Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Haier Smart Home Co., Ltd.*
海爾智家股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6690

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

	2025 ***RMB'M***	2024 *RMB'M* (Restated)	Change *%*
Revenue	**302,329**	286,005	5.7
Gross profit	**78,955**	77,907	1.3
Adjusted operating profit (as defined below)	**20,504**	20,410	0.5
Profit for the year	**20,163**	19,566	3.1
Attributable to:			
Owners of the Company	**19,553**	18,731	4.39
Non-controlling interests	**610**	835	(26.9)
	20,163	19,566	
Earnings per share attributable to ordinary equity holders of the Company			
Basic	**2.12**	2.02	5.0
Diluted	**2.10**	2.02	4.0
Dividends:			
Interim dividend per 10 Shares	**RMB2.692**	—	
Proposed final dividend per 10 shares	**RMB8.867**	RMB9.65	

* *For identification purpose only*

ANNUAL RESULTS

The board of directors (the "**Board**") of Haier Smart Home Co., Ltd. (the "**Company**") hereby announces the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2025 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	**2025** ***RMB'M***	2024 *RMB'M* (Restated)
REVENUE	5	**302,329**	286,005
Cost of sales		**(223,374)**	(208,098)
Gross profit		**78,955**	77,907
Other gains, net		**5,206**	3,905
Selling and distribution expenses		**(33,878)**	(33,609)
Administrative expenses		**(25,545)**	(24,591)
Finance costs		**(2,587)**	(2,705)
Share of profits and losses of associates		**1,328**	1,816
PROFIT BEFORE TAX	6	**23,479**	22,723
Income tax expenses	7	**(3,316)**	(3,157)
PROFIT FOR THE YEAR		**20,163**	19,566
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of associates		**(347)**	(17)
Effective portion of changes in fair value of hedging instrument for cash flow hedges, net of tax		**(11)**	(27)
Exchange differences on translating foreign operations		**309**	(847)
		(49)	(891)

	Notes	2025 *RMB'M*	2024 *RMB'M* (Restated)
Items that will not be reclassified to profit or loss in subsequent periods:			
Changes arising from re-measurement of defined benefit plans		**192**	(1)
Change in fair value of equity investments designated at fair value through other comprehensive income ("**FVTOCI**"), net of tax		**(546)**	(267)
		(354)	(268)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(403)**	(1,159)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**19,760**	18,407
Profit for the year attributable to:			
Owners of the Company		**19,553**	18,731
Non-controlling interests		**610**	835
		20,163	19,566
Total comprehensive income attributable to:			
Owners of the Company		**19,158**	17,570
Non-controlling interests		**602**	837
		19,760	18,407
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic *(RMB per share)*	9	**2.12**	2.02
— Diluted *(RMB per share)*	9	**2.10**	2.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	**2025**	2024
		RMB'M	*RMB'M*
			(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**45,708**	43,703
Investment properties		**334**	246
Right-of-use assets		**9,467**	9,127
Goodwill		**27,300**	27,384
Other intangible assets		**10,782**	10,758
Interests in associates		**21,757**	20,932
Equity investments designated at FVTOCI		**5,405**	6,074
Financial assets measured at amortised cost		**16,518**	15,699
Long-term prepayments		**1,680**	1,381
Deferred tax assets		**2,779**	2,477
Other non-current assets		**1,232**	841
Total non-current assets		**142,962**	138,622
CURRENT ASSETS			
Inventories	10	**46,847**	43,189
Trade and bills receivables	11	**33,548**	38,675
Receivables at FVTOCI		**1,788**	413
Contract assets		**1,008**	998
Prepayments, deposits and other receivables		**9,916**	9,931
Financial assets measured at fair value through profit or loss ("**FVTPL**")		**2,034**	1,236
Financial assets measured at amortised cost		**9,989**	1,931
Derivative financial instruments		**81**	143
Pledged deposits		**1,218**	533
Other deposit with limited use		**136**	70
Cash and cash equivalents		**46,268**	54,995
Total current assets		**152,833**	152,114

	Notes	**2025**	2024
		RMB'M	*RMB'M*
			(Restated)
CURRENT LIABILITIES			
Trade and bills payables	12	**77,415**	75,886
Other payables and accruals		**28,289**	32,265
Contract liabilities		**8,535**	10,865
Interest-bearing borrowings	13	**21,716**	24,127
Lease liabilities		**1,631**	1,352
Tax payables		**2,130**	2,650
Provisions		**2,638**	2,710
Derivative financial instruments		**191**	71
Total current liabilities		**142,545**	149,926
NET CURRENT ASSETS		**10,288**	2,188
TOTAL ASSETS LESS CURRENT LIABILITIES		**153,250**	140,810
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	13	**14,666**	9,666
Lease liabilities		**4,551**	4,481
Deferred income		**1,243**	1,081
Deferred tax liabilities		**1,631**	1,547
Provisions for pensions and similar obligations		**2,444**	2,562
Provisions		**2,490**	2,386
Other non-current liabilities		**248**	285
Total non-current liabilities		**27,273**	22,008
Net assets		**125,977**	118,802

	Notes	2025 RMB'M	2024 RMB'M (Restated)
EQUITY			
Share capital	14	**9,378**	9,383
Reserves		**109,320**	102,396
Equity attributable to owners of the Company		**118,698**	111,779
Non-controlling interests		**7,279**	7,023
Total equity		**125,977**	118,802

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION OF THE GROUP

The predecessor of Haier Smart Home Co., Ltd (hereinafter referred to as the "**Company**") was Qingdao Refrigerator Factory, which was established in 1984. In 1989, based on the reorganisation of the original Qingdao Refrigerator Factory, a limited company was set up by directional fund raising of RMB150 million. In 1993, after converting to a public subscription company and issuing additional 50 million shares to the public, the A shares of the Company were listed on Shanghai Stock Exchange in November 1993. The D shares and H shares of the Company were listed on The Frankfurt Stock Exchange in December 2018 and The Stock Exchange of Hong Kong Limited in December 2020 respectively.

The address of the registered office is located at the Haier Science and Technology Innovation Ecological Park, Laoshan District, Qingdao, Shandong Province.

In the opinion of the directors of the Company, the ultimate controlling parent company of the Company is Haier Group Corporation ("**Haier Group**").

The Company and its subsidiaries (collectively referred as the "**Group**") are mainly engaged in research, development, production and sales of home appliances covering refrigerator/freezers, kitchen appliances, air-conditioners, laundry appliances, water appliances and other smart home business, as well as offering complete sets of smart home solutions.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and all values are rounded to the nearest million ("**RMB'M**") ("**M**"), except when otherwise indicated.

This announcement has been approved for issue by the Board on 26 March 2026.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

2.2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3 MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING BUSINESSES UNDER COMMON CONTROL

In March 2025, the Company entered into the equity transfer agreement of Qingdao Haier Moulds Co., Ltd. ("**Haier Moulds**") with Qingdao Haimo Zhiyun Technology Co., Ltd. ("**Haimo Zhiyun**"), a subsidiary of Haier Group, pursuant to which the Company agreed to acquire and Haimo Zhiyun agreed to sell 100% of the equity interest in Haier Moulds at a consideration of approximately RMB78 million. As at 31 December 2025, the transaction has been completed.

Since the Company and Haier Moulds were ultimately controlled by Haier Group both before and after the completion of the transfer agreement, the acquisition of the Haier Moulds was accounted for using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the year ended 31 December 2025 and 2024 include the results, changes in equity and cash flows of all companies then comprising the Group and Haier Moulds, as if the corporate structure of the Group immediately after the completion of the equity transfer had been in existence throughout the year ended 31 December 2025 and 2024, or since their respective dates of acquisition, incorporation or registration, where this is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2024 has been prepared to present the state of affairs of the Group and Haier Moulds as if the corporate structure of the Group immediately after the completion of the equity transfer had been in existence and in accordance with the respective equity interests and/or the power to exercise control over the individual company attributable to the Company as at 31 December 2024.

4. OPERATING SEGMENT INFORMATION

Information reported to the directors, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For segment reporting, these individual operating segments have been aggregated into a single reportable segment. For management purposes, the Group is organised into business units based on their products and services.

The Group's reportable segments under IFRS 8 are as follows:

(a) Household Food Storage and Cooking Solutions

- manufacturing and selling refrigerators/freezers;
- manufacturing and selling kitchen appliances;

(b) Air Solutions

- manufacturing and selling air conditioner;

(c) Household Laundry Management Solutions

- manufacturing and selling washing machines and dryers;

(d) Household Water Solutions

- manufacturing and selling water heaters and water purifiers;

(e) Other Business

- comprising distribution services, parts and components, small home appliances, logistics services and others.

All assets are allocated to operating segments other than unallocated corporate assets (mainly comprising goodwill, interests in associates and cash and cash equivalents); and

All liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising interest-bearing borrowings and deferred tax liabilities).

Inter-segment sales represent the goods and services provided between segments. Segment result has been derived after elimination of inter-segment cost changed between segments.

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2025

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances					
	RMB'M	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*
Segment revenue							
Segment revenue from external customers	**84,487**	**41,488**	**54,021**	**65,386**	**17,736**	**39,211**	**302,329**
Inter-segment revenue	**276**	**50**	**370**	**179**	**228**	**97,156**	**98,259**
Total	**84,763**	**41,538**	**54,391**	**65,565**	**17,964**	**136,367**	**400,588**
Reconciliation:							
Inter-segment eliminations							**(98,259)**
Total							**302,329**
Segments results	**6,115**	**2,893**	**2,341**	**6,597**	**2,418**	**336**	**20,700**
Reconciliation:							
Elimination of inter-segment results							**50**
							20,750
Corporate and other unallocated income and gains or losses							**4,640**
Corporate and other unallocated expenses							**(652)**
Finance costs							**(2,587)**
Share of profits and losses of associates							**1,328**
Profit before tax							**23,479**

For the year ended 31 December 2024 (Restated)

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances					
	RMB'M	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*
Segment revenue							
Segment revenue from external customers	83,344	41,119	49,301	63,134	16,014	33,093	286,005
Inter-segment revenue	212	65	316	186	161	85,538	86,478
Total	83,556	41,184	49,617	63,320	16,175	118,631	372,483
Reconciliation:							
Inter-segment eliminations							(86,478)
Total							286,005
Segments results	5,974	3,179	2,304	6,499	2,221	392	20,569
Reconciliation:							
Elimination of inter-segment results							7
							20,576
Corporate and other unallocated income and gains or losses							3,525
Corporate and other unallocated expenses							(489)
Finance costs							(2,705)
Share of profits and losses of associates							1,816
Profit before tax							22,723

As at 31 December 2025

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances					
	RMB'M	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*
Segment assets	**55,796**	**22,275**	**57,700**	**52,994**	**19,933**	**105,438**	**314,136**
Reconciliation:							
Elimination of segment assets							**(155,799)**
Goodwill							**27,300**
Interests in associates							**21,757**
Equity investments designated at FVTOCI							**5,405**
Deferred tax assets							**2,779**
Financial assets measured at FVTPL							**2,034**
Financial assets measured at amortised cost							**26,507**
Derivative financial instruments							**81**
Pledged deposits							**1,218**
Other deposits with limited use							**136**
Cash and cash equivalents							**46,268**
Other receivables							**3,973**
Total assets							**295,795**
Segment liabilities	**81,067**	**14,747**	**51,741**	**28,139**	**7,278**	**100,654**	**283,626**
Reconciliation:							
Elimination of segment liabilities							**(155,708)**
Tax payable							**2,130**
Other payable and accruals							**1,318**
Derivative financial instruments							**191**
Interest-bearing borrowings							**36,382**
Deferred tax liabilities							**1,631**
Other non-current liabilities							**248**
Total liabilities							**169,818**

As at 31 December 2024 (Restated)

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers	Kitchen Appliances					
	RMB'M	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*
Segment assets	50,543	21,840	32,729	37,335	11,353	98,429	252,229
Reconciliation:							
Elimination of segment assets							(96,919)
Goodwill							27,384
Interests in associates							20,932
Equity investments designated at FVTOCI							6,074
Deferred tax assets							2,477
Financial assets measured at FVTPL							1,236
Financial assets measured at amortised cost							17,630
Derivative financial instruments							143
Pledged deposits							533
Other deposits with limited use							70
Cash and cash equivalents							54,995
Other receivables							3,952
Total assets							290,736
Segment liabilities	71,520	14,943	29,805	27,393	4,228	79,175	227,064
Reconciliation:							
Elimination of segment liabilities							(96,780)
Tax payable							2,650
Other payable and accruals							3,304
Derivative financial instruments							71
Interest-bearing borrowings							33,793
Deferred tax liabilities							1,547
Other non-current liabilities							285
Total liabilities							171,934

For the year ended 31 December 2025

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers *RMB'M*	**Kitchen Appliances** *RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*
Other segment information:							
Product warranty provisions	**2,186**	**581**	**1,396**	**1,722**	**709**	**—**	**6,594**
Provision for obsolete and slow-moving inventories, net	**289**	**82**	**279**	**120**	**53**	**171**	**994**
(Reversal of)/allowance for expected credit losses in respect of trade and bills receivable, net	**(30)**	**3**	**17**	**(20)**	**(22)**	**19**	**(33)**
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	**141**	**12**	**38**	**42**	**48**	**24**	**305**
Loss/(gain) on disposal of non-current assets, net	**179**	**17**	**8**	**3**	**—**	**(9)**	**198**
Depreciation and amortisation	**2,482**	**1,476**	**890**	**1,844**	**451**	**1,607**	**8,750**

For the year ended 31 December 2024 (Restated)

	Household Food Storage and Cooking Solutions		Air Solutions	Household Laundry Management Solutions	Household Water Solutions	Other Business	Total
	Refrigerators/ Freezers *RMB'M*	Kitchen Appliances *RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*	*RMB'M*
Other segment information:							
Product warranty provisions	2,244	623	1,246	1,607	683	—	6,403
Provision for obsolete and slow-moving inventories, net	257	79	257	192	101	89	975
Allowance for/(reversal of) expected credit losses in respect of trade and bills receivable, net	43	33	38	74	(4)	133	317
Allowance for expected credit losses in respect of prepayments, deposits and other receivables and long term prepayments, net	155	9	—	22	40	14	240
Loss/(gain) on disposal of non-current assets, net	15	13	12	9	4	(3)	50
Depreciation and amortisation	2,093	1,440	789	1,792	446	1,542	8,102

Geographical information

(a) Revenue from external customers

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Mainland China	**146,537**	142,191
North America	**79,871**	79,529
Europe	**38,491**	32,089
South Asia	**14,199**	11,525
Southeast Asia	**7,520**	6,633
Australia and New Zealand	**6,698**	6,642
Japan	**4,167**	2,674
Middle East and Africa	**3,779**	3,426
Other countries/regions	**1,067**	1,296
	302,329	286,005

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

The revenue related to sales to overseas is subject to relevant tax at corresponding jurisdictions, if any.

(b) Non-current assets

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Mainland China	**31,605**	30,200
Other countries/regions	**37,598**	35,856
	69,203	66,056
Interests in associates	**21,757**	20,932
Goodwill	**27,300**	27,384
Equity investments designated at FVTOCI	**5,405**	6,074
Financial assets measured at amortised cost	**16,518**	15,699
Deferred tax assets	**2,779**	2,477
	142,962	138,622

The non-current asset information above is based on the locations of the assets and excludes interests in associates, goodwill, equity investments designated at FVTOCI, financial assets measured at amortised cost and deferred tax assets.

Information about major customers

No single customer of the Group contributed 10% or more to the total revenue of the Group during the years ended 31 December 2025 and 2024.

5. REVENUE

An analysis of revenue from contracts with customers is as follows:

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Sale of goods	**290,008**	272,932
Rendering of services	**12,321**	13,073
	302,329	286,005

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Sale of goods		
— Point in time	**290,008**	272,932
Rendering of service		
— Point in time	**90**	83
— Over time	**12,231**	12,990
	302,329	286,005

All revenue contracts are for a period of one year or less. As permitted under IFRS 15, the transaction price allocated to unsatisfied or partially satisfied contracts is not disclosed.

Information about the Group's performance obligations under IFRS 15 is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Rendering of services

The performance obligation is satisfied over time or at point in time as services are rendered or when the customer obtains control of the distinct services and payment is generally due within 30 to 90 days from the customers. Service contracts are for periods of one year or less, or are billed based on the time incurred.

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Cost of inventories sold	**204,443**	188,545
Provision for product warranty	**6,594**	6,403
Provision for obsolete and slow-moving inventories, net *(Note)*	**994**	975
Cost of services	**11,343**	12,175
	223,374	208,098
Employee benefit expense: (including directors', chief executive and supervisors' remuneration):		
Salaries, bonuses, allowances and benefits in kind	**33,791**	30,054
Pension scheme contributions	**2,768**	2,064
Equity-settled share-based expense	**490**	374
	37,049	32,492
Research and development costs	**10,096**	10,770
Auditors' remuneration	**13**	13
Expenses relating to short-term leases and low value leases	**1,290**	992
Variable lease payments not included in the measurement of lease liabilities	**67**	86

Note:

The net provision for obsolete and slow-moving inventories for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX EXPENSES

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Current tax		
Charge for the year	**3,432**	4,027
Deferred tax	**(116)**	(870)
Total tax charge for the year	**3,316**	3,157

8. DIVIDENDS

	2025	2024
	RMB'M	*RMB'M*
Interim dividend proposed and paid during the year	**2,507**	—
Final dividend paid during the year	**8,976**	7,444
	11,483	7,444
Final dividend proposed	**8,248**	8,997

	2025	2024
	RMB	*RMB*
Interim dividend per share *(Note a)*	**0.2692**	—
Final dividend proposed per share *(Note b)*	**0.8867**	0.965

Notes:

(a) The amount represents RMB2.692 for every 10 shares. With regards to the payment of interim dividend for the period ended 30 June 2025, as the total share capital of the Company changed before the registration date on 23 October 2025 and the Company maintained the total distribution of RMB2,507 million (tax inclusive) unchanged, the Company adjusted the distribution ratio per share from RMB2.69 (tax inclusive) per 10 shares to RMB2.692 (tax inclusive) per 10 shares accordingly.

(b) The amount represents RMB8.867 for every 10 shares in 2025 (2024: RMB9.65 for every 10 shares). With regards to the payment of final dividend for the year ended 31 December 2024, as the total share capital of the Company changed before the registration date on 4 July 2025 and the Company maintained the total distribution of RMB8,997 million (tax inclusive) unchanged, the Company adjusted the distribution ratio per share from RMB9.65 (tax inclusive) per 10 shares to RMB9.6504 (tax inclusive) per 10 shares accordingly.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, excluding dividend payable to expected vested share award, and the weighted average number of ordinary shares in issue during the year, as adjusted to exclude the repurchased share.

The calculation of the diluted earnings per share amount is based on the profit attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2025	2024
	RMB'M	*RMB'M*
Earnings		
Profit attributable to ordinary equity holders of the Company	**19,553**	18,731
Less: Dividend payable to expected vested share awards	**(19)**	(70)
Profit attributable to ordinary equity holders of the Company used in calculating basic earnings per share	**19,534**	18,661
Profit attributable to ordinary equity holders of the Company used in calculating diluted earnings per share	**19,553**	18,731

	2025	2024
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**9,214,849,386**	9,223,578,468
Effect of dilutive potential ordinary shares:		
Share awards	**74,679,161**	63,134,874
Share options	**2,247,423**	6,702,593
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**9,291,775,970**	9,293,415,935

Notes:

The weighted average number of ordinary shares as above are adjusted by the number of shares that would have been issued assuming vesting of share awards and exercise of share options.

10. INVENTORIES

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Raw material	**6,319**	6,670
Work in progress	**493**	388
Finished goods	**40,035**	36,131
	46,847	43,189

11. TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Trade receivables	**27,981**	27,564
Less: Allowance for expected credit losses ("**ECL**")	**(915)**	(1,069)
Trade receivables, net	**27,066**	26,495
Bills receivables	**6,483**	12,181
Less: Allowance for ECL	**(1)**	(1)
Bills receivables, net	**6,482**	12,180
Total	**33,548**	38,675

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranges from 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2025 *RMB'M*	2024 *RMB'M* (Restated)
1 to 3 months	**23,341**	24,083
3 months to 1 year	**2,791**	1,642
1 to 2 years	**531**	569
2 to 3 years	**278**	120
Over 3 years	**125**	81
	27,066	26,495

12. TRADE AND BILLS PAYABLES

	2025 *RMB'M*	2024 *RMB'M* (Restated)
Trade payables	**53,544**	54,666
Bills payables	**23,871**	21,220
	77,415	75,886

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

	2025 *RMB'M*	2024 *RMB'M* (Restated)
Within 1 year	**76,534**	74,993
1 to 2 years	**400**	523
2 to 3 years	**237**	135
Over 3 years	**244**	235
	77,415	75,886

The trade and bills payables are non-interest-bearing and are normally settled on credit terms ranging from 30 to 270 days.

13. INTEREST-BEARING BORROWINGS

The analysis of the carrying amount of interest-bearing borrowings is as follows:

	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Current		
Bank loans — unsecured	**21,453**	23,599
Bank loans — secured	**263**	528
	21,716	24,127
Non-current		
Bank loans — unsecured	**10,915**	9,557
Bank loans — secured	**251**	109
Notes — unsecured	**3,500**	—
	14,666	9,666
	36,382	33,793
Unsecured	**35,868**	33,156
Secured	**514**	637
	36,382	33,793
Analysed into:		
Loans repayable:		
Within one year or on demand	**21,716**	24,127
In the second year	**1,643**	2,274
In the third to fifth years, inclusive	**12,439**	6,832
Over five years	**584**	560
	36,382	33,793

14. SHARE CAPITAL

The movements of the Company's issued share capital during the years ended 31 December 2025 and 2024 are as follows:

	H Shares *'M*	D Shares *'M*	A Shares *'M*	Total number of shares *'M*	Share capital *RMB'M*
As at 1 January 2024	2,858	271	6,309	9,438	9,438
Share repurchased and cancelled *(Note a)*	(1)	—	—	(1)	(1)
Treasury share cancelled *(Note b)*	—	—	(54)	(54)	(54)
As at 31 December 2024 and 1 January 2025	**2,857**	**271**	**6,255**	**9,383**	**9,383**
Share repurchased and cancelled *(Note c)*	**(3)**	**—**	**—**	**(3)**	**(3)**
Treasury share cancelled *(Note d)*	**—**	**—**	**(2)**	**(2)**	**(2)**
As at 31 December 2025	**2,854**	**271**	**6,253**	**9,378**	**9,378**

Notes:

(a) During the year ended 31 December 2024, the Company repurchased a total of 1,150,000 H shares at a consideration of approximately HKD27 million which were subsequently cancelled.

(b) During the year ended 31 December 2024, the Company cancelled a total of 54,051,559 treasury shares in A Shares, the Company recognised a decrease of RMB54 million in share capital.

(c) During the year ended 31 December 2025, the Company repurchased a total of 3,811,000 H shares at a consideration of approximately HKD100 million which were subsequently cancelled.

(d) During the year ended 31 December 2025, the Company cancelled a total of 1,472,684 treasury shares in A Shares, the Company recognised a decrease of RMB2 million in share capital.

(e) All shares issued are at par value of RMB1.

Consumer First. Embracing Change.
Forging a Sustainable Future.
— Letter to Shareholders

Dear Shareholders,

As I reflect on 2025, it stands out as one of the most challenging business environments in our company's history — and one in which Haier Smart Home proved its resilience. Shifting trade policies and rising protectionism disrupted supply chains and made overseas markets harder to navigate, while regional conflicts added further uncertainty. On the demand side, high interest rates and cost pressures weighed on U.S. consumption, European recovery remained sluggish, and in China, a soft property market and fading appliance subsidies put downward pressure on demand and pricing.

We delivered solid results with meaningful progress in 2025, driven by the contributions of 130,000 employees across our global operations. In North America, a challenging trade environment pressured operating performance. Across our other markets, however, we gained share, strengthened our competitive position — even after absorbing significant disruption costs.

Record Revenue and Earnings in 2025

In 2025, Haier Smart Home's global revenue surpassed RMB300 billion for the first time, reaching RMB302.33 billion, an increase of 5.71% year-on-year. Net profit attributable to shareholders of the parent company reached RMB19.55 billion, up 4.39% year-on-year.

Net cash generated from operating activities in 2025 amounted to RMB26.00 billion, equivalent to 1.33 times net profit.

In China, our leadership in core categories held firm: we held offline market shares of 47.7% (GfK) in refrigerators, 47.4% (GfK) in washing machines, and 32.5% in water heaters. Air conditioning performed strongly, with online market share rising 0.6 percentage points and offline share rising 1.8 percentage points, and domestic revenue growing at a double-digit rate.

We continued to transform our distribution and supply chain model — connecting dealers directly to retail outlets, delivering service directly to consumers, and rolling out a centralized distribution model that now accounts for 57% of total shipments. These initiatives shortened the path from factory to consumer, with domestic inventory turnover improving year-on-year.

Turning to our international business — which I see as the long-term growth engine of this company — our goal is to bring Haier into every home, everywhere. We invest in global platforms for R&D and market operations to strengthen local competitiveness and deliver exceptional products and reliable service at every touchpoint.

In the United States, we maintained the #1 industry position for the fourth consecutive year. Against a declining market, our premium brand delivered 7% revenue growth. The Air & Water Solutions sector delivered double-digit revenue growth, emerging as a meaningful contributor.

In Europe, we streamlined regional management layers to bring headquarters and local teams into direct alignment, operating side by side with shared objectives and enabling faster market response. In 2025, white goods revenue grew at a double-digit rate, average selling prices improved by more than 10%, and profitability rose substantially.

In South Asia, unfavorable weather conditions held back air conditioning demand. Nonetheless, we grew revenue by 15% — among the fastest-growing brands in the market — by strengthening our brand presence, introducing premium products such as large-drum washing machines, and accelerating penetration into chain retail channels. In Pakistan, revenue grew over 30%, with our market share in refrigerators, washing machines, and air conditioners exceeding 40%.

In Southeast Asia, we launched bestselling products from our China portfolio — including the L+ washing machine, the Mailang refrigerator, and the AI Voice air conditioner — and expanded our retail footprint through integrated online-offline channels. We achieved the #1 white goods sales position across key markets such as Vietnam and Thailand.

We enter new categories and markets through disciplined acquisitions — but closing a deal is only the beginning. Our cross-border M&A experience and global operating platform enable acquired businesses to ramp quickly. Carrier Commercial Refrigeration (CCR), in its first full operating year, had to transition off shared services (TSA), build standalone capabilities, and overhaul operations simultaneously. Through our RenDanHeYi approach, CCR achieved double-digit revenue growth, with 16% growth in Asia-Pacific, well ahead of the industry. Kwikot, our South African water heater business, also completed its first full year, delivering 10% profit growth versus pre-acquisition levels and a pre-tax margin of 12%, while expanding into solar water heaters, water purifiers, and air conditioners. These results reinforce my conviction that disciplined M&A will remain a key lever for growth.

Co-Creating with Consumers, Redefining Value

Looking ahead, the global trade landscape has fundamentally changed. Evolving trade policies are making it harder to optimize supply chains for efficiency, and geopolitical uncertainty is prompting companies to prioritize supply chain resilience. These dynamics will weigh on returns on capital and drive consolidation, ultimately leading to a new market balance. I believe we are still in the middle-to-late stages of that adjustment. The number of global appliance players is shrinking, with some retreating to their home markets. At the same time, the industry is being reshaped by new technologies, and consumers favor innovation and technology-driven products. Over the long term, Haier Smart Home's global product innovation and operating platform provides durable competitive advantage, helping us earn the trust of more consumers worldwide.

The value our platform creates ultimately comes from one source: the consumer. We must turn them into co-creators, so that hit products that deliver exceptional value become the rule rather than the exception — earning lasting consumer preference — the best antidote to price wars and commoditization. Put simply: move up the value chain by exceeding consumer expectations, and build hit products while driving efficiency at every step.

A case in point is our Leader brand's *Effortless* Wash three-drum washing machine, which became an industry standout in 2025. As the world's first three-drum washer, it sold over 10,000 units within 48 minutes of launch and surpassed RMB100 million in retail sales within 16 hours, going on to sell over 300,000 units for the full year — the #1 single model in the industry. Within six months, it expanded from a single SKU into a full product family spanning a full range of laundry care needs. Behind this success was deep consumer participation: from design and structure to features — even the "Effortless Wash" name itself came from consumers. They were not observers but co-creators, and after launch, they became our most effective advocates.

Our *Mailang* refrigerator series followed the same playbook. As a warm-toned refrigerator, cumulative sales exceeded one million units, with the model holding the #1 position in the RMB8,000-and-above premium segment. The color palette, product name, and features were all shaped through co-creation with consumers. When consumers said they wanted a refrigerator that "just feels right," we responded with warm tones. When they wanted a more inviting atmosphere for the beverage zone, we developed an illuminated shelf, with three ambient modes — Stage, Surprise, and Twilight.

In 2026, we will build a scalable, repeatable system for developing hit products — one that works across product lines and markets. It all starts with one thing: staying focused on what matters most — understanding what consumers need, developing products with single-minded focus, and refining every detail. In resource allocation, we concentrate our efforts on the highest-impact opportunities and remain disciplined about what we choose not to do. Organizationally, every function will align around a shared objective: from consumer insight to product definition, from R&D breakthroughs to market launch, every step serves one goal: the next hit product. Through a sustained cadence of hit products, we aim to shape how consumers perceive our brand.

Reshaping Our Organization, Embracing the AI Opportunity

Despite the headwinds, Haier's years of proven global operating experience and our shared platforms in R&D, supply chain, logistics, and service give me confidence that we can capture substantial growth ahead. I see three clear drivers: steady, high-quality growth in smart home appliances; rapid expansion and margin improvement in HVAC; and AI-driven opportunities to deepen consumer engagement and transform how we organize and operate.

Smart Home Appliances: Room to Grow Globally. Our smart home appliance business spans refrigerators, washing machines, kitchen appliances, and other white goods. Globally, we hold strong positions in the Americas, Australasia, and Europe, but our international market share still has room to grow compared with China, and profitability varies significantly across regions. The 2025 restructuring of our European operations has already delivered a significant improvement in operating efficiency. Australasia also presents substantial margin expansion potential. In South Asia, market conditions are exceptionally favorable: India has the potential to become our third-largest market after China and the U.S. Southeast Asia carries strong momentum. Product offerings there historically lagged our China portfolio by several generations, but the success of our Effortless three-drum washer shows that products from our China-led global R&D platform resonate strongly in emerging markets. Turning to the U.S., as supply chain adjustments progress, we expect the operating environment to improve gradually.

HVAC: From One-Quarter Toward One-Half of Company Revenue. In 2025, we consolidated our residential air conditioning, smart building, and water solutions businesses into a unified HVAC division. This was a strategic integration, not a simple reorganization. Externally, customers now deal with a single team and can access comprehensive solutions spanning air and water management for the entire home, rather than standalone products — deepening customer relationships and increasing revenue per customer. Internally, R&D, supply chain, and channel resources now serve unified objectives, and the overlapping investments that naturally arose from three separate businesses are being steadily consolidated.

Our HVAC business currently accounts for roughly one-quarter of Company revenue, a share we expect to grow to one-third or even close to half over time. This is a global opportunity: we see significant growth potential in Europe, South and Southeast Asia, and the Americas. In commercial applications, integrated cooling and heating solutions enable us to deliver greater value per customer. We will invest significantly in channels, technology, and the capabilities to deliver integrated solutions.

Artificial Intelligence: From Tools to Proactive Helpers. Haier Smart Home is committed to being an early mover in applied AI — not just to improve processes, but to rethink how our organization works from the ground up. On the consumer-facing side, traditional smart home connectivity models may be disrupted as AI-powered intelligent agents, combined with Haier's vast installed consumer base, create the potential for AI to serve as a home assistant. Imagine appliances that are no longer passive instruments but proactive partners — anticipating needs and creating an entirely new consumer experience.

In March 2025, we launched the Casarte Connoisseur suite featuring our proprietary "AI Vision" technology, spanning range hoods, ovens, refrigerators, and washing machines. The AI Vision is a multimodal cooking agent we developed in-house: it recognizes ingredients, maps the oven's interior, and plans the optimal cooking curve — effectively turning the oven into a culinary expert that can observe, think, and master precision cooking. I look forward to more AI-powered hardware innovations that elevate the smart home experience.

Over the past year, AI has also made our internal operations more efficient. Our R&D team built a digital engineering platform powered by AI — effectively giving every engineer a 24/7 specialist. For our 1.5HP wall-mounted air conditioner development, the testing and adjustment cycle was cut from 15 days to 7 days — a 54% improvement. Looking ahead, AI agent support can transform large organizations into lean, mission-driven teams — improving not only efficiency but also decision quality across customer service, marketing, and field operations.

Building for the Long Term

Sustainable growth requires more than strong financial results — it requires earning the trust of our communities, our planet, and our people. Haier has been named to Fortune's World's Most Admired Companies list for seven consecutive years — the only company in the home appliance sector from the Eurasia region to receive this recognition. Our MSCI ESG rating has been maintained at AA for two years running, the highest among domestic peers.

Carbon Neutrality and Green Supply Chain. In 2025, we formally established a Climate Change Committee chaired by the Company's most senior leadership and published the *Haier Smart Home Carbon Neutrality White Paper*, detailing our roadmap to carbon neutrality, including key initiatives and technology pathways. Haier Smart Home has committed to achieving operational carbon neutrality no later than 2050. Emission reduction targets for two subsidiaries — Qingdao Haier Special Freezer Co., Ltd. and Candy SpA — have been validated by the Science Based Targets initiative (SBTi). We have built an industry-leading "6-Green" supply chain framework, embedding sustainability across the full product lifecycle — from design and procurement through manufacturing, logistics, recycling, and service. This framework is helping reduce product carbon footprints and drive green transformation across our supply chain.

Where People Build, Grow, and Lead. In 2025, Haier Smart Home was named a Forbes Global Best Employer for the ninth year running. In the U.S., GE Appliances earned its fourth consecutive Best Place to Work recognition. In Europe, we received the UK Best Employer award for the third year in a row.

Our RenDanHeYi management philosophy exists for one purpose: to activate people. First, we activate the entrepreneurial spirit in our people — giving every young professional the courage to take on ambitious projects and every innovator a stage to test bold ideas. Second, we challenge our managers to reinvent themselves — because yesterday's experience can become today's burden, and past success can become tomorrow's trap. Only by starting from zero can we keep pace with change. Third, we push decision-making authority to the front lines — across every market and every function — because the people closest to the consumer know best what consumers need.

Shareholder Returns: Growing Together, Sharing Value

Alongside new highs in revenue and earnings in 2025, we continued to increase returns to shareholders. We raised the cash dividend payout ratio to 55%, an increase of 7 percentage points over 2024. Every increase in our payout reflects the value we place on long-term shareholder trust.

Looking ahead, we are committed to creating sustainable long-term value for shareholders. We have announced a three-year shareholder return plan for 2026–2028: a cash dividend payout ratio of no less than 58% for 2026, and no less than 60% for 2027 and 2028. This plan reflects our confidence in the road ahead and our deep respect for the commitment our shareholders have made.

I want to thank our 130,000 colleagues for what they achieved this year. And to every shareholder: thank you for your trust and your partnership. Though more than four decades have passed since Haier was founded in 1984, the entrepreneurial drive that defined our earliest days is very much alive. From our roots in Qingdao, together, we will keep building — taking Haier further into every corner of the world.

Challenges lie ahead, but our conviction has never been stronger.

Sincerely,
Li Huagang
Chairman of the Board of Directors

Haier Smart Home Co., Ltd.

Forward-Looking Statements

This letter contains forward-looking statements that reflect the Company's current expectations and assumptions regarding future events, including statements about anticipated revenue growth, margin expansion, market share trends, dividend payout ratios, strategic initiatives, and the expected impact of tariffs and supply chain developments. These statements are subject to risks and uncertainties that could cause actual results to differ materially, including changes in global economic conditions, trade policies, foreign exchange rates, competitive dynamics, regulatory developments, and consumer demand. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise. Investors are cautioned not to place undue reliance on these statements.

MANAGEMENT DISCUSSION AND ANALYSIS

I. DISCUSSION AND ANALYSIS OF THE COMPANY'S BUSINESS OPERATIONS DURING THE REPORTING PERIOD

Founded in 1984, Haier Smart Home has built its business by anticipating industry shifts, delivering market-defining innovations, and continuously reinventing its operating model. Over four decades, the Company has grown into the global leader in major home appliances and a pioneer in smart home solutions.

Market Position

Global leader in major home appliances. According to Euromonitor International, the Company has ranked No. 1 globally in major home appliance brand retail volume for 17 consecutive years. The Company operates a portfolio of seven global brands — Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel, and AQUA. From 2008 to 2025, the Haier brand has held the No. 1 position worldwide in both refrigerator and washing machine retail volume for 18 and 17 consecutive years, respectively.

Pioneer in smart home solutions. Euromonitor data confirms that, leveraging its full-category appliance portfolio, the Company was among the first in the industry to launch integrated smart home solutions. Sanyiniao, the Company's smart home platform, delivers personalized, professional smart living solutions through three core capabilities: a customization engine, a fulfillment platform, and the Smart Home AI Engine.

Business Segments

The Company has developed a comprehensive portfolio of smart home solutions spanning food preservation and cooking, fabric care, air management, water solutions, and other complementary businesses.

Food Preservation and Cooking Solutions

The Company manufactures and sells refrigerators, freezers, and kitchen appliances globally, and delivers integrated smart kitchen experiences combining intelligent appliances with ecosystem resources. For example, the Casarte Zhijing Series refrigerator features proprietary MSA nitrogen-oxygen intelligent freshness technology, retaining over 99% of nutritional value after seven days of cold storage — elevating the industry standard to cellular-level preservation. The unit is also engineered for a seamless flush fit within international standard cabinetry, with zero side gaps and zero protrusion.

In kitchen appliances, the Company introduced a 325mm ultra-slim fully built-in range hood and a top-intake fully built-in cooktop, achieving fully integrated design with cabinetry. Equipped with "AI Vision" technology, the range hood intelligently detects cookware and food status to prevent boil-overs, while the oven automatically identifies ingredients and matches optimal cooking profiles. The Company also introduced an original drawer-style dishwasher with ergonomic loading and dual-zone precision washing.

Fabric Care Solutions

Haier washing machines are built on proprietary technology designed to solve everyday laundry challenges. The product range — including washing machines, dryers, washer-dryer combos, garment care systems, and drying racks — has evolved from standalone appliances to end-to-end fabric care solutions. During the reporting period, the Company advanced its three-drum zoned wash-and-care product family and launched heat-pump washer-dryer combos across three brands to capture growth in this emerging category. Key innovations include the Zhongzi Hemei washer, which integrates washing, drying, and garment care in one unit; the Jinghua washer, which generates triple-concentration cleaning fluid through high-pressure detergent pre-mixing for faster, more effective cleaning; and an industry-first 3D see-through drying technology that precisely measures internal fabric moisture levels, stopping the cycle the moment clothes are fully dry.

Air Solutions

Residential Air Conditioning

The Company sells residential air conditioners and fresh air systems worldwide, complemented by full-lifecycle design, installation, and service solutions. Smart-enabled products deliver whole-home intelligent air management across temperature, humidity, air quality, and sterilization. During the reporting period, the Company launched air conditioners with proprietary refrigerant-directed distribution and dual-evaporator coupled control technology, expanding comfort coverage by 40%. The system integrates proprietary AI models and cloud computing to monitor ambient conditions and cross-reference Haier's microbiology database, automatically triggering targeted self-cleaning programs.

Smart Building Solutions

Aligned with China's "dual carbon" strategic goals, the Company's smart building business provides energy-efficient, sustainable building solutions — covering building controls, environmental systems, energy management, and system integration — for government, commercial, transit, educational, and healthcare clients. The Company holds meaningful market positions in China in magnetic levitation central air conditioning, IoT-enabled VRF systems, and air-source heat pumps.

Water Solutions

The Company provides a full range of water products globally, including electric, gas, solar, and heat pump water heaters, as well as POE/POU water purifiers and water softeners. Smart-connected products enable integrated hot-water, purification, and heating scenarios. During the reporting period, the Company launched its "Crystal Tank" water heater technology — achieving zero metal contact, zero rust, and zero magnesium residue — with PCC mineral-infusion technology that releases beneficial minerals. For top-efficiency gas water heaters, a proprietary centrifugal atomization system achieves 100% condensate external discharge, balancing energy efficiency with clean aesthetics. Through the 2024 acquisition of Kwikot, a well-established South African brand, the Company further expanded its water heater footprint across Africa in 2025.

Global Footprint

The Company manufactures and sells a full range of home appliances and value-added services across more than 200 countries and regions, including North America, Europe, South Asia, Southeast Asia, Australia and New Zealand, Japan, the Middle East, and Africa.

In overseas markets, the Company develops and sells products under its proprietary brands, tailored to local consumer preferences. With over 20 years of international operating experience, the Company has expanded through a series of strategic acquisitions — including GE Appliances (2016), Fisher & Paykel (2018), Candy (2019), and most recently CCR and Kwikot (2024). CCR supports the Company's commercial refrigeration strategy in Europe and Asia-Pacific, while Kwikot strengthens the water heater business and accelerates white goods market penetration in South Africa.

Other Businesses

Building on its core smart home platform, the Company also operates small appliance, robotic cleaning, and channel distribution businesses. The small appliance business features products designed in-house and manufactured by third-party OEM partners under the Company's proprietary brands, enriching the smart home product ecosystem. The channel distribution business leverages the Company's extensive retail network to distribute TVs, consumer electronics, and other products for Haier Group and third-party brands.

Awards and Recognition

During the reporting period, the Company was once again named to the Fortune Global 500. GE Appliances earned Great Place to Work® certification for the fourth consecutive time and was named one of Fast Company's Most Innovative Companies in Consumer Electronics for 2025, while receiving IoT Breakthrough's

"Smart Appliance Company of the Year" award for the ninth consecutive year. Casarte's brand value rose to RMB92.8 billion, ranking first among premium brands for five consecutive years.

The Company was also included on Fortune's China ESG Influence list, with an MSCI ESG rating of AA — among the highest in China's home appliance sector. In R&D, the Company's proprietary intelligent wash-and-dry technology received the Shandong Provincial Science and Technology Progress First Prize, and its green, low-carbon rapid-wash technology won the China Light Industry Federation Science and Technology Progress First Prize, among multiple provincial and ministerial-level awards.

II. INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

(I) Industry Overview for 2025

(1) Home Appliance Industry

Domestic Market

In 2025, the extension of the home appliance trade-in policy had a diminishing impact on the market. The policy's residual effects supported demand through the first half of the year but momentum faded in the second half, resulting in strong early-year performance followed by a downturn. According to AVC, China's home appliance retail sales across all categories (excluding 3C products) reached RMB893.1 billion in 2025, a decrease of 4.3% year-on-year. Sales in the second half of the year totaled RMB421.4 billion, a 16% decline from the previous year.

In 2025, the Chinese home appliance industry underwent a significant reshuffle amid a saturated market, setting in motion a profound transformation in its growth strategies.

First, the industry's growth drivers have been shifting from customer acquisition to brand building. With the rising cost of online advertising, paid acquisition models became less effective. The industry is moving from meeting basic functional needs to creating value through integrated home scenarios, and from scattered product promotions to systematic brand development. Through consistent content delivery and user engagement, companies can establish brand recognition and boost customer loyalty and pricing power.

Second, as online and offline channels continued to merge, establishing a highly collaborative omnichannel operating model has become critical for success. E-commerce platforms continued to optimize product efficiency and user experience, reinforcing the fundamental model where customers actively search for products. Meanwhile, instant retail, enabled by location-based services, delivers goods within minutes and has emerged as a new growth engine by bringing products directly to customers. Physical stores also transformed from simple points of sale into experience centers, local fulfillment hubs, and community spaces. As these channels merged, a seamless, integrated retail environment has become the new industry standard. In this landscape, leveraging digital tools for omnichannel inventory sharing and direct-to-consumer delivery is the key to improving channel operation efficiency and responding rapidly to customer needs. This strategy is also vital for creating a sustainable competitive advantage.

Third, the "silver economy" has emerged as a new growth market for senior-friendly home appliances. This market has already exceeded RMB100 billion in 2025 according to AVC data. As of the end of 2025, China's population aged 60 and above amounted to 323 million, representing 23% of the total. Alongside this demographic growth, elderly spending is shifting from basic necessities toward lifestyle improvements and enjoyment. This trend fueled sustained demand for home modifications related to living, bathing, cooking, and safety. Consequently, products that are safe, user-friendly, and incorporate smart health features and emotional connections are becoming a key driver of growth for the industry.

Overseas Markets

According to Euromonitor, the global home appliance market in 2025 recorded stable overall volume but experienced structural shifts. Global retail sales for core home appliances reached USD 298.3 billion, a year-on-year increase of 3.3%. Meanwhile, global retail sales for small home appliances reached USD 130.7 billion, a 4.6% increase year-on-year. While growth in developed markets remained relatively stable, emerging markets saw strong overall expansion. Regions like Southeast Asia and the Middle East experienced rapid growth fueled by urbanization, rising essential demand, and the expansion of online retail. However, these regions also faced mounting pressure from intensifying competition and rising costs.

The U.S.: Market remained under pressure from low consumer confidence and sluggish property sector.

Europe: Sales Volume grew 2.1% and revenue declined 1%, Industry Sales Value (YoY) −1.0%；New EU energy efficiency regulations have stimulated product upgrades, while weak economic growth and consumer pressure are suppressing prices.

South Asia: Market went down by 0.4% with major competitors experiencing decline in both volume and profit in India. Pakistan market grew 10% and AC grew 15% driven by economic and consumption recovery as well as favourable weather.

Australia and New Zealand: Australian market grew by 3.8%, supported by product suite demand and government rebate policies. In New Zealand, industry declined by 1%, constrained by a weak property market and labor shortages. Annual inflation stands at 3.0%. Overall recovery remains slow despite consumer confidence rebounded at year end.

Southeast Asia: In Thailand, growth was primarily driven by air conditioners, refrigerators, and washing machines. Vietnam saw continued increases in demand for air conditioners, while Malaysia experienced overall market growth. In Indonesia, overall sales revenue trended upward despite mild decline in volume of several categories. This indicated a shift from volume-driven to value-driven market growth as product mix upgrades boosted average prices.

Japan: GfK estimates sales volume of refrigerator, freezer and washing machine decline 3.0%, sales revenue down 3.8%.

(2) Central Air Conditioning Industry

According to data from China IoL, China's central air conditioning industry recorded sales of RMB138.68 billion in 2025, with domestic and export markets showing divergent trends. Domestic sales contracted by 7.4% year-on-year to RMB112.55 billion, while export sales grew by 12.7% to RMB26.14 billion.

The domestic market faced pressure from three main factors. A significant downturn in the real estate sector caused a sharp drop in shipments for fully-furnished projects. Demand from traditional sectors such as industrial manufacturing, healthcare, and hospitality remained sluggish. At the same time, intensifying price competition further squeezed the market. Despite this weak overall performance, new structural opportunities are emerging. The rapid expansion of data centers is steadily increasing demand for cooling systems. Furthermore, China's "dual carbon" goals are creating a market for high-efficiency products such as magnetic levitation centrifugal chillers, driven by energy-saving retrofits in older buildings.

In contrast, export growth bucked the domestic trend. This increase was primarily driven by Chinese companies' strategic expansion into emerging markets, improved product performance, and localized adaptation efforts.

The continued global growth of the data center industry also made a significant contribution. Exports have become a critical pillar for growth during this period of domestic consolidation.

(3) Commercial Refrigeration Business

In 2025, the global commercial refrigeration industry entered a period of structural growth, driven by technological advancements and regulatory policies.

Europe, the world's most mature core market for commercial refrigeration, was estimated at approximately USD 13 billion in 2025, representing steady year-on-year growth of about 3%. This growth was largely policy-driven. The strict enforcement of the EU's F-gas Regulation is phasing out equipment using high-GWP (Global Warming Potential) refrigerants, creating significant demand for environmentally friendly alternatives. This trend is expected to continue in 2026, with eco-friendly refrigerants, high-efficiency commercial freezers, and smart cold storage becoming mainstream.

China's commercial refrigeration market achieved growth in both sales volume and revenue in 2025. Annual sales reached 18 million units, up around 3% year-on-year, with sales revenue exceeding RMB36 billion, up around 2%. The catering industry remained the primary source of demand, while the booming ready-to-cook foods sector and improved cold chain logistics provided strong support for medium-to-large-scale cold storage facilities and retail-end freezers. Looking ahead to 2026, the national "equipment renewal" policy, recovery of offline consumption, and the need for equipment standardization from restaurant chains will further stimulate end-user demand.

In India, driven by government policies like the Prime Minister's Farmers Integrated Food Processing and Development Scheme (PMKSY), infrastructure investment in food processing and pharmaceutical cold chain sectors has reached a record high. As India transforms to modern and smart cold chain systems, it is becoming one of the world's fastest-growing emerging markets, with its compound annual growth rate expected to remain in the double digits for years to come.

In North America, market growth is primarily driven by evolving retail formats. Specifically, the widespread development of micro-fulfillment centers for online grocers has fueled sustained demand for highly automated refrigerated warehousing systems.

(II) Industry Outlook for 2026

(1) Home Appliance Industry

Domestic Market

China's domestic home appliance market is now defined by high penetration and a massive installed base. According to AVC, total home appliance ownership in China exceeds 4 billion units, averaging more than eight units per household. The industry has shifted from a period of rapid expansion to a competitive market centered on existing customers. Consequently, replacement demand is now the main driver. The sector has entered a new phase focusing on nurturing its customer base and encouraging product mix upgrades. Consumer preferences are moving from initial adoption to quality improvements, with key growth opportunities in green technology, whole-house smart systems, health-focused solutions, and integration with home furnishings.

The national subsidy program is set to continue in 2026 with updated standards. A joint notice from the Ministry of Commerce and four other departments outlines that the 2026 subsidies will target six appliance categories, including refrigerators, washing machines, and air conditioners, that meet Level 1 energy or water efficiency standards. The subsidy will cover 15% of the final sales price, with a maximum of RMB1,500 per item. This policy is designed to encourage the adoption of high-efficiency and smart products. AVC forecasts that overall industry growth may face pressure in 2026 due to the high base effect from previous subsidies, but structural opportunities will remain, as the policy favours high-efficiency models and accelerates product mix upgrades. Steady demand from home renovations and upgrades will also create growth for companies offering comprehensive solutions.

Overseas Markets

Overall, the overseas home appliance market is expected to experience a moderate recovery in 2026, with different growth drivers for developed and emerging markets. Companies must continuously monitor global macroeconomic fluctuations and changes in trade policy, capitalizing on structural growth opportunities through technological innovation, localized operations, and flexible supply chain strategies.

(1) North America: U.S. GDP grew by 2.2% in 2025, with Q4 growth slowed to 1.4%. Currently, U.S. consumer demand is relatively weak. Additionally, pressure from tariffs continues to reduce consumer disposable income and raise import costs for businesses, dampening

demand in the home appliance market. This situation is expected to persist through the first half of 2026. However, as the Federal Reserve is expected to cut interest rates, falling mortgage rates could stimulate the real estate market and subsequently boost consumer demand for home appliances in the second half of 2026.

(2) Europe: As energy efficiency standards become stricter, highly efficient, energy-saving products are rapidly replacing older models. The European home appliance market will continue to prioritize sustainability. Eco-friendly, smart, and efficient appliances are becoming mainstream, leading to intensified competition among manufacturers in both ESG performance and product innovation.

(3) Emerging Markets: In 2026, consumer demand is expected to grow steadily. Accelerating urbanization and an expanding middle class in Southeast Asia, South Asia, the Middle East, and Africa will continue to create significant market opportunities for the industry.

(2) Central Air Conditioning Industry

Domestic Market. In 2026, demand in China's central air conditioning industry will shift from new installations to upgrades of existing systems. Although overall market growth has slowed, the national 'dual carbon' strategy and industrial upgrades are creating structural opportunities. There is a rising demand for energy-efficient retrofits. The adoption of high-efficiency products, such as magnetic levitation centrifugal chillers, is steadily increasing in industrial and commercial buildings. The 15^{th} Five-Year Plan on industrial upgrades, along with policies promoting energy-saving renovations in older buildings, will continue to fuel growth in integrated energy solutions. The intelligent computing sector is generating new demand. The rapid expansion of AI and data centers is driving the need for advanced cooling systems, turning liquid cooling and high-power-density heat dissipation technologies into significant growth markets.

Export Market. The export market is expected to continue its growth trend, with China IoL projecting mid-to-high single-digit growth for the full year driven by factors such as the global transition to new refrigerants.

Rising raw material prices are expected to temper industry price wars, shifting the competitive focus toward "all-scenario, full lifecycle" integrated solutions. Distributors are increasingly prioritizing long-term operational efficiency and asset value over initial investment costs. Leading brands are poised to increase their market concentration through technological expertise and extensive service networks, reinforcing a winner-takes-all dynamic.

(3) Commercial Refrigeration Industry

In 2026, the European commercial refrigeration market is expected to achieve steady growth, driven by strict policies and demand for equipment upgrade. Tighter regulations on fluorinated gases and energy-efficient design are accelerating a systemic shift in product mix toward low-carbon solutions. The competitive landscape remains highly fragmented, with leading companies strengthening their ESG credentials by investing in renewable-energy-powered facilities and adopting circular economy principles. As the EU Green Deal progresses and the replacement cycle for older equipment begins, suppliers with expertise in natural refrigerants and smart system integration are well-positioned to capture a larger market share.

III. DISCUSSION AND ANALYSIS ON OPERATIONS

I. Industry Trends and Company's Strategic Initiatives

The development of China's home appliance industry has undergone a profound transformation. Consumer demand has shifted from basic functionality to the pursuit of a higher quality of life. Green, energy-efficient, smart, and health-focused products are now central to this consumption upgrade, and trade-in policies are effectively encouraging consumers to replace older appliances with superior new models. At the same time, a trend toward consumption focused on personal well-being is on the rise, making emotional value a new growth driver. Consumers are willing to pay for high-quality products with strong emotional appeal, shifting from purchasing to please others to purchasing for self-satisfaction. Furthermore, the growth from traditional e-commerce traffic has peaked. The deep integration of offline experiences and online transactions has become the norm. Improving retail efficiency now depends on digital insights into user needs across the entire customer journey. With highly fragmented channel touchpoints, simple traffic acquisition models are losing their edge. Instead, building long-term brand recognition has become a key competitive advantage.

The global market has also undergone significant adjustments. Geopolitical factors and tariff barriers have increased the uncertainty of overseas operations, placing higher demands on companies' localized operations and supply chain resilience. However, the trend of consumption upgrades in emerging markets remains clear. The rise of the middle class in these markets is expected to drive a compound annual industry growth rate of over 7%. The retail channel landscape is also rapidly evolving, with both online and fragmented sales models gaining traction. In 2025, the proportion of online home appliance sales in the U.S. held steady at over 25%, while European online channels grew against headwinds. The penetration of the direct-to-consumer (DTC) model has placed higher demands on companies' digital marketing and omnichannel coordination capabilities.

The HVAC industry is facing structural opportunities, and overseas markets hold immense potential. In the Chinese market, integrated solutions such as heat pump systems and whole-house HVAC and water systems are gaining favor. Product development is focused on the deep integration of standardized components with scenario-based customizations. In Europe, Southeast Asia, and the Middle East and Africa, the HVAC market still has substantial room for growth due to climate change and population increases. Chinese companies have significant advantages in production capacity concentration and manufacturing efficiency, offering broad potential to increase their global market share.

In response to the opportunities and challenges, we have centered our core strategy on maximizing user value, systematically implementing transformative measures to upgrade our core competitiveness and drive growth despite market headwinds.

First, we established a user co-creation model to develop best-selling products. In response to the shift in user needs toward emotional and experiential value, the Company has transformed users from passive recipients into product co-creators. Through their deep involvement in defining requirements and validating use cases, we developed products with exceptional experiences, such as the Lazy Wash washing machine and the Mailang refrigerator. This model balanced emotional connection with practical functionality, creating differentiated competitiveness and driving our strategic shift from routine releases to systematic development of best-selling products.

Second, we strengthened our operations for direct-to-consumer engagement across all channels. In the domestic market, we comprehensively promoted the transformation to a direct-to-consumer model. By leveraging platform tools for digital inventory, marketing, and storefronts, we empowered distributors to operate with an asset-light model, shorten transaction chain, and improve efficiency and precision of direct user engagement. This approach facilitated the continuous accumulation and activation of our user base. In overseas markets, we strengthened localized brand-building systems, promoting deep localization of products, branding, and operations, enabling the Haier brand to build a lasting reputation and a sustainable competitive advantage in each local market.

Third, we unlocked synergies of our globalized local footprint. Our Company has over 60 overseas factories that formed a global manufacturing network. We implemented a "1+1+N" global supply model, which was based on localized supply, supported by regional coordination, and secured by global resource synergy. This approach enabled the highly efficient dual circulation of both localized and globalized operations, not only enhanced the resilience and stability of our supply chain but also ensured our ability to respond quickly to market fluctuations. Our globalization strategy is evolving from simply exporting products to exporting systemic capabilities, which has become a core source of our resilience against external uncertainties.

Fourth, we fully embraced AI by integrating intelligence into every business process, including R&D, manufacturing, and sales. Leveraging our Smart Home Brain and the Uhome large model, we advanced from product-level intelligence to scenario-based intelligence. We utilized algorithms to optimize user experience, data to drive precise services, and technology to enhance operational efficiency, which facilitated a leap from relying on hardware competitiveness to building comprehensive advantages across hardware, software, and services.

Fifth, we strengthened our strategic position in the HVAC industry to cultivate new growth engines. To capitalize on structural opportunities in the HVAC sector, the Company enhanced core competencies in home air conditioning and smart building solutions. We accelerated the overseas expansion of our water solution business, while promoting the integration and synergy of our broader HVAC operations, thereby building momentum for future development, and speeding up the cultivation of new growth drivers.

The coordinated implementation of these initiatives provided solid support for the Company's high-quality growth amid the complex environment in 2025. It also laid the strategic foundation for our continuous evolution into a platform-based, service-oriented technology ecosystem enterprise.

II. Analysis of Financial Indicators

In 2025, the Company's revenue totaled RMB302.329 billion, a year-on-year increase of 5.7% from 2024. This growth was driven by strong performance in both domestic and overseas markets. Domestically, revenue growth was supported by our collaborative model for co-creating best-selling products with users, a refined strategy for direct customer engagement, and advanced digital inventory management. Internationally, revenue growth was fueled by rapid expansion in emerging markets including South Asia, Southeast Asia, the Middle East, and Africa, along with successful integration of our acquisitions, CCR and KWIKOT.

In 2025, the net profit attributable to shareholders of the parent company reached RMB19.553 billion, representing a 4.39% increase from 2024.

(1) The Company's gross profit margin reached 26.1%, a decrease of 1.1 percentage points compared to the same period in 2024. Domestically, the gross margin declined year-on-year because cost savings from our comprehensive cost-optimization strategy and integrated process improvements were offset by rising commodity prices, such as copper in Q4, and a rapid decline in industry average prices due to intense competition. The overseas gross margin also decreased year-on-year, as the benefits of enhanced localized product competitiveness, global supply chain initiatives, digital platforms, and our cost-optimization strategy were counteracted by challenges like high tariffs.

(2) The selling and distribution expense ratio was 11.2%, improved by 0.5 percentage points year-on-year from 2024. Domestically, this improvement was driven by the accelerated rollout of our unified warehouse-to-consumer model and ongoing digital marketing reforms, which optimized resource allocation and increased marketing return on investment, along with streamlined logistics through optimizing warehouse network and delivery routes. Internationally, the ratio improved due to innovations in retail operations, global resource integration, and enhanced operational efficiency.

(3) The administrative expense ratio was 8.4% in 2025, a decrease of 0.2 percentage points from the same period in 2024. Domestically, the ratio improved year-on-year due to the implementation of digital platforms and AI, which optimized business processes and enhanced operation efficiency.

In 2025, the Company's net cash flow from operating activities totaled RMB26.003 billion, a decrease of RMB315 million compared to the same period in 2024.

III. Key Market Performance

China Market

In the China market, the Company focused on enhancing its omnichannel, direct-to-consumer competitiveness by developing three core capabilities for systematic transformation. First, we established foundational omnichannel direct-to-consumer capabilities through a digital inventory system that streamlined the business chain and improved operational efficiency. Second, we centered digital marketing efforts on precisely targeting and converting consumers, leading to higher traffic conversion and building long-term user value. Third, we leveraged our multi-brand portfolio to reach diverse consumer segments, which enabled targeted outreach and deeper engagement. The synergy of these evolving capabilities enabled our Company to achieve domestic revenue growth of 3.1% that bucked market trends in 2025.

1. We enhanced our digital inventory transformation to build a foundation for omnichannel direct-to-consumer capabilities. Digital upgrades in the supply chain and logistics streamlined transactions and optimized operational efficiency. As of the end of 2025, RRS Logistics was delivering 100,000 units directly to users daily, with the proportion of omnichannel direct-to-consumer deliveries rising to 57%. Our 24-hour delivery service expanded to cover 1,944 districts and counties, and the rate of integrated delivery and installation increased to 97%.

   On the supply chain side, we upgraded our order forecasting and automated inventory deployment models and improved our integrated online-offline inventory system. These changes enhanced inventory turnover rate and increased order forecast accuracy by 2.6%.

   On the logistics side, we optimized our warehouse and distribution network, improving efficiency and achieving cost reductions of RMB340 million. We saved RMB110 million in warehousing by sharing distributors' inventory across channels and implementing digital management for high-density storage, which boosted warehouse utilization by 6 percentage points. We also saved RMB230 million in distribution by consolidating shipments from multiple industrial parks, shipping small home appliances nationwide directly from a single warehouse, and enabling cross-regional delivery from the closest facility. Our unified warehouse direct-to-consumer model has reshaped partnerships with distributors. By systematically optimizing stocking, delivery, service, and settlement, the model reduced distributors' inventory pressure and capital requirements while addressing delivery and after-sales service needs, allowing them to focus on retail operations. Moreover, the transparency and predictability of the entire process, from product supply to policy support and revenue realization, has significantly increased distributors' motivation. By lowering capital barriers and operational risks, this model fostered a mutually beneficial and empowering relationship between the Company and our distributors.

2. We cultivated our user base through digital marketing and a multi-touchpoint engagement system.

   Our strategy focused on managing the entire user lifecycle. We have developed cross-platform engagement capabilities that span the full customer journey, from initial awareness to long-term loyalty. Our marketing approach has evolved from experience-based to data-driven, centered on increasing our Share of Voice (SOV) and Net Promoter Score (NPS). This has allowed us to seamlessly integrate traffic acquisition with user engagement.

   In terms of user reach, our social media following grew to 31.81 million, a year-on-year increase of 12%, establishing an omnichannel coverage for user engagement. On Xiaohongshu, the Haier brand achieved a 17.8% increase in search volume within the major home appliances category, ranking first in search frequency. In terms of promotion decision-making, we developed a smart end-to-end system for influencer collaborations, which added analytical rigor and improved risk management for our campaigns. In 2025, the efficiency of our influencer marketing on Xiaohongshu and Douyin improved by 13.7% and 24.7% respectively.

3. We strengthened our multi-brand portfolio and product suite strategy to precisely target diverse user segments.

   We leveraged the differentiated market positioning of our three brands: Haier, Casarte, and Leader. With product suites as a core strategy, we focused resources on shaping consumer perception by developing high-impact, compelling marketing keywords related to these suites. This approach effectively converted product exposure into brand recognition, enabling us to precisely target and serve diverse user segments, reinforcing the competitive advantage of our multi-brand portfolio.

   The Haier brand leveraged AI technology to comprehensively upgrade its brand, products, and customer touchpoints. To appeal to younger consumers, the brand launched the Little Red Flower suite, marketed as the "first AI appliance suite for young people", which sold over 5.7 million units during the year. For families seeking quality, the brand introduced the Mailang suite, which captivated users with its calming aesthetic. In 2025, the Haier brand's retail sales grew by 8% year-on-year, solidifying its leading position in the mainstream home appliance market.

The Casarte brand forged an emotional connection with consumers by blending intangible cultural heritage with proprietary AI technology. The brand launched the Connoisseur and Maestro suites featuring the "AI Vision" to cater to the evolving preferences of high-net-worth individuals, who increasingly seek cultural identity over material satisfaction. In 2025, Casarte's revenue grew by double-digit year-on-year, with its core product categories maintaining a leading share in the premium market. The brand's market share in the high-end segment reached 44% for refrigerators (priced over RMB10,000), 75% for washing machines, 30% for water heaters (over RMB10,000), and 53% for air conditioners priced above RMB15,000.

The Leader brand focused on feedback-driven marketing and user co-creation. The brand achieved viral success with its best-selling Lazy Wash Triple-Drum Washing Machine, which led to the rapid expansion of the Lazy series into a full product line offering zone-washing solutions for diverse scenarios. In 2025, Leader's revenue surpassed RMB10 billion for the first time, a year-on-year increase of 30%. This success has established the brand as a key growth engine for the Company's strategy to engage younger consumers.

North America

During the reporting period, the Company remained focused on delivering technology-driven innovation, manufacturing excellence, and differentiated products in North America. The new launches included Monogram 24" Panel-Ready Beverage Centre that brings elevated versatility and thoughtful design; GE Profile™ Smart Compact Dishwasher for Countertop or built-in installation; UltraFast Combo washer with new finishes that brings a vibrant, design-forward aesthetic and personality to the laundry space; Powered by Google Cloud's generative AI, the expanded SmartHQ platform introduced specialized AI assistants for coffee and laundry care, each designed to tackle specific household challenges. Amid a changing tariff and policy environment, the Company continued to strengthen its position in premium segments with 7% YOY growth.

The Company also deepened partnerships with major retail channels through clear commercial strategies, fulfillment capabilities, and strong customer support. GE Appliances was named a 2025 Vendor Partner of the Year by Lowe's. In manufacturing, GE Appliances completed the expansion at its Georgia cooking products plant and plans to build its most advanced clothes-washer manufacturing facility in Louisville, Kentucky.

In Air & Water Solutions, the Company introduced new residential and commercial HVAC offerings with enhanced compatibility, serviceability, and installation flexibility for contractors. The segment achieved double-digit growth.

European Market

In 2025, the European market, as a core pillar of the Company's globalization strategy, underwent a profound structural transformation and integration, resulting in a significant improvement in profitability. Against a complex and challenging macroeconomic backdrop, the Company remained user-centric and pivoted its business focus from scale expansion to high-quality growth. This strategic shift led to a fundamental improvement in operational quality and further enhanced the region's strategic value.

During the reporting period, revenue in the European market achieved double-digit year-on-year growth, accompanied by a substantial upgrade in the quality of operations. Key initiatives driving this transformation included:

1. Comprehensive Implementation of "Operating Model 2.0"

    - Supply Chain: The Company continued to optimize its European supply chain footprint, systematically migrating production capacity to core manufacturing hubs in Turkey, Southeast Asia, and China. This movement leveraged cost advantages while enhancing market responsiveness.

    - Channels: We deepened our Key Account (KA) strategy and customized service offerings while accelerating the development of e-commerce platforms, led by Amazon, and Direct-to-Consumer (DTC) channels, resulting in rapid growth.

    - Organization: Efficiency was bolstered through organizational streamlining and operational optimization, yielding clear transitional benefits. Furthermore, the Company established or upgraded hundreds of terminal outlets across Europe. By elevating the brand's visual identity and strengthening retail promoter training, we effectively boosted brand resonance among younger demographics.

2. Focus on Product and Service Upgrades

    Through sustained R&D investment, the Company enhanced the competitiveness of its refrigerator and washing machine portfolios across all price segments. Our washing machine business climbed to the No. 2 market share position in the region, driven by product innovation — notably the coordinated launch of "triple-drum" washing machines, which showcased the seamless integration of our global R&D and sales networks. The refrigerator segment maintained robust momentum, continuing its trajectory toward the industry's top tier.

To drive brand premiumization, the Company launched a global sponsorship program, partnering with elite football clubs such as Liverpool and Paris Saint-Germain (PSG) to significantly elevate brand awareness and customer perception. Regarding sustainability, the Company ensured all products met the EU's stringent energy efficiency and environmental standards. We proactively invested in low-carbon technologies to address future carbon border adjustment (carbon tax) challenges while accelerating the deployment of our Smart Home platform in Europe to provide users with intelligent, scenario-based experiences.

Emerging Markets

In 2025, Emerging Markets served as a critical engine for sustained growth. By efficiently replicating the successful experiences and business models pioneered in the Chinese market, the Company achieved rapid growth that significantly outpaced the industry average.

During the reporting period, revenue from emerging regions (including Southeast Asia, South Asia, and Middle East & Africa) grew by over 24% year-on-year, further consolidating our leadership in several core markets. The Company transitioned from a "product export" model to a deep "brand operations" model, prioritizing optimized regional and product mixes to enhance overall profitability. By implementing a localized brand-building strategy, the Company maintained its leading industry position in Pakistan, India, and Thailand. We continued to introduce high-margin, solution-based products to global markets, successfully moving beyond price competition to achieve simultaneous growth in volume and price.

1. Replicating the "Hero Product + Channel" Formula

   The Company combined its expertise in creating "Blockbusters" in China with deep local consumer insights. In South Asia, the GRAVITY series drove a significant increase in the market share of high-energy-efficiency products, propelling related categories to the top two in the Indian market. On the channel side, we successfully replicated China's e-commerce and franchised store models, deepening partnerships with major Southeast Asian e-commerce platforms and rapidly expanding our offline footprint and flagship image stores in South Asia, the Middle East, and Africa.

2. Strengthening Localized Manufacturing and Delivery

   The Company innovated its "1+1+N" flexible supply chain system, transitioning from a China-centric supply model to one that emphasizes localization, regionalization, and global synergy. Leveraging manufacturing bases in Southeast Asia, India, and Egypt, we achieved precise R&D and rapid delivery tailored to local climates (e.g., high temperature and humidity), creating a distinct competitive advantage that radiates into the Middle East and Africa. In response to complex trade policy shifts, we utilized digital models to flexibly allocate global capacity, effectively reducing tariffs and logistics costs while ensuring supply chain resilience.

IV. Business Operation Analysis

(I) Smart Kitchen

(1) Refrigeration

The Company's refrigerators and freezers maintained their global No.1 positions by retail volume (for the 18th and 15th consecutive year, respectively). With this scale foundation firmly in place, the Refrigeration division pivoted its emphasis toward quality of growth during the period, supported by two differentiating capabilities: a systematic engine that converts proprietary technology into commercially successful products, and a digitally enabled global operating platform. Revenue for the period totaled RMB84.76 billion, up 1.4% year-on-year, led by strong momentum in emerging overseas markets. Domestically, offline retail revenue share rose to 47.7%, a gain of 3.6 percentage points.

Innovation pipeline and technology leadership. The division captured two converging tailwinds — robust trade-in demand in China and accelerating premiumization in overseas markets — and converted them into measurable commercial outcomes. Central to this is an R&D pipeline that has ranked first in the industry by published invention patents for eight consecutive years. The standout breakthrough was our Magnetic Control Full-Space Freshness Technology, which earned the highest award at China's National Disruptive Technology Competition — the only recognition given to the home appliance sector — achieving cellular-level preservation that keeps chilled meat fresh for 10 days and frozen seafood for 60 days. This was complemented by advances in ultra-quiet operation (31dB, outperforming the national standard by 10dB), built-in installation via our proprietary hydraulic self-leveling system, and the AI Vision multimodal platform for intelligent food management.

Scaling premium across brands and geographies. What distinguishes this division is not just innovation, but the speed and consistency with which new technology reaches consumers as premium, high-volume products. Casarte, our premium brand, gained 2.5 percentage points of offline retail revenue share and 0.8 percentage points online. Its Zhijing

Series commanded 53% of retail revenue in the RMB10,000-and-above segment. At the volume end, the Haier "Mailang" series topped every price tier with over 600,000 units sold. Overseas, we pursued targeted brand-building by country and category. In Europe, differentiated multi-door models — including 700L large-capacity units — captured 40% of the mid-to-high-end multi-door segment, while emerging markets delivered strong revenue growth driven by local product adaptation and expanded distribution.

Cost discipline through global coordination. Margin improvement was underpinned by the division's global digital coordination platform. On the cost side, modular product design and coordinated cross-regional procurement drove further structural cost reduction, more than offsetting input cost headwinds and contributing to gross margin expansion. On the SG&A side, digital marketing tools improved consumer engagement efficiency, while process optimization in after-sales service lowered the domestic expense ratio year-on-year.

Taken together, the Refrigeration division's 2025 performance demonstrates that its leadership rests on a mutually reinforcing system — proprietary technology, premium branding, rapid commercialization, and globally coordinated operations — rather than scale alone. These same capabilities position the division well for the next phase of the Company's Smart Kitchen strategy, which aims to deepen the convergence of refrigeration and kitchen appliance solutions.

(2) *Kitchen Appliances*

Against a backdrop of macroeconomic volatility and trade disruptions that weighed on global kitchen appliance demand, the division delivered revenue of RMB41.54 billion, up 0.9% year-on-year — a resilient outcome given the challenging operating environment. Overseas, we maintained leading positions in North America and Australasia. The performance was underpinned by two engines: effective coordination across our global premium brand portfolio, and the continued strengthening of localized operations.

Multi-brand synergies powering overseas leadership. As global kitchen demand shifts from single-product purchases toward integrated, built-in, and smart-enabled solutions, the division is well positioned through the combined strengths of GE Appliances (GEA), Fisher & Paykel (FPA), and Casarte. In North America, GEA accelerated the rollout of premium built-in products under its Profile and Café lines, lifting high-end brand revenue by 7% and retaining the No.1 retail share position, with dishwasher and oven shares reaching 26.8% and 41.6%, respectively. In Australasia, FPA complemented GEA's North American strength with continued premium momentum in its home market. Leveraging a model of global resource development with local experience delivery, we further consolidated our premium foothold in developed markets while scaling rapidly in emerging regions such as the Middle East and Africa.

Premiumization and pre-installation positioning in China. In the domestic market, results improved on the back of two strategic priorities: premiumization and proactive positioning in the pre-installation channel. As demand for integrated kitchen solutions grows — driven by pre-fitted housing delivery, home renovation, and the convergence of furnishing and appliances — we continued to anchor premium pricing in proprietary technology while expanding user value through scenario-based offerings. Casarte's Zhijing series, including fully flush-mounted range hoods and a proprietary drawer-type dishwasher, continued to define the industry's direction in intelligent functionality and space efficiency. Casarte kitchen appliance revenue rose 27% year-on-year.

Margin expansion supported by supply chain efficiency. Profitability improvement was reinforced by the division's integrated global supply chain. Consolidation of procurement resources and optimization of the local manufacturing footprint helped offset external cost pressures, while GEA's vertically integrated North American operations provided a stable cost base. On the operating expense side, digitally enabled tools continued to improve efficiency in marketing and service, further strengthening the division's earnings foundation.

In summary, the Kitchen Appliances division's 2025 results reflect the combined contribution of overseas brand leadership — anchored in GEA — and domestic premiumization through Casarte's integrated kitchen approach. Both growth quality and earnings visibility improved. The capabilities developed around integrated kitchen offerings, premium built-in products, and the pre-installation channel provide a solid foundation for the Company's broader Smart Kitchen strategy.

(II) Smart Laundry Care

China's laundry market came under pressure during the period as government subsidy effects faded and growth reverted to product-driven fundamentals — an environment that favors companies with genuine product differentiation. The Laundry Care division delivered global revenue of RMB65.57 billion, up 3.5% year-on-year, driven by product innovation, channel transformation, and disciplined multi-brand execution.

Multi-brand execution in a polarizing market. As market polarization intensified, our portfolio approach proved effective. Casarte, our premium brand, grew revenue by over 15%, establishing itself as a key growth driver. Leader, targeting younger consumers, leveraged its "Effortless Three-Drum" washer to gain 2.5 percentage points of online retail revenue share, with front-load washer sales surging over 70%. Domestically, offline retail revenue share reached 47.4%, up 1.9 percentage points (per GfK). Globally, Haier washing machines held the No.1 market share at 14.4% (per Euromonitor), with leading positions in Australia, New Zealand, Pakistan, and Vietnam.

Defining two high-growth categories. The division has taken a defining role in two emerging segments: multi-drum segmented washing and heat pump integrated washer-dryers.

In multi-drum washing, we were the first to commercialize a latent consumer need — the desire to wash intimate wear, baby clothes, and outerwear separately — through a purpose-built product. The Effortless Three-Drum washer sold over 300,000 units during the period, making it the No.1 online new product of the year. This was powered by a closed-loop system that moves from consumer insight to product launch in roughly half the industry's typical cycle time. Per AVC data, multi-drum penetration in China rose from 0.9% to 2.4% in 2025; the Company held a dominant share exceeding 60%.

The same product-creation engine extends across categories. In heat pump washer-dryers, the Casarte Neutron F2 deploys our proprietary Dual-Engine Heat Pump technology to resolve the core trade-offs of conventional condensation systems — delivering gentle 56ºC drying that is 40% faster and 30% more energy-efficient while protecting fabric quality. The product quickly became a premium bestseller. Offline penetration of heat pump washer-dryers exceeded 5% industry-wide in 2025, with Casarte holding over 30% of the segment.

Channel transformation in China. The division moved decisively to capitalize on China's rapidly evolving retail landscape. The shift toward direct-to-consumer (DTC) retail operations drove a 22% year-on-year increase in online revenue. On content commerce platforms such as Douyin (China's leading short-video platform), partnerships with lifestyle creators to showcase real-use scenarios — segmented washing, luxury garment care — generated over 190% growth. We also captured emerging opportunities in large-format new-retail stores in lower-tier cities, adding 1,100 touchpoints and growing county and township retail revenue by 25%. The marketing model has evolved from traffic acquisition to user co-creation, with social media feedback being rapidly converted into new product iterations.

Profitability: channel efficiency and localization gains. The division's profitability improved during the period, supported by two drivers. Domestically, the DTC retail model reduced intermediate distribution layers, lowering channel costs and contributing to expense ratio improvement. Overseas, deeper localization yielded a more favorable cost structure: Candy in Europe returned to profitability through product platform upgrades and management efficiency gains, while strengthened local manufacturing in North America enhanced supply chain resilience and cost predictability.

Overseas: deeper localization, broader reach. In 2025, our three-in-one localization model — local design, local manufacturing, local marketing — moved into a phase of deeper structural embedding. In Southeast Asia, laundry revenue grew over 25%, driven by the introduction of mid-to-high-end products. Japan delivered revenue growth above 5%, led by new premium heat pump models. In Europe, the Candy turnaround also translated into share gains. In North America, we strengthened local manufacturing capacity, supporting continued share gains.

Market positions advanced across every major region. In the U.S., GE washing machines held a 26.7% share (per AHAM), with large-capacity front-load products maintaining leadership. In Europe, the multi-brand approach navigated tightening energy standards to lift overall share to 12.5% (No.2); in France, front-load models entered the top three. In Australasia, share exceeded 22% (No.1). In Vietnam, we held 21.2% (No.1); in Japan, our dual-brand share reached 17.7%, advancing from No.3 to No.2. In Pakistan, we maintained the No.1 position for multiple consecutive years.

(III) Smart HVAC

During the reporting period, HVAC business recorded sales revenue of RMB72.355 billion, up 10% year on year, amongst which smart air solution grew 9.6% to RMB54.391 billion and water solution grew 11.1% to RMB17.964 billion.

(1) Home Air Conditioning Business

In 2025, the air conditioning business realized its full growth potential, driven by strengthening competitiveness in product technology, supply chain integration, and channel transformation. According to China IoL, Haier air conditioners defied market trends with exceptional growth. Global sales volume increased by 14.8%, with domestic volume up by 16.3% and overseas volume by 12.6%, outpacing the industry in terms of growth.

According to GfK CMM, our domestic offline retail sales share reached 21%, an increase of 1.8 percentage points year-on-year; online share rose to 10.9%, up 0.6 percentage points. In overseas markets, we ranked first in market share in Thailand, Pakistan, and Russia, with significant market share improvements in other regions.

Product Development: Creating best-selling products through original technology, delivering exceptional user experience at optimal cost

Our R&D has been centered on solving real user problems, committed to developing original technology and continuously strengthening the technology foundation of our whole-house smart air solutions. The Haier air conditioner's variable diversion technology has undergone continuous refinement, significantly improving cooling and heating efficiency and achieving an industry first with 24 hours of continuous heating. In 2025, this technology earned Gold Medals at both the 50th International Exhibition of Inventions of Geneva and the iENA Nuremberg International Trade Fair for Ideas, Inventions and New Products. The Haier air conditioner's inverter technology also received a Gold Medal at the Geneva exhibition and a Silver Medal at iENA Nuremberg, recognized for its combined strengths of precise temperature control, high energy efficiency, and stable operation. Additionally, seven technological achievements, including "Research and Application of Key Technologies for AI Smart Energy-Saving Air Conditioners" and "Variable Module Heat Exchanger Forward-Cycle Micro-Defrosting Technology for Room Air Conditioners to Achieve High Efficiency and Comfort", were certified by authoritative institutions as reaching "internationally leading" levels. In energy conservation and smart technology, our end-to-end AI energy-saving technology has enabled air conditioners to consume as little as 2 kWh of electricity per day, achieving an AI-driven energy saving rate of 46%. The innovative integration of technologies such as Smart Wind, Air Wash, and Integrated Sensing and Communication have seamlessly combined performance, comfort, health, and intelligence to enhance product experience.

Guided by our ESG strategy, the Company leveraged technological innovation for cost optimization to build sustainable cost competitiveness. First, during new product development, we applied new materials, technologies, and processes to enhance modularity, allowing cost optimization from the initial product planning stage, and quickly replicating these efficiencies to subsequent new products. Second, we leveraged vertical integration to strengthen manufacturing capabilities, continuously advancing our in-house manufacturing of core components such as compressors and computer boards to enhance supply chain efficiency and cost control. In 2025, these initiatives resulted in an approximate 8% reduction in the overall cost of our air conditioners.

This synergy of technological innovation and cost advantages has rapidly boosted our products' market competitiveness. In 2025, the share of best-selling products continued to grow, driving a 32.7% improvement in platform efficiency and a 22.2% increase in SKU efficiency. The Little Red Flower Energy Saving series, known for its industry-leading energy efficiency with an APF value of 6.12, achieved annual sales of over 1.3 million units. The Smart Wind series, which featured dual-powered mechanical arm for 270º airflow control and solved the user pain point of direct drafts, sold more than 600,000 units during the year.

Domestic Market: Channel Transformation Drove End-to-End Efficiency with Synergistic Online and Offline Growth.

The Company enhanced the competitiveness of our POP (platform open plan) and e-commerce channels by transforming our digital inventory and digital marketing models, which spurred rapid business development. For the POP channel, we helped distributors establish an asset-light operating model with omnichannel inventory sharing, where Haier manages warehousing, logistics, and direct-to-consumer delivery. This model accelerated touchpoint expansion and improved retail efficiency. In 2025, POP channel revenue grew by over 138% and retail sales by over 120%, while distributor inventory turnover efficiency improved by more than 50%. In our e-commerce channel, we focused on best-selling products and implemented a full-funnel conversion system covering brand awareness, user traffic, and product sales, which continuously improved our operational efficiency. Sales for both the 'Energy Saving' and 'Ultra Energy Saving' series exceeded one million units, boosting the channel's annual revenue growth by 38%. We also capitalized on the trend of content-driven e-commerce, increasing our market share in these channels by over 5 percentage points and securing a top two ranking. For offline channels, we focused on improving both the quantity and quality of our network while continuously refining operational capabilities. On the product side, we strengthened differentiation in our mid-to-high-end offerings and optimized our product mix, resulting in growth of over 10% for Casarte's air conditioners. To enhance distributor experience, we streamlined the return and exchange process, implemented digital tools for visible, controllable, and transferable inventory management, thereby improving inventory turnover and sales efficiency, significantly boosted distributors' confidence.

Overseas Markets: Deepening Localization and Supply Chain Development to Unleash Growth

In overseas markets, we optimized regional structure, expanded our portfolio of high-margin, solution-based products, and advanced the localization of our supply chain. The Company strengthened the integrated localization of R&D, manufacturing, and sales in high-profit regions such as South Asia, Europe, and Africa.

On the product front, we created best-selling mid-to-high-end air conditioner products designed to meet local user needs, which strengthened the competitiveness of our mid-range offerings. In India, the launch of the best-selling GRAVITY product line increased our market share for 4-star and 5-star models to 12% and our high-end market share rose to 3rd in the industry. In terms of brand strategy, we increased product and marketing investments in our secondary brands such as HEC and Candy to capture incremental growth in markets including Italy, Spain, Eastern Europe, and Central Asia. Our customization capabilities have steadily improved, resulting in faster market response times. We have seen significant improvements in both the quantity and quality of our custom order clients, with customized sales volume increasing by 45% year-on-year.

On the supply chain side, the Chonburi factory in Thailand officially commenced production, boosting local capacity to 8.3 million units. The facility produced a range of products, including window units, dehumidifiers, portable units, RV air conditioners, and split systems. It catered to markets including Thailand, Vietnam, the U.S., and Turkey to enhance the resilience and cost-effectiveness of our global supply chain.

(2) Smart Building Business

In 2025, our Smart Building business achieved rapid revenue growth by deepening its strategic focus on core technologies like magnetic and air suspension, advancing strategic transformation and in-depth scenario applications in the domestic market, and accelerating the development of localized operations and differentiated solutions overseas. According to data from China IoL, our domestic market share for central air conditioning increased by 0.5 percentage points year-on-year to 11.3%, placing us among the top two in the industry. Our export market share rose by 1 percentage point to 15.2%, also ranking in the top two. Overseas, we maintained the number one market share in Pakistan, ranked first in the magnetic levitation centrifugal chiller category in Malaysia, and held the top share for multi-split systems in Turkey, continuously strengthening our global competitiveness.

In R&D, the Company remained committed to developing core technologies. By focusing on magnetic levitation, air suspension, AI algorithms, and new refrigerants, we have built systematic and comprehensive technical capabilities that solidified our leading position in the HVAC industry.

Our developed static pressure air suspension technology has successfully filled a gap in the domestic market for large-capacity cooling. Based on this technology, we launched the industry's largest single-unit 750RT air suspension centrifugal chiller. It operates completely oil-free and improves energy efficiency by over 50%, offering a green, efficient solution for high-reliability environments like data centers, industrial facilities, and large hospitals. At the same time, we continued to deepen our expertise in high-efficiency centrifugal chillers and completed the independent design and development of our 800 to 1200 RT product series to strengthen the implementation capabilities for large-scale water chiller projects, laying a solid foundation for widespread adoption.

As a key proponent of magnetic and air suspension central air conditioning technology, the Company led the formulation of the first national standard, "Oil-Free Suspension Centrifugal Water Chiller (Heat Pump) Units", which has now been officially released. This is China's first national standard for magnetic and air suspension central air conditioning, marking a crucial step for the industry in establishing standards for energy-efficiency technology. The implementation of this standard not only set a higher energy-efficiency threshold for the industry but also guided the market toward greener, more energy-saving technologies, helping users make informed decisions on high-efficiency solutions.

The Company strategically acquired PROFROID, a global brand in CO2 refrigerant applications and HVAC/R, gaining access to its patented CO2 HVAC technologies. With a Global Warming Potential (GWP) of just 1, CO2 is the industry's most environmentally friendly refrigerant option. This acquisition has proactively secured our leading technological position amid the industry's transition to new refrigerants. The Company launched the industry's first large-scale AI multi-split system. Built on a "chip + algorithm + scenario" architecture, it achieved 15% in operational energy savings and 30% in comprehensive energy savings. The revolutionized use of Bluetooth connectivity improved operations and maintenance efficiency by 50%. The system's single-unit capacity reached an industry-leading 48 HP, which reduced equipment usage by approximately 10%. The product also received the "Innovative Product Award" at the China Refrigeration Expo.

In the domestic market, despite an approximate 7.3% overall decline in the central air conditioning industry, the Company achieved growth by strategically transforming from an equipment supplier into an integrated solution provider for equipment and services.

We collaborated with key resource partners, including design institutes and industry associations, to provide systematic and customized energy solutions as we shifted from selling single pieces of equipment to providing full-lifecycle services. For example, in Asia-Pacific Plaza project in Zhengzhou, third-party testing of the installed Haier AI IoT multi-split systems showed a comprehensive energy saving rate of 29.21% compared to conventional multi-split systems. This result clearly demonstrated the energy-saving effects and practical value of Haier AI multi-split systems as a trustworthy solution for users.

The Company actively expanded into specialized markets including smart manufacturing, rail transit, data centers, precision electronics, and high-efficiency equipment rooms, establishing professional reputation in these vertical markets. To address the high-density heat dissipation challenges from AI computing in data centers, where single-rack power could exceed 100kW, we achieved a strategic breakthrough by leveraging core magnetic and air suspension technology, collaborating closely with leading internet companies to co-develop industry-first innovations, such as the "Magnetic Levitation Natural Cooling Unit Module" and the "Magnetic Levitation Dual-Source Integrated Cooling Source", which supported both air and liquid cooling. Through redesigning the cooling architecture with integrated magnetic levitation and natural cooling technologies, these solutions achieved energy savings of over 50%, reduced the equipment floor area by 30%, and enabled rapid 30-day delivery through modular prefabrication, offering groundbreaking solutions for high-density computing centers.

In overseas markets, we accelerated business development by enhancing specialized solutions, strengthening localized operations, and diversifying distribution channels.

We maintained a high-end strategy, building a competitive edge with our highly efficient magnetic levitation products and new-refrigerant multi-split systems. In Southeast Asia, our magnetic levitation solutions consistently secured data center projects, increasing our market share and building a professional reputation with clients. In Europe, our multi-split systems have successfully entered the high-end market by offering specialized solutions that are smart, energy-efficient, comfortable, and convenient. In the U.S., our comprehensive product line featuring multi-voltage outdoor units and diverse indoor unit options effectively met the needs of local users.

To strengthen our local competitiveness, we have increased the number of professionals stationing overseas to deliver exceptional user experience. We have incentivized teams to secure high-value orders, improve operational efficiency and market responsiveness, while responding rapidly to user needs.

The Company expanded distribution network by making investments in centralized procurement, professional distributors, and engineering projects for our various product lines. The acquisition of KLIMA KFT, a leading HVAC distributor in Hungary, has enabled us to build an extensive network and enhance our professional solution capabilities across Central and Eastern Europe, accelerating growth in the region.

(3) Water Solution Business

In 2025, China's water appliance market became highly segmented, influenced the national subsidy policy. While the water heater market faced significant headwinds from the real estate downturn, the water appliance sector evolved as consumers shifted from single devices to whole-house quality water systems, and from basic functionality to health-conscious experiences. Navigating this complex environment, our Water Solution Business centered its strategy on becoming a whole-house water solutions provider for all home scenarios. It developed systematic strategies across three key areas: product positioning, channel efficiency, and global synergy. According to GfK CMM, domestic market share went up by 3.2 percentage points to 32.5% offline and 46.9% online, up 2.1 percentage points.

In response to profound industry changes, the Company has been guided by cutting edge technology and user insight, delivering leading product breakthroughs by capitalizing on key trends, including mineral-rich water, health-conscious washing, and Level 1 energy efficiency.

1. Advancing health-conscious innovation. In the water purification market, mineral-rich technology has quickly gained popularity. Our advancements in mineralization technology increased the sales share of mineral-rich water purifiers by 20 percentage points. Specifically, Casarte's third-generation ore activation technology, which offered an "eight-in-one mineral" effect, captured the top market share in

the RMB7,000+ price segment and earned the industry's CCLC premium mineral water certification, resulting in a revenue growth for Casarte's water purification by over 15%. The Haier Fresh Water 8-Year Long-Life series featuring a long-lasting RO membrane, gained significant online traction and sold over 100,000 units, ranking first in the RMB2,500–3,000 price segment. In the water heater sector, "beauty and health washing" emerged as a new premium market. The Haier "Little Blue Bottle" series has upgraded three times in three years. The 3.0 model addressed water hardness and bacterial growth with built-in limescale inhibitors and antibacterial modules. After its launch in August 2025, over 10,000 units were sold in just 28 hours, securing the top share in the mid-to-high-end market. The Casarte "Peach Blossom Water" series also led market demand, selling 7,242 units online in 2025.

2. Integrating scenarios to boost share of whole-house water solution suites. In the point-of-entry water purification market, rising demand for whole-house purification made mid-to-high-end products like water softeners and central purifiers key growth drivers. The Company introduced scenario-based solutions such as the "Whole-House Hot Water Golden Triangle", "Smart Bathroom" and Haier's whole-house smart water solution suite (pre-filter, central purifier, water softener, point-of-use purifier, and water heater) to address the demand for one-stop water solutions.

3. Upgrading Energy Efficiency. Guided by a forward-looking technology strategy, Casarte has developed a proprietary, aerospace-grade centrifugal atomization technology that achieves 100% outdoor discharge of condensation. The new Casarte CV6 Ultra series featuring this Level 1 energy-efficient technology has sold 60,000 units, boosting the sales share of our Level 1 energy-efficient products.

   In the domestic market, the Company responded to channel diversification by creating trending events like the 'Harbin Snow Water Tea Brewing Experience' and partnering with Key Opinion Consumers (KOCs) on nationwide co-creation projects. This approach enhanced direct communication between our leadership and users, boosted fan engagement across all platforms, and led to higher conversion rates. While reinforcing our edge in general e-commerce, we also increased investment in content-driven platforms, achieving over 60% growth on Douyin and Kuaishou. To address the large number of outdated products in lower-tier markets, we transformed township franchised stores into "trade-in service stations". Our salespersons conducted in-home visits to offer free water quality testing and replacement services, trade-in sales accounted for 40–50% of total revenue.

In overseas markets, the Company advanced its three-tiered global strategy of localized brand building, product customization, and strategic M&A, to deliver strong performance across all regions.

In brand-building markets such as Spain, we focused on product competitiveness to achieve industry leadership in energy efficiency and noise reduction. Our heat pump category ranked in the Top 2 with a price index over 100, marking a successful entry into the mid-to-high-end segment. In customization-focused markets like Australia, close client collaboration and R&D synergy propelled our heat pump shipments into the Top 5. By securing orders through exceptional platform experience and offering tailored solutions, the customization market segment grew by 300% during the period.

In 2025, the Company completed the acquisition and integration of Kwikot, South Africa's leading water heater manufacturer, achieving significant synergies across technology, products, and channels.

- Technology: A localized R&D center was established in South Africa to introduce our smart and energy-saving technologies, improving the Company's margin by nearly 2 percentage points through process optimization.
- Products: Leveraging supply chain integration, we expanded the portfolio from electric water heaters into new energy products like solar water heaters, positioning Kwikot as a leader in Integrated HVAC Solutions.
- Channels: We utilized the "Haier + Kwikot" dual-brand synergy to integrate offline networks and enhance e-commerce and engineering channel layouts, using South Africa as a beachhead to penetrate the broader Southern African market.

(4) Commercial Refrigeration Business

2025 marked the first full fiscal year following the acquisition of Carrier Commercial Refrigeration (CCR) business. The business delivered better-than-expected performance, with overall revenue achieving double-digit growth in USD terms. The business has maintained positive growth for five consecutive quarters post-acquisition, driven primarily by high-quality organic growth. Cabinets accounted for over 60% of revenue, and the share of service-related revenue continued to rise, reflecting a continuous optimization of the business structure.

At the operational level, the success of the integration was driven by the cross-border implementation of the "RenDanHeYi" management model. By decentralizing decision-making, adopting bottom-up goal setting, and implementing profit-sharing mechanisms, we effectively revitalized the organization. Digital transformation also played a pivotal role; we consolidated dozens of disparate ERP systems into a unified platform and implemented an independent "micro-enterprise" accounting model, significantly enhancing operational efficiency and P&L management.

In terms of brand and business synergy, CCR leveraged our brand equity, customer networks, and the supply chain advantages of our Smart Building business to achieve cost and technical complementarities. Furthermore, the licensing of CO2 refrigeration and heat pump technologies has established a robust technological moat to address global carbon reduction trends.

IV. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The Company has built a robust strategic framework and durable competitive advantages across global markets. In China, the Company maintains full-category leadership in major home appliances. Internationally, its commitment to premium brand positioning has driven consistent share gains. The RenDanHeYi management model provides the organizational foundation for sustainable growth and enables the Company to replicate proven strategies across markets. Key competitive advantages include:

(1) Premium Brand Building Through Long-Term Investment

Over a decade ago, the Company began building Casarte as a dedicated premium brand in China — a process requiring sustained investment in technology, product differentiation, and service. Casarte integrates the Company's global R&D capabilities, manufacturing excellence, dedicated marketing, and premium service to earn the trust of China's high-end consumers.

During the reporting period, Casarte's brand value reached RMB92.8 billion and its overall market volume exceeded RMB38 billion, with a cumulative base of 20 million premium members. According to GfK, Casarte maintained its leading position in China's premium major home appliance market in 2025: 43% market share in refrigerators priced above RMB10,000; 76% in washing machines above RMB10,000; 18% in water heaters by offline retail revenue (No. 1 in the industry); and 60.8% in air conditioners priced above RMB15,000.

(2) Deep Application of AI in Smart Home

The Company is advancing AI integration across its smart home ecosystem in three dimensions:

Software-defined products. Leveraging its comprehensive appliance portfolio, the Company is driving 100% product intelligence, 100% user connectivity on its platform, and a 100% open ecosystem, all powered by AI. As the only home appliance company featured at the Ministry of Housing and Urban-Rural Development's "Quality Housing Technology Exhibition," the Company demonstrated AI-powered smart scenarios integrating people, vehicles, homes, and communities. This platform-centric approach enables near-instant responsiveness to user needs across discovery, purchase, and after-sales touchpoints.

Unified global user access. Global smart home interactions reached 86.1 billion during the period. In China and Belt and Road markets, the Haismart platform connects over 100 million devices with monthly active users (MAU) exceeding 13 million and over 6,600 ecosystem partners. In Australia, Europe, and the Americas, the SmartHQ platform connects over 21 million active devices with MAU exceeding 5 million and over 6,500 ecosystem partners.

Unified AI core capabilities. The Company launched the Xiaoyou AI Agent, a multimodal assistant with voice comprehension, visual recognition, environmental sensing, and contextual reasoning capabilities, and began exploring spatial intelligence. Four domain-specific AI models were released — covering freshness preservation, fabric care, cooking, and air management — to deliver professional smart living solutions. The Company's smart home app now features a 3D home view and became the first in the domestic industry to receive 3D digital twin interaction certification, enabling an immersive, spatially aware user experience.

(3) Extensive Global Footprint and Localized Operations

The Company's international strategy combines proprietary brand building with strategic M&A, establishing a multi-brand, multi-category, multi-regional operating model with integrated R&D, manufacturing, and marketing capabilities. Deeply localized teams and agile management structures in each market enable rapid consumer insight and responsiveness.

During the reporting period, the Company continued to optimize its global manufacturing footprint. In Southeast Asia, the new air conditioning plant in Chon Buri, Thailand, commenced production with annual capacity of 6 million units. GE Appliances improved efficiency across all U.S. factories while advancing production transfers and greenfield projects globally. Fisher & Paykel relocated freestanding refrigerator production from Thailand to China, achieving a 15% cost reduction. The Company operates a 10+N global innovation ecosystem, multiple manufacturing centers and marketing hubs, and an extensive sales network worldwide.

(4) Comprehensive Multi-Brand Portfolio

Through organic development and acquisitions, the Company has assembled a seven-brand portfolio — Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel, and AQUA — each positioned to serve distinct consumer segments across global markets. In China, Casarte, Haier, and Leader address premium, mainstream, and value segments, respectively. In the U.S., GE Appliances operates six brands — Monogram, Café, GE Profile, GE, Haier, and Hotpoint — spanning all price tiers and consumer preferences. The brand matrix was further enriched with CCR in commercial refrigeration and Kwikot in African water heating.

(5) Cross-Border M&A and Integration Capabilities

The Company has a proven track record in cross-border acquisitions and post-merger integration: Haier Group's overseas white goods business (including Sanyo's Japan and Southeast Asia operations) in 2015, GE Appliances in 2016, Fisher & Paykel in 2018, Candy in 2019, and CCR and Kwikot in 2024.

During the reporting period, CCR integration delivered strong early results: the business turned profitable in its first quarter post-closing, with global revenue growth outpacing the industry and China revenue growing at multiples of industry rates. On the organizational front, the RenDanHeYi model and ERP system integration were successfully completed, establishing a full end-to-end P&L accountability structure.

The Company's integration approach rests on three pillars. First, the RenDanHeYi model — an incentive mechanism aligning team value-sharing with value creation — energizes acquired organizations and their people. Second, the Company's global platform enables synergies in strategy, R&D, and procurement, strengthening acquired businesses' competitiveness. Third, the Company's open and inclusive culture supports autonomous, flexible management at acquired entities, fostering alignment and accelerating integration outcomes.

(6) Global Synergies and Platform Leverage

The Company harnesses its global platform to replicate proven strategies and drive cross-regional synergies across the value chain:

- **Product synergies:** Leveraging global R&D resources to co-develop products aligned with local consumer preferences. During the period, GE Appliances launched the Profile & Café shallow-depth refrigerator and Monogram wine storage; Fisher & Paykel introduced the Series 11 ultra-premium heat-pump washer-dryer; and Southeast Asia adopted global platform products, with T-door and TM refrigerator volumes up over 50% and front-load washer volumes up over 30%.

- **Capability synergies:** A unified engineering talent development program (GEDP), conducted at both the Qingdao headquarters and GE Appliances, is producing a growing cohort of high-caliber young engineers who are becoming core contributors to product development teams. The Company is also adopting advanced automotive-industry development tools and design methodologies to enhance development precision and product quality.

- **Design synergies:** A globally coordinated industrial design system, centered on user experience and brand identity, enables cross-regional design collaboration. During the period, the headquarters design team supported a comprehensive brand refresh for Candy, and the New Candy series achieved immediate success at launch — ranking No. 1 on Spain's Hitlist and top three in Italy — with a meaningful uplift in Candy's price index.

- **Procurement synergies:** A Global Procurement Committee coordinates cross-category and cross-regional sourcing through a digital platform, aggregating group-level shared categories to achieve cost savings at scale. Standardized rules and differentiated sourcing strategies ensure efficiency and risk mitigation across the global supply chain.

- **Supply chain synergies:** An end-to-end digital supply chain management system — from market demand through supplier management, production, and logistics — uses intelligent algorithms to dynamically optimize global capacity allocation. During the period, GE Appliances completed production transfers for air conditioning and refrigeration lines; Fisher & Paykel shifted Mexico factory capacity to Thailand for cost optimization; and European refrigerator and laundry plants in Romania and Italy were closed, with capacity fully consolidated in China.

- **Marketing and brand synergies:** The Company operates a multi-tier global brand portfolio with coordinated promotion strategies. During the period, a sports-marketing-led approach was deployed globally: in Europe, the Haier brand partnered with Liverpool F.C. and Paris Saint-Germain, combining tennis for premium audiences with football for mass reach; in South Asia, cricket sponsorships boosted brand affinity; in Australia and New Zealand, the Australian Open partnership accelerated brand awareness. Successful sales and marketing models from China's lower-tier markets have been replicated in India, Pakistan, and Thailand.

(7) Industry-Leading R&D and Technology

Backed by a comprehensive, industry-leading R&D infrastructure, the Company advances high-end, intelligent, and sustainable product solutions while delivering customized smart living experiences.

- **Proprietary technology leadership:** During the period, the Company continued to introduce category-defining innovations: MSA nitrogen-oxygen freshness technology in refrigeration (99%+ nutrient retention after seven days); three-drum zoned fabric care and heat-pump washer-dryer technology; "Crystal Tank" zero-corrosion water heater technology with PCC mineral infusion; and "AI Vision" technology enabling intelligent recognition in range hoods and ovens.

- **National-level recognition:** As of year-end 2025, the Company had received 17 National Science and Technology Progress Awards — the most in the industry. During the reporting period, multiple proprietary projects received provincial and ministerial-level first prizes for science and technology progress.

- **Patent leadership:** As of year-end 2025, the Company had filed over 112,000 patent applications globally, of which more than 73,000 were invention patents (over 60% of total). Haier Smart Home has ranked No. 1 globally on the "Global Smart Home Invention Patent Ranking" for 14 consecutive editions.

- **International standards leadership:** As of year-end 2025, the Company had led or participated in the publication of over 110 international standards and over 788 national/industry standards. It is the only company in the sector to fully cover IEC, ISO, IEEE, OCF, and Matter smart home standards, and the only company globally to serve on both the IEC CB (Conformity Board) and IEC MSB (Market Strategy Board), enabling deep participation in shaping international standards.

- **Design excellence:** The Company has received over 600 international design awards, including iF and Red Dot, with six international Gold awards — the most in the industry. It holds three China Ministry of Industry and Information Technology "Excellent Industrial Design Gold Awards"—the only company to achieve a three-time Gold streak.

(8) Industry-Leading Logistics and Delivery Capabilities in China

Haier's RRS (Ri Ri Shun) supply chain demonstrates strong competitive advantages through full-process, multi-scenario supply chain management and a nationwide delivery-and-installation network. Powered by digital operations, the Company integrates warehousing, transportation, and service resources into a logistics network reaching every village in China.

During the reporting period, the Company accelerated digital inventory management and unified-warehouse (TC model) transformation. On the supply chain side, upgraded demand forecasting and automated replenishment models reduced Haier's central warehouse inventory turnover days by 2.1 days year-over-year. The unified-warehouse TC model now covers 22,000 clients, processing an average of 100,000 units per day. Direct-to-consumer orders account for 64% of total volume, with 24-hour delivery coverage across 1,947 districts and counties and a delivery-and-installation-in-one rate of 97%.

RRS is also transitioning from customized client solutions to standardized, scalable supply chain products for omni-channel needs, deepening strategic client relationships and improving solution profitability. Internationally, the Company is building a digital cross-border supply chain platform covering intermodal logistics, digital customs clearance, and localized warehousing to support global client expansion.

(9) Sustainability Capabilities

Robust ESG governance and strategic focus. The Company has established an ESG governance framework with deep board-level engagement and management-level execution accountability. During the reporting period, a double materiality assessment was conducted to systematically evaluate how ESG topics affect both business performance and stakeholder interests, ensuring alignment between ESG strategy and core business priorities.

Systematic stakeholder engagement. The Company maintains regular, multi-channel communication with investors, customers, employees, communities, and suppliers through ESG briefings, surveys, and interviews, integrating substantive feedback into ESG target-setting and performance improvement. During the period, the Company surveyed 1,543 consumers and 1,017 employees, and conducted in-depth interviews with 28 representatives from 20 global institutional investors — informing the identification of key ESG topics, strategy development, and disclosure practices.

Climate ambition and action. During the reporting period, the Company established and disclosed medium- and long-term carbon targets, committing to low-carbon transformation across both its own operations and the broader value chain. The publication of the *Haier Smart Home Carbon Neutrality White Paper* outlines a clear roadmap, key initiatives, and technology pathways toward carbon neutrality.

Innovative green supply chain. The Company has built an industry-leading "6-Green" supply chain framework — green design, green procurement, green manufacturing, green logistics, green recycling, and green services — embedding sustainability across the full product lifecycle and driving green transformation throughout the supply chain.

Global community impact. The Company actively fulfills its corporate citizenship responsibilities worldwide through education support, disaster relief, and community service, strengthening ties with local communities and reinforcing brand trust.

In summary, the Company has deeply integrated ESG into governance, operations, and its value chain — managing material risks while building sustainable competitive advantages that create long-term value for shareholders and broader stakeholders.

(10) Commitment to "People Value First"

The principle of "People Value First" has guided Haier since its founding — from early self-managed work teams to the current RenDanHeYi model. RenDanHeYi aligns individual incentives with user value creation: "Ren" represents entrepreneurial employees, "Dan" represents user value, and "HeYi" represents the alignment between the two. Under this framework, the Company cultivates an ownership mindset at every level, empowering individuals to act as entrepreneurs within an open ecosystem platform — driving innovation and accountability in pursuit of the Company's ambition to lead the global smart home industry in the IoT era.

V. DEVELOPMENT STRATEGY OF THE COMPANY

In an era defined by AI transformation and increasing consumer influence, Haier Smart Home is evolving from a global leader in major home appliances to a platform-based, service-oriented, user-centric technology ecosystem enterprise. To realize this long-term vision, we have established a strategic framework centered on

"One Channel, Two Platforms, and Six Core Capabilities". This framework is designed to drive comprehensive change, strengthen our core competencies, foster new avenues for growth, and ensure sustainable, high-quality development.

One Channel: Haier Smart Home

We are positioning the smart home business as our primary global competitive advantage. Focusing on this core channel, we are transforming our business, service, sales, and market operations from end to end. Our goal is to provide users with comprehensive, scenario-based solutions that encompass smart appliances, smart homes, and smart living. By fully upgrading the Haier Smart Home App and our overseas SmartHQ platform, we are creating a unified portal for direct user engagement and seamless partner integration. This approach fosters efficient connections between users and ecosystem resources, accelerating the global adoption and market leadership of our smart home vision.

Two Major Platforms: A comprehensive direct-to-consumer platform and a user lifecycle experience management platform

The Company is committed to a thorough direct-to-customer transformation, reshaping our operations and customer relationships through the development of two platforms.

The first is the comprehensive direct-to-consumer distributor platform. We are building a universal direct-to-consumer model, creating the shortest and most efficient path to directly connect with users. By developing digital capabilities in inventory, sales, transactions, and logistics, we are establishing a direct factory-to-customer channel, which reduces intermediate steps, eases financial and inventory burdens for our distributors, and improves inventory turnover. The platform serves as a hub for optimizing business processes like product planning and policy creation, while synchronizing information across logistics and service networks, resulting in greater operational efficiency, streamlined process for distributors, and a superior, integrated delivery and installation experience for users.

The second is the user lifecycle experience management platform. This platform consolidates user data to provide continuous service and support throughout the entire customer journey. By collecting and analyzing user data, we can respond to user needs in real-time, deliver targeted services, and transform one-time transactions into lasting, trust-based relationships.

Six Core Capabilities:

Centered on the principle of user-centric management, the Company is systematically developing six strategic capabilities: Globalization, Premiumization, Digitalization, Smart Technology, Ecosystem Development, and Green Initiatives. These pillars provide a solid foundation for our sustainable development.

In terms of globalization, the Company is committed to global brand-building. We have established a global presence not only for our brands and products but also by standardizing ten major capabilities worldwide, including sales, marketing, service, logistics, procurement, R&D, manufacturing, finance, human resources, and IT. This comprehensive strategy ensures leading product competitiveness, rapid market responsiveness, and efficient governance. Our goal is to be a leader in business scale, product innovation, and operational efficiency in every market we serve.

In terms of premiumization, we are committed to a high-end brand strategy, rooted in localized global R&D and feedback-driven innovation to consistently launch best-selling products worldwide. By focusing on original product technology, refining our product suites, upgrading experience centers, and optimizing our direct-to-consumer service model, we strengthen our brand influence and solidify a leading price position in the market.

For digitalization, the Company implements a comprehensive, user-centric digital transformation to enhance operational efficiency and end-to-end user experience. By digitizing the entire processes of R&D, manufacturing, marketing, and service, we continuously optimize key performance indicators such as model efficiency, material utilization, and production efficiency. This enables our transition from experience-based management to data-driven operations.

For smart technology, we are committed to the comprehensive application of AI. By leveraging our Smart Home Brain and Uhome large model, we are evolving beyond individual smart products to deliver intelligent, scenario-based experiences. We use AI as a core engine to build an end-to-end marketing system and foster effective human-machine collaboration in R&D, manufacturing, and service, making smart technology a core driver for enhancing user experience and corporate efficiency.

Regarding ecosystem development, the Company is building an open ecosystem to offer users one-stop services for daily life, including clothing, food, housing, and entertainment. By expanding our network of resource partners, we are transforming the smart home from a physical space filled with appliances into a comprehensive ecosystem that addresses a full range of service scenarios.

For green initiatives, we integrate ESG principles into our corporate governance and are committed to carbon reduction across the entire product lifecycles. As the highest-rated company in our domestic industry by MSCI ESG, we view sustainable and low-carbon development as a critical strategy component, not a cost. We systematically implement green practices in product design, manufacturing (including energy optimization and the use of recycled materials), and related industries like large-scale HVAC and recycling to continuously strengthen our environmental competitiveness.

VI. BUSINESS PLAN

2026 marks a critical year in the execution of the Company's medium-term strategy. Priorities center on deepening the smart home ecosystem, completing the rollout of the DTC platform and user lifecycle management platform, and strengthening core capabilities in premiumization, globalization, digitalization, and ecosystem development.

Business Divisions: Sustained Leadership, Accelerated Expansion

We will sustain global leadership in refrigeration, laundry care, and kitchen appliances through continued technology-led differentiation. At the same time, we are accelerating the buildout of our HVAC business, integrating residential air conditioning, commercial building solutions, and water solutions into a unified platform spanning technology, supply chain, manufacturing, and distribution. Starting from real consumer needs, this business will offer integrated low-carbon energy solutions across design, installation, maintenance, and energy management — and is expected to become a meaningful contributor to the Company's growth.

Having completed its post-acquisition integration into Haier Smart Home, the CCR business has entered a new phase of efficient growth. In 2026, CCR will draw on its exclusive CO2 refrigeration technology license, shared R&D resources, and digital efficiency gains — alongside ongoing global expansion — to deliver stronger revenue growth and further operating margin improvement.

Looking further ahead, we are pursuing a vision of zero-effort housework through group intelligence that connects home appliances with service robots. Through proprietary R&D, partnerships, and strategic investments, we will increase our commitment to home robotics — leveraging our strengths in home-scenario data, appliance-level task coordination, and precision manufacturing — to deliver products that understand the home and can act on it.

China: Full-Scale Consumer-Centric Transformation

Channel network upgrade. We plan to open over 3,000 new specialty stores in county and township markets and upgrade more than 6,000 existing locations into integrated experience centers. An additional 1,000 Smart Kitchen experience stores will shift the in-store model from product display to lifestyle-driven presentation, with the aim of increasing bundled purchases.

Operating model transformation. We will complete the rollout of our DTC model, targeting 100% direct delivery to end consumers in 2026—further reducing handling steps, optimizing inventory, lowering channel costs, and improving overall efficiency.

AI-driven product innovation. Our AI Vision platform is driving home appliances toward proactive, autonomous service. In 2026, we will launch next-generation smart appliances equipped with AI Vision 2.0, enabling machines to perceive their environment — identifying ingredients, anticipating laundry color-bleeding risks — bringing us closer to truly hands-free home management.

Expanding premium reach. Casarte will deepen its presence in Tier 1–3 cities with 100 new experience centers and 300 flagship stores, increasing the proportion of bundled-set sales and reinforcing our premium market leadership.

Overseas: Deepening Localization Across Global Markets

Developed markets. In North America and Europe, we will transition from single-product penetration to integrated solutions and deeper brand engagement, leveraging our multi-brand portfolio to expand coverage while building B2B capabilities for commercial applications.

Emerging markets. We will deepen local manufacturing and premium brand-building, combining global coordination with local agility. Accelerated capacity deployment and full-lifecycle service offerings are expected to drive gains in both share and profitability.

VII. POTENTIAL RISKS OF THE COMPANY

1. Risk of decreasing market demand due to macroeconomic slowdown. Sales of white goods and home appliances exhibit inherent cyclicality tied to discretionary consumer spending patterns and their expectations of future disposable income growth. Economic downturn will reduce consumer spending and cause headwinds to industry growth. In addition, the persistent sluggish property market will also indirectly affect market demand for home appliances negatively.

2. Risk of price war caused by intensified industry competition. As the industry concentration level has continued to increase in recent years, the white goods industry is highly competitive with persistent commoditization pressures across core product categories. However, the increase in inventory levels in specific verticals due to demand-supply imbalance may lead to price wars. Furthermore, rapid technological development, scarcity of talent in the industry, shortened product life cycles, and the relative ease of copycatting increase the difficulty of maintaining margin levels. Nevertheless, new products, services and technologies are often associated with higher selling prices. The Company will actively invest more in R&D to sustain the product roll-out, attract more users through continuous innovation, and maintain our brand awareness.

3. Risk of fluctuations in raw material prices. The Company's products and core components use metals such as steel, aluminium, and copper, as well as commodities such as plastics and foams. If raw material prices continue to increase, it will put certain pressure on production and operations. In addition, the Company relies on third-party manufacturers and suppliers for selected raw materials, components, and manufacturing equipment. Any disruption in the supply chain or significant price increases will hurt the Company's business. As a leader in the industry, the Company will take actions and have contingency plans, including volume and price adjustments mechanisms and hedging to reduce the volatility of raw material prices.

4. Operational risks in overseas markets. As evidenced by the growing share of revenue from overseas markets, the Company has expanded its global business to a certain extent and established production bases, R&D centres, and marketing centres in key international regions. Overseas markets are subject to political and economic events (including events such as military conflicts and wars), different legal systems and regulatory regimes of those countries and regions. Significant changes in these factors will pose particular risks to the Company's local operations. The Company has taken various measures to mitigate the relevant impacts, including collaborating with suppliers and distributors, improving production efficiency to offset the selling expenses, potentially expanding the Company's supply resources to other countries, and adopting safety measures to protect our employees and assets.

5. Risk of tariff increases. Potential tariff policies implemented and/or to be introduced by the U.S. and other major economies could negatively impact the existing supply chains of the industry and the global home appliance players. Higher tariffs would incur extra costs for export and import, reduce profit margins, weaken consumer sentiment and demand, and intensify market competition in target markets. The increasing uncertainties regarding tariff policies would force home appliance players to reevaluate their supply chain strategies and footprints, increase operational complexities and management costs. To cope with the potential tariff shocks, the Company will actively leverage its localised supply chain resources in respective markets, further optimise supply chain management, enhance production flexibilities, and strengthen regional manufacturing and collaboration capabilities.

6. Risk of exchange rate fluctuations. In conjunction with the Company's ongoing expansion of global business operations, a material portion of its import/export transactions and cross-border settlements are denominated in foreign currencies, including but not limited to the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). If the exchange rates of these currencies fluctuate to a certain extent, it will impact the Company's financial performance and potentially increase the economic costs. In addition, the Company's consolidated financial statements are denominated in Renminbi, while subsidiaries' financial statements are measured

and reported in the local currencies where they operate. To mitigate these exposures, the Company maintains a structured currency risk management program utilising authorised hedging instruments.

7. Risk of relevant policy changes. The home appliance industry is closely related to the consumer market and the property market. Changes in macroeconomic policies, consumption and investment policies, property policies, and relevant laws and regulations will affect demand, and in turn, the sales of the Company. The Company will closely monitor changes in applicable policies, rules, and regulations, and make forecasts of market changes to ensure the Company's further development.

8. Credit risk. There are possibilities that either the Company may be unable to collect all trade receivables from its distributors, or the distributors are unable to settle the Company's trade receivables promptly. If that is the case, the Company's business, financial status, and operational performance may be affected negatively. To mitigate this risk, the Company will maintain flexibility by offering a credit period of 30 to 90 days to certain distributors based on their credit history and transaction amount.

9. Inventory risk. Excess inventory may occur because the Company cannot always accurately predict trends and events, which can lead to suboptimal inventory levels. Therefore, the Company may be forced to offer discounts or promotions to accelerate the slow-moving inventory in these extreme cases. On the other hand, an inventory shortage may lead to a loss of revenue. The Company will actively manage its inventory and adjust levels according to market demand movements, in addition to the regular impairment tests.

10. Capital expenditure risk. In the current macroeconomic environment characterised by a slowing global economy and declining consumer demand, the existing production capacities may overwhelm the market in extreme cases. This could lead to a low utilisation rate across the industry, which in turn would lower profitability and ROEs. The Company will actively manage the changes in the macroeconomic environment by forecasting and recalibrating market demand trends, optimising capacity footprint, and improving existing utilisation rate, to minimise capital expenditure risks.

FINANCIAL REVIEW

In 2025, the Group's revenue amounted to approximately RMB302,329 million, representing an increase of 5.7% from RMB286,005 million (restated) in 2024. The profit for the year attributable to owners of the Company was RMB19,553 million, representing an increase of 4.39% from RMB18,731 million (restated) in 2024.

1. Analysis of Revenue and Profit

Items	**2025** *RMB'M*	2024 *RMB'M* (Restated)	Change %
Revenue			
Household Food Storage and Cooking Solutions			
— Refrigerator/Freezers	**84,763**	83,556	1.4
— Kitchen Appliances	**41,538**	41,184	0.9
Air Solutions	**54,391**	49,617	9.6
Household Laundry Management Solutions	**65,565**	63,320	3.5
Household Water Solutions	**17,964**	16,175	11.1
Other Businesses	**136,367**	118,631	15.0
Inter-segment eliminations	**(98,259)**	(86,478)	13.6
Consolidated revenue	**302,329**	286,005	5.7
Adjusted operating profit*	**20,504**	20,410	0.5
Profit for the year attributable to owners of the Company	**19,553**	18,731	4.39
Earnings per share attributable to ordinary equity holders of the Company			
Basic			
— Profit for the year	**2.12**	2.02	5.0
Diluted			
— Profit for the year	**2.10**	2.02	4.0

The following table summarises the Group's revenue by geographical location for the periods indicated:

	2025	2024	Change
	RMB'M	*RMB'M*	*%*
		(Restated)	
China	**146,537**	142,191	3.1
Other countries/regions	**155,792**	143,814	8.3
Total	**302,329**	286,005	5.7

* Adjusted operating profit is defined as profit before tax less interest income and expenses, exchange gains or losses, investment gains or losses, gain on disposal of subsidiaries, government grants and share of profits or losses of associates.

As at 31 December 2025, the Group had overseas assets of RMB150,675 million, accounting for 50.9% of the total assets. In 2025, the operating revenue and operating profit of the Group's overseas assets amounted to RMB155,792 million and RMB6,811million respectively.

In 2025, the Group's revenue increased by 5.7% from approximately RMB286,005 million (restated) to RMB302,329 million. Revenue growth was driven by both domestic and international markets. In the domestic market, this growth resulted from a successful product strategy that involved user co-creation, improved user engagement through omni-channel direct outreach, and a significant digital transformation of inventory management. In overseas markets, revenue growth was driven by rapid expansion in emerging regions such as South Asia, Southeast Asia, the Middle East and Africa, as well as the enhanced integration of the acquired CCR and KWIKOT businesses.

(1) Household Food Storage and Cooking Solutions

Revenue from the refrigerator/freezers increased by 1.4% from approximately RMB83,556 million in 2024 to approximately RMB84,763 million in 2025. Building on its leading scale advantage, the refrigerators/freezers division shifted its strategic focus to "quality growth", leveraging its "technology-to-blockbuster product transformation engine" and "digitally driven global collaborative system" to achieve business growth.

Revenue from the kitchen appliances increased by 0.9% from approximately RMB41,184 million in 2024 to approximately RMB41,538 million in 2025. Against a backdrop of macroeconomic volatility and geopolitical trade challenges facing the global kitchen appliance industry, our kitchen appliance business has demonstrated strong operational resilience and achieved business growth by leveraging the 'synergy of its global portfolio of premium brands' and 'enhanced local operational capabilities'.

(2) Air Solutions

Revenue from the Air Solutions increased by 9.6% from approximately RMB49,617 million in 2024 to approximately RMB54,391 million in 2025. As the home AC business continued to enhance its competitive edge through advancements in product technology, supply chain integration and channel model reforms, its growth potential is being fully realised, driving business expansion. The smart building industry deepened its layout of core technologies such as magnetic levitation, promoted strategic transformation and in-depth cultivation of scenarios in the domestic market, and accelerated the construction of localized organizations and differentiated solutions in overseas markets, achieving revenue growth.

(3) Household Laundry Management Solutions

Revenue from Household Laundry Management Solutions increased by 3.5% from approximately RMB63,320 million in 2024 to approximately RMB65,565 million in 2025. Facing market challenges, the washing machine industry adhered to the strategy of "product innovation, channel co-creation, and multi-brand", resulting in revenue growth.

(4) Household Water Solutions

Revenue from Household Water Solutions increased by 11.1% from approximately RMB16,175 million in 2024 to approximately RMB17,964 million in 2025. Facing the complex market environment, we take being a "provider of comprehensive home water resource solutions" as our strategic anchor in the water appliances industry, systematically deploying resources across three dimensions: product positioning, channel efficiency, and global collaboration, achieving business revenue growth.

Profit for the Year Attributable to Owners of the Company

In 2025, the profit for the year attributable to owners of the Company was approximately RMB19,553 million, representing an increase of 4.39% from approximately RMB18,731 million (restated) in 2024.

Adjusted Operating Profit

Adjusted operating profit was defined as profit before tax, net of interest income and expenses, net foreign exchange gains or losses, investment gains and losses (including dividend income from equity instruments designated at fair value through other comprehensive income, return on investment in other financial assets), gains on disposal of subsidiaries, government grants and share of profits and losses of associates. By excluding these items, it is easier for the management and investors to compare the Group's financial results over multiple periods and analyse the trends of its operations.

Adjusted operating profit is used as a non-IFRS measure to evaluate the Group's results of operations. This measure provides investors with valuable information of the Group's ongoing operation performance because it reveals its business trends that may be obscured by the net effect of realized capital gains and losses, fair value changes on derivative financial instruments, gains and losses on disposal of operations and other significant non-recurring or unusual items.

In 2025, the adjusted operating profit of the Group was approximately RMB20,504 million, representing an increase of 0.5% as compared to approximately RMB20,410 million (restated) in 2024. The increase in adjusted operating profit was mainly attributed to the growth of the Group's profits across global markets.

The following table sets forth the reconciliation between the Group's adjusted operating profit and profit before tax prepared in accordance with IFRS in 2025 and 2024:

	2025 ***RMB'M***	2024 *RMB'M* (Restated)
Profit before tax	**23,479**	22,723
Adjustments:		
Bank interest income	**(1,709)**	(1,858)
Foreign exchange (gains)/loss	**(1,001)**	119
Government grants	**(1,316)**	(1,336)
Return on investments in other financial assets	**(160)**	(69)
Dividend income from an equity investment designated at fair value through other comprehensive income	**(48)**	(58)
Finance costs	**2,587**	2,705
Share of profits or losses of associates	**(1,328)**	(1,816)
Adjusted operating profit	**20,504**	20,410

Gross Profit Margins

In 2025, the overall gross profit margin of the Group was approximately 26.1%, decreased by 1.1 percentage points year on year. Specifically, in the domestic market, the sustained price increases in commodities such as copper during the fourth quarter, coupled with the accelerated decline in industry average selling prices (ASP) resulting from intensifying competition, offset the cost reduction benefits derived from the Group's 'ultimate cost' strategy and the seamless integration of end-to-end process nodes; consequently, the gross profit margin decreased year-on-year. In overseas markets, while product competitiveness is driven by localised demand, the advancement of global supply chain layouts, the establishment of digital platforms, and the implementation of the ultimate cost strategy yielded positive impacts, these were offset by adverse factors such as elevated tariffs, leading to a year-on-year decrease in gross profit margin.

Selling and Distribution Expenses

The ratio of selling and distribution expenses of the Group to its revenue was 11.2% in 2025, a decrease of 0.5 percentage points compared to 2024. In the domestic market, digital transformation was promoted. Specifically, the domestic market accelerated the implementation of the 'Integrated Warehouse-to-C' (To-C) model and sustained the digital transformation of marketing, optimising resource allocation while enhancing market ROI (return on investment). On the logistics front, the Group optimised its warehouse network layout and delivery routes, resulting in a year-on-year improvement in the ratio of selling and distribution expenses to segment revenue. In overseas markets, the Group drove retail innovation, integrated global resources, and enhanced operational efficiency, resulting in a year-on-year improvement in the segment's selling and distribution expense ratio.

Administrative Expenses

The ratio of administrative expenses of the Group to its revenue was 8.4% in 2025, a decrease of 0.2 percentage points compared to 2024, which was primarily attributable to the optimisation of business processes and the enhancement of operational efficiency in the domestic market, driven by the digital platform and AI empowerment.

2. FINANCIAL POSITION

Items	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Non-current assets	**142,962**	138,622
Current assets	**152,833**	152,114
Current liabilities	**142,545**	149,926
Non-current liabilities	**27,273**	22,008
Net assets	**125,977**	118,802

Cash and Cash Equivalents and Wealth Management Products from Other Financial Assets

As at 31 December 2025, the Group's total balance of cash and cash equivalents and wealth management products from other financial assets decreased by 14.3% from RMB55,741 million (restated) as at 31 December 2024 to RMB47,754 million as at 31 December 2025. The decrease was mainly due to the net cash inflows from operating activities being offset by the net cash outflows from investing and financing activities.

Items	2025	2024
	RMB'M	*RMB'M*
		(Restated)
Cash and cash equivalents	**46,268**	54,995
Wealth management products from other financial assets		
— Current portion	**1,486**	746
Total	**47,754**	55,741

Net Assets

The Group's net assets increased by 6% from RMB118,802 million (restated) as at 31 December 2024 to RMB125,977 million as at 31 December 2025. The increase in net assets was mainly due to profit contribution during the year.

Working Capital

Trade and Bills Receivables Turnover Days

The Group's trade and bills receivables turnover days as at the end of 2025 was 44 days, representing a decrease of 1 day as compared to the end of 2024, which was mainly due to the decrease in bills receivable during the current period.

Inventory Turnover Days

The Group's inventory turnover days as at the end of 2025 was 74 days, representing an increase of 1 day as compared to the end of 2024, which was mainly due to the increase in inventory size during the current period.

Trade and Bills Payables Turnover Days

The Group's trade and bills payables turnover days as at the end of 2025 was 125 days, representing a decrease of 5 days as compared to the end of 2024, which was mainly due to the adjustment of payment strategy during the current period.

3. CASH FLOW ANALYSIS

Items	*Note*	**2025** ***RMB'M***	2024 *RMB'M* (Restated)
Cash and cash equivalents as stated in the statement of cash flows at the beginning of the year		**54,995**	56,715
Net cash flow generated from operating activities		**26,003**	26,318
Net cash flow used in investing activities	*(a)*	**(17,075)**	(20,079)
Net cash flow used in financing activities	*(b)*	**(17,671)**	(7,704)
Effect of foreign exchange rate changes, net		**16**	(255)
Cash and cash equivalents as stated in the statement of cash flows at the end of the year		**46,268**	54,995

Net cash inflow from operating activities for the year amounted to RMB26,003 million. Net cash flow from operation activities to net profit was 1.29.

(a) Net cash outflow from investing activities for the year amounted to RMB17,075 million, representing a decrease of 15% as compared to last year, with the details as follows:

Items	2025 *RMB'M*	2024 *RMB'M* (Restated)
Payment for purchases of non-current assets	**(8,851)**	(10,079)
Purchase of wealth management products	**(9,247)**	(6,498)
Net cash outflow for subsidiaries acquisition and disposal	**130**	(4,409)
Cash from disposal of fixed assets and leasehold land	**118**	42
Dividend from an associate	**466**	579
Interest received from wealth management products	**122**	136
Net cash inflow from other investing activities	**187**	150
Net cash flow used in investing activities	**(17,075)**	(20,079)

(b) Net cash outflow in financing activities for the year amounted to RMB17,671 million, representing an increase of 129.4% as compared to last year, with details as follows:

Items	2025 *RMB'M*	2024 *RMB'M* (Restated)
Proceeds from borrowings	**33,147**	13,647
Repayment of borrowings	**(31,629)**	(9,569)
Repurchase of shares	**(1,234)**	(559)
Dividend paid to shareholders and non-controlling interests	**(11,579)**	(7,537)
Interest paid	**(2,294)**	(2,444)
Lease payment	**(1,801)**	(1,709)
Cash payment for business combination under common control	**(78)**	—
Change in ownership interests in subsidiaries	**(123)**	255
Acquisition of non-controlling interests	**(2,192)**	(16)
Net cash outflow from other financing activities	**112**	228
Net cash flow used in financing activities	**(17,671)**	(7,704)

LIQUIDITY AND FINANCIAL RESOURCES

The Group focuses on cash flow management and has been able to maintain a healthy financial and liquidity position. As at 31 December 2025, the Group had a current ratio of 1.1 (31 December 2024: 1).

Items	2025 *RMB'M*	2024 *RMB'M* (Restated)
Cash and cash equivalents	**46,268**	54,995
Wealth management products from other financial assets	**1,486**	746
	47,754	55,741
Less:		
Interest-bearing borrowings	**(36,382)**	(33,793)
Net balance of cash and cash equivalents and wealth management products from other financial assets	**11,372**	21,948

As at 31 December 2025, the wealth management products from other financial assets amounted to RMB1,486 million as compared to RMB746 million in 2024.

As at 31 December 2025, the Group's net balance of cash and cash equivalents and wealth management products from other financial assets amounted to RMB11,372 million (31 December 2024: RMB21,948 million (restated)), representing a decrease of 48.2% as compared to 2024, which was mainly due to an increase in investment in debt instruments to boost returns on capital.

Among the cash and cash equivalents and the wealth management products from other financial assets balance, approximately 54% was denominated in Renminbi and the remaining 46% was denominated in Euro, Hong Kong dollars, U.S. dollars, New Zealand Dollars and other currencies.

As at 31 December 2025, the Group's interest-bearing borrowings amounted to RMB36,382 million (31 December 2024: RMB33,793 million (restated)). For details of the interest-bearing borrowings, please refer to financial statements.

In 2025, financial return of cash and cash equivalents and the return on wealth management products from other financial assets amounted to RMB1,803 million, representing a decrease of 6.48% as compared to RMB1,928 million (restated) in 2024, which was mainly affected by domestic interest rate cuts.

The Group will continue to maintain stable liquidity in its operations in 2025 to ensure meeting its working capital requirements in the coming year, and also for constructing super factory, as well as maintaining the financial flexibility for future strategic investment opportunities.

CAPITAL EXPENDITURE

The Company assesses its capital expenditure and investments in each business segment of the Group in China and the overseas home appliances and smart home business from time to time. The capital expenditure during the year was RMB8,851 million (2024: RMB10,079 million (restated)), in which RMB4,597 million and RMB4,254 million was mainly used in China and overseas respectively for the construction of plant and equipment, property rental expenses, and investment of information infrastructure.

GEARING RATIO

As at 31 December 2025, the Group's gearing ratio (defined as total borrowings (including interest-bearing borrowings and lease liabilities) divided by net assets of the Group) was 33.8% (31 December 2024: 33.4%), representing an increase of 0.4 percentage points which was mainly due to the issuance of medium-term notes during the reporting period.

TREASURY POLICIES

The Group adopts a prudent approach for its cash management and risk control. Due to the global presence of our business, our results of operations are affected by foreign exchange rate movements, both on a transactional and translation basis.

The Group is primarily exposed to movements in the Renminbi, our reporting currency, against US dollar and, to a lesser extent, Euro and Japanese Yen. The translational effects of exchange rate fluctuations arise because the financial results of the Group's subsidiaries are measured in the currency of the primary economic environment in which they operate (its functional currency). The results of operations of our global subsidiaries are, therefore, measured in currencies other than Renminbi and are then translated into Renminbi for the presentation of our financial results in the consolidated financial statements. Consequently, fluctuations in the applicable foreign currency exchange rates may increase or decrease the Renminbi value of our non-Renminbi assets, liabilities, revenues and costs, even if their value has not changed in their local functional currency.

The transactional effects of exchange rate fluctuations arise when one of the Group's subsidiaries enters into a sale or purchase transaction in a currency other than its functional currency. The principal source of transaction risk arises from the fact that most of our costs are measured in RMB, while most of our sales are invoiced in other currencies (including US dollar, Euro and Japanese Yen). The Group attempts to match costs and revenues along the value chain in the local markets in the same currency, creating a natural hedge for some of the transaction risks. The Group also uses forward foreign exchange contracts to mitigate its transactional exchange rate exposure.

CAPITAL COMMITMENT

The Group's capital commitments contracted but not yet provided for amounted to RMB4,757 million as at 31 December 2025 (31 December 2024: RMB5,920 million (restated)), which were mainly related to the Group's domestic and overseas factories construction projects.

CHARGE OF ASSETS

As at 31 December 2025, the Group's buildings and leasehold land with a net carrying value of RMB32 million (31 December 2024: Nil), the Group's trade and bills receivables with a net carrying value of RMB38 million (31 December 2024: RMB47 million (restated)), the Group's other intangible assets amounting to RMB351 million (31 December 2024: RMB97 (restated)) were pledged to secure certain of the Group's bank loans. The Group's bank loans are guaranteed by Haier Group, the controlling shareholder of the Company, with amount RMBNil million as at 31 December 2025 (31 December 2024: RMB320 million).

In addition, as at 31 December 2025, certain of the Group's bills payable were secured by the pledge of the Group's bank deposits amounting to RMB1,085 million (31 December 2024: RMB484 million (restated)) and the Group's bills receivable amounting to RMB1,196 million (31 December 2024: RMB5,068 million).

CONTINGENT LIABILITIES

At the end of the reporting period, neither the Group nor the Company had any significant contingent liabilities.

RELATIONSHIP WITH EMPLOYEES, REMUNERATION POLICY

Under the management model of "RenDanHeYi", the Company adheres to the remuneration concept of integrating user pay, value creation and value sharing. By providing employees with a short-, medium- and long-term remuneration incentive system combining labour income, surplus profit sharing and capital gain, as well as all-rounded welfare policies and employee caring schemes, the Company encourages employees to perform their duties with an entrepreneurial mindset, and align employee value with company value and shareholder value, so as to continuously improve user experience and create a win-win situation in the development of both the Company and its employees.

The Company has established a wide range of multi-dimensional incentive mechanism and continues to implement the global incentive system covering both domestic and foreign employees to attract, motivate and stabilize the Company's core talent.

The total number of employees of the Group increased by 10.0% to 134,995 as at 31 December 2025 from 122,733 as at 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

According to the resolution of the 4th meeting of the 12th session of the Board of Directors of the Company held on 26 March 2026, the profit for the year is proposed to be distributed on the basis of the total number of shares on the record date after deducting the repurchased shares from the repurchased account. The Company declared cash dividend of RMB8.867 (including taxes) for every 10 shares to all shareholders.

Save as disclosed in this announcement, there were no material events that have occurred in the Group from the end of the reporting period and up to the date of this announcement.

DIVIDENDS

During November 2025, the Company distributed an interim dividend for the six months ended 30 June 2025 of RMB2.692 in cash for every 10 shares (inclusive of tax), totalling RMB2,506,684,210.62.

The Board proposes the distribution of the final dividend for the year ended 31 December 2025 of RMB8.867 in cash for every 10 shares (inclusive of tax), totalling approximately RMB8,248,280,749.27 based on the current total issued capital, net of repurchased shares but not yet cancelled. This dividend, which together with the interim dividend for 2025 already distributed in November 2025, represented approximately 55% of the profit attributable to the owners of the Company. Where the total share capital of the Company changes before the registration date for the implementation of the equity distribution, it is expected to maintain the total distribution unchanged and adjust the distribution ratio per share accordingly.

This dividend distribution proposal shall be subject to the consideration and approval at the Company's 2025 annual general meeting, and the final dividend is expected to be distributed to shareholders in two months from the 2025 annual general meeting.

Dividends for D-Shares and H-Shares shall be paid in foreign currencies. According to the Articles of Association of the Company, the applicable rate of exchange shall be average exchange rate (medium rates) for converting Renminbi into foreign currencies as quoted by The People's Bank of China for a week immediately prior to the announcement of dividend.

Notice of the 2025 annual general meeting will announce the date of the 2025 annual meeting of the Company and details of relevant book closure of H Shares, as well as the arrangement of book closure of H Shares for the final dividend.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Repurchases of H-Shares

During the year ended 31 December 2025, the Company repurchased certain of its ordinary H-Shares on The Stock Exchange of Hong Kong Limited and these shares were subsequently cancelled by the Company. The summary details of those transactions are as follows:

Month	Number of H-Shares repurchased	Price per share Highest	Price per share Lowest	Total price paid
		HK$	*HK$*	*HK$'M*
September 2025	2,450,000	27.00	24.76	62.86
December 2025	1,361,000	27.30	26.58	36.71
	3,811,000			99.57

The issued capital H-Shares of the Company was reduced by the par value thereof. The premium paid on the repurchases of the Company's H-Shares of RMB87 million has been charged to the share premium account of the Company. The repurchase of the Company's H-Shares during the year was effected by the Directors, pursuant to the mandate from shareholders sought at the annual general meeting and the class meetings held on 28 May 2025 regarding the repurchases of H-Shares.

The Directors made the repurchases when the H-Shares were trading at a discount to their underlying value so as to flexibly adjust the capital structure of the Company based on market conditions. It would be beneficial to the Company's shareholders who retain their investment in the Company as their proportionate interest in the assets and earnings of the Company would increase in proportion to the number of H-Shares repurchased by the Company.

Repurchases of A-Shares

During the year ended 31 December 2025, the Company repurchased certain of its ordinary A-Shares on The Shanghai Stock Exchange. The summary details of those transactions are as follows:

Months	Number of A-Share repurchased	Price per share Highest	Price per share Lowest	Total price paid
		RMB	*RMB*	*RMB'M*
April 2025	6,071,800	25.29	23.60	148.79
May 2025	6,364,200	26.30	25.07	163.59
June 2025	19,394,800	25.28	24.30	481.97
July 2025	1,550,000	26.05	24.83	39.71
August 2025	2,565,400	25.65	24.82	64.93
September 2025	4,536,300	26.64	25.16	117.83
November 2025	420,000	27.53	26.82	11.36
December 2025	1,923,200	27.54	26.02	51.64
	42,825,700			1,079.83

The repurchases of the Company's A-Shares during the year were effected by the Directors, pursuant to a board resolution passed on 27 March 2025 regarding the repurchase of A-Shares. The A-shares repurchased will be used in the Company's share incentive plans.

A total of 42,825,700 A-Shares were repurchased during the year but not yet cancelled as at 31 December 2025, and will be used in other share incentive plans of the Company.

During the year, 31,481,400 A-Shares treasury shares had been transferred to the 2025 A-share Core Employee Stock Ownership Plan of the Company in June 2025, and 1,472,684 A-Share treasury shares were cancelled in December 2025 in accordance with a resolution passed at the 2025 First Extraordinary General Meeting of the Company. As at 31 December 2025, the Company held a total of 69,791,486 A-Share treasury shares and will be used in other share incentive plans.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025.

Saved as disclosed above, there were no treasury shares held by the Company as at 31 December 2025.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2025 except for certain deviations as described below.

Under code provision C.2.1 of the Code, the roles of chairman and CEO should be separated and should not be performed by the same individual. Since 28 June 2022, Mr. LI Huagang ("**Mr. LI**"), an Executive Director, has been serving as the chairman and also the CEO of the Company. Mr. LI has been the CEO of the Company since April 2019 and has assumed the role of chairman since 28 June 2022 when Mr. LIANG Haishan retired as chairman of the Company.

The Board has continued reviewing the separation of chairman and CEO. After evaluation of the situation of the Company and taking into account the experience and past performance of Mr. LI, the Board is of the opinion that it is appropriate and in the best interests of the Group for Mr. LI to hold both positions as the chairman and CEO of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Group. It also helps to promote the efficient formulation and implementation of the Company's strategies which enabled the Group to seize business opportunities efficiently and promptly. The Board comprising a vast majority of non-executive Directors also meets regularly on a quarterly basis to review the operations of the Group and to consider other major matters affecting the business of the Group.

Accordingly, the Board believes that this arrangement would not have negative influence on the balance of power and authorizations between the Board and the management of the Company. In addition, through the continuing supervision of the Board and its independent non-executive Directors, checks and balances continue to exist so that the interests of the shareholders are continued to be adequately and fairly represented.

Further information on the Company's corporate governance practices and its applications of the Code will be set out in the Corporate Governance Report contained in the Company's 2025 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a model code for Securities Transactions by Directors and supervisors (the "**Model Code**") on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules. Upon enquiry by the Company, all Directors and supervisors of the Company have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2025.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Board of the Company has established an audit committee comprising two non-executive Directors and three independent non-executive Directors of the Company. The audit committee had reviewed, with no disagreement, with the management the accounting principles and practices adopted by the Group, and discussed financial reporting matters including the review of the consolidated annual financial statements of the Group for the year ended 31 December 2025, and discussed with the internal audit department on risk management and internal controls.

The financial information in this announcement has been agreed by the Group's external auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2025. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement. As at the date of this announcement, to the best knowledge of the Board of the Company, information contained in this announcement is consistent with the information that will be contained in the 2025 Annual Report of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the Company's website (http://smart-home.haier.com) and the website of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk). The Company's 2025 Annual Report will be made available on the above websites in due course.

By order of the Board of Directors
Haier Smart Home Co., Ltd.*
LI Huagang
Chairman

Qingdao, the PRC
26 March 2026

As at the date of this announcement, the executive Directors of the Company are Mr. LI Huagang and Mr. Kevin Nolan; the non-executive Directors are Mr. GONG Wei, Mr. YU Hon To, David, Mr. CHIEN Da-Chun and Mr. LI Shaohua; the independent non-executive Directors are Mr. WONG Hak Kun, Mr. LI Shipeng, Mr. WU Qi and Mr. WANG Hua; and employee representative Director is Ms. SUN Danfeng.

* *For identification purpose only*