receivables and inventories, implementation of Profit Distribution Plan for 2021 Fiscal Year, and the promotion of share repurchase plan.

III. Documents for Reference

1. The Comparative Balance Sheet and Profit Statement signed by the legal representative of the Company Mr. Thierry de LA TOUR D'ARTAISE and the person responsible for accounting work and Accounting Department Mr. Xu Bo, and sealed by the Company;

2. Internal Audit Report of 2022 Semiannual Financial Statement of Zhejiang Supor Co., Ltd. issued by the Company's internal Audit Department.

Board of Directors of Zhejiang Supor Co., Ltd.

July 21, 2022