

Company Stock Code: 603236.SS
Short Name of the Company: Quectel



Quectel Wireless Solutions Co., Ltd.

2021 Annual Financial Report



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1. Main Accounting Data and Financial Indicators

Unit: Yuan Currency: RMB

| | 2021 | 2020 | Fluctuation (%) | 2019 |
|--|-------------------|------------------|------------------|------------------|
| Total assets | 8,140,021,182.48 | 4,601,246,090.65 | 76.91 | 2,931,973,545.61 |
| Net assets attributable to shareholders of the Company | 3,208,461,512.18 | 1,868,676,298.94 | 71.70 | 1,714,723,122.18 |
| Revenues | 11,261,921,747.51 | 6,105,779,381.15 | 84.45 | 4,129,746,036.13 |
| Net profits attributable to shareholders of the Company | 358,060,203.50 | 189,015,964.80 | 89.43 | 148,001,477.82 |
| Net profits attributable to shareholders of the Company excluding non-recurring profit or loss | 335,345,811.53 | 170,074,205.56 | 97.18 | 134,838,343.05 |
| Net cash flow from operating activities | -488,101,815.91 | -398,540,204.22 | Non-applicable | -143,946,666.41 |
| Weighted average ROE (%) | 12.72 | 10.57 | Increase by 2.15 | 13.34 |
| Basic earnings per share (Yuan/share) | 2.49 | 1.36 | 83.09 | 1.38 |
| Diluted earnings per share (Yuan/share) | 2.49 | 1.36 | 83.09 | 1.38 |

2. Financial Reports

Consolidated Balance Sheet

Dec. 31, 2021

Name of enterprise: Quectel Wireless Solutions Co., Ltd.

Unit: Yuan Currency: RMB

| Items | Dec. 31, 2021 | Dec. 31, 2020 |
|-------------------------------------|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and Bank Balances | 1,133,108,786.50 | 610,586,920.47 |
| Notes Receivable | 370,754,212.89 | |
| Accounts Receivable | 1,573,978,551.39 | 871,530,879.09 |
| Accounts Receivable Financing | 184,607,663.43 | 398,913,363.61 |
| Prepayments | 121,334,307.70 | 88,414,738.74 |
| Other Receivables | 127,835,091.95 | 42,368,946.26 |
| Inventories | 2,698,770,780.18 | 1,438,194,584.07 |
| Other Current Assets | 384,601,592.37 | 261,420,150.49 |
| Total Current Assets | 6,594,990,986.41 | 3,711,429,582.73 |
| Non-current Assets: | | |
| Long-term Equity Investments | 44,453,625.28 | 40,454,408.69 |
| Other Equity Instrument Investments | 30,000,000.00 | 60,000,000.00 |
| Fixed Assets | 1,136,407,407.14 | 571,514,752.29 |
| Constructions in Process | 30,356,163.46 | 23,904,831.58 |
| Right-of-use Assets | 45,004,186.49 | |
| Intangible Assets | 118,341,358.58 | 93,892,521.03 |
| Long-term Deferred Expenses | 67,877,889.01 | 68,401,355.42 |
| Deferred Tax Assets | 12,940,646.16 | 16,075,215.23 |
| Other Non-current Assets | 59,648,919.95 | 15,573,423.68 |
| Total Non-current Assets | 1,545,030,196.07 | 889,816,507.92 |
| Total assets | 8,140,021,182.48 | 4,601,246,090.65 |

| | | |
|--|-------------------------|-------------------------|
| Current Liabilities: | | |
| Short-term Borrowings | 1,668,978,745.82 | 873,005,577.06 |
| Trading Financial Liabilities | | 30,414,901.58 |
| Notes Payable | 566,043,022.98 | 270,117,823.98 |
| Accounts Payable | 1,694,648,497.91 | 1,224,867,557.32 |
| Contract Liabilities | 88,013,887.95 | 69,260,718.27 |
| Employee Salaries Payable | 278,719,156.38 | 159,458,055.54 |
| Taxes Payable | 16,918,241.94 | 10,123,809.41 |
| Other Payables | 5,809,834.20 | 1,761,488.14 |
| Non-current Liabilities Due within 1 Year | 29,271,565.01 | |
| Other Current Liabilities | 286,902,785.88 | 4,109,860.41 |
| Total Current Liabilities | 4,635,305,738.07 | 2,643,119,791.71 |
| Non-current Liabilities: | | |
| Long-term Borrowings | 232,560,000.00 | 89,450,000.00 |
| Lease Liabilities | 31,326,660.45 | |
| Deferred Revenues | 31,528,158.56 | |
| Total Non-current Liabilities | 295,414,819.01 | 89,450,000.00 |
| Total Liabilities | 4,930,720,557.08 | 2,732,569,791.71 |
| Shareholders' Equity | | |
| Share Capital | 145,370,828.00 | 107,016,000.00 |
| Capital Reserve | 2,196,234,767.20 | 1,164,264,045.66 |
| Other Comprehensive Income | -31,491,318.70 | 79,126.96 |
| Surplus Reserve | 87,893,859.52 | 52,975,347.58 |
| Retained Earnings | 810,453,376.16 | 544,341,778.74 |
| Total Equity Attributable to Parent Company | 3,208,461,512.18 | 1,868,676,298.94 |
| Minority Shareholders' Interest | 839,113.22 | |

| | | |
|---|-------------------------|-------------------------|
| Total Shareholders' Equity | 3,209,300,625.40 | 1,868,676,298.94 |
| Total Liabilities and Shareholders' Equity | 8,140,021,182.48 | 4,601,246,090.65 |

Consolidated Income Statement

Jan. to Dec. 2021

Unit: Yuan

Currency: RMB

| Item | 2021 | 2020 |
|--|--------------------------|-------------------------|
| I. Revenue | 11,261,921,747.51 | 6,105,779,381.15 |
| Including: Operating Revenue | 11,261,921,747.51 | 6,105,779,381.15 |
| II. Total Operating Costs | 10,933,757,041.32 | 5,926,331,841.32 |
| Including: Costs of sales | 9,283,875,164.82 | 4,870,620,652.64 |
| Taxes and Surcharges | 13,499,974.85 | 7,618,509.80 |
| Selling Expenses | 360,640,612.12 | 197,897,412.90 |
| Administrative Expenses | 266,162,482.62 | 184,044,750.10 |
| Research and Development Expenses | 1,022,032,952.38 | 706,678,736.86 |
| Finance Expenses | -12,454,145.47 | -40,528,220.98 |
| <i>Including: Interest Expenses</i> | <i>25,441,141.33</i> | <i>15,299,756.95</i> |
| <i>Interest Income</i> | <i>6,140,198.90</i> | <i>3,665,221.68</i> |
| Add: Other Income | 33,070,018.59 | 50,697,741.07 |
| Investment Income (loss expressed with "-") | -11,494,321.60 | -4,153,056.86 |
| <i>Including: Investment Income from Associates and Joint Ventures</i> | <i>-572,484.81</i> | <i>-545,591.31</i> |
| Fair Value Gains (loss expressed with "-") | | -30,414,901.58 |
| Credit Impairment Losses (loss expressed with "-") | 16,559,228.27 | -21,690,254.80 |
| Asset Impairment Losses (loss expressed with "-") | -5,783,326.14 | -394,400.48 |
| Gains/Losses on Asset Disposal (loss expressed with "-") | -284,097.53 | -317,005.12 |
| III. Operating Profit (loss expressed with "-") | 360,232,207.78 | 173,175,662.06 |
| Add: Non-operating Income | 5,402,644.88 | 8,371,223.22 |
| Subtract: Non-operating Expenses | 3,979,852.37 | 2,979,930.86 |

| | | |
|---|-----------------------|-----------------------|
| IV. Total Profit (loss expressed with "-") | 361,655,000.29 | 178,566,954.42 |
| Subtract: Income Tax Expenses | 3,317,593.79 | -10,449,010.38 |
| V. Net Profit (loss expressed with "-") | 358,337,406.50 | 189,015,964.80 |
| A. Classified by business continuity | | |
| Net profit from continuing operations (loss expressed with "-") | 358,337,406.50 | 189,015,964.80 |
| B. Classified by attribution of the ownership | | |
| 1. Net profit attributable to shareholders of the parent company (loss expressed with "-") | 358,060,203.50 | 189,015,964.80 |
| 2. Minority Shareholders' Interest (loss expressed with "-") | 277,203.00 | |
| VI. Other comprehensive income (net of tax) | -31,570,445.66 | 57,803.26 |
| A. Other net comprehensive incomes attributable to owners of the Parent Company | -31,570,445.66 | 57,803.26 |
| 1. Other comprehensive income not to be reclassified into profit or loss | -30,000,000.00 | |
| Changes in the fair value of investments on other equity instruments | -30,000,000.00 | |
| 2. Other comprehensive income to be reclassified into profit or loss | -1,570,445.66 | 57,803.26 |
| Converted difference in Foreign Currency Statements | -1,570,445.66 | 57,803.26 |
| VII. Total comprehensive income | 326,766,960.84 | 189,073,768.06 |
| A. Total comprehensive income attributable to owners of the parent company | 326,489,757.84 | 189,073,768.06 |
| B. Total comprehensive income attributable to the minority shareholders | 277,203.00 | |
| VIII. Earnings per share | | |
| A. Basic earnings per share (Yuan/share) | 2.49 | 1.36 |
| B. Diluted earnings per share (Yuan/share) | 2.49 | 1.36 |

Consolidated Cash Flow Statement

Jan. to Dec. 2021

Unit: Yuan

Currency: RMB

| Item | 2021 | 2020 |
|---|-------------------------|-------------------------|
| I. Cash flows from operating activities | | |
| Cash received from sales of goods or rendering of services | 8,821,188,713.55 | 4,866,622,849.20 |
| Refunds of taxes | 556,144,044.09 | 279,427,365.14 |
| Cash received from other operating activities | 105,117,377.98 | 72,451,439.36 |
| Sub-total of cash inflows from operating activities | 9,482,450,135.62 | 5,218,501,653.70 |
| Cash paid for goods and services | 8,585,362,495.61 | 4,689,142,674.03 |
| Cash paid to and on behalf of employees | 1,018,071,216.63 | 656,777,223.21 |
| Cash paid for all types of taxes | 54,616,180.71 | 24,198,804.37 |
| Cash paid for other operating activities | 312,502,058.58 | 246,923,156.31 |
| Sub-total of cash outflows from operating activities | 9,970,551,951.53 | 5,617,041,857.92 |
| Net cash flows from operating activities | -488,101,815.91 | -398,540,204.22 |
| II. Cash flows from investing activities | | |
| Cash received from disposal or returns of investments | 534,039,452.06 | 300,000,000.00 |
| Cash received from returns on investments | | 3,061,213.86 |
| Net cash received from the disposal of fixed assets, intangible assets and other long-term assets | 610,140.93 | 422,379.92 |
| Net cash received from the disposal of subsidiary companies and other operating business units | 28,637,739.10 | |
| Sub-total of cash inflows from investing activities | 563,287,332.09 | 303,483,593.78 |
| Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets | 928,017,403.47 | 551,487,817.85 |
| Cash paid for the acquisition of investment | 579,945,556.02 | 41,000,000.00 |
| Sub-total of cash outflows from investing | 1,507,962,959.49 | 592,487,817.85 |

| | | |
|---|-------------------------|-------------------------|
| activities | | |
| Net cash flows from investing activities | -944,675,627.40 | -289,004,224.07 |
| III. Cash flows from financing activities | | |
| Cash received by absorbing investments | 1,061,418,051.06 | - |
| <i>Including: cash received by absorbing investments of the minority shareholders from the subsidiary companies</i> | 561,910.22 | - |
| Cash received from borrowings | 2,180,682,856.86 | 2,446,902,558.64 |
| Sub-total of cash inflows from financing activities | 3,242,100,907.92 | 2,446,902,558.64 |
| Cash repayments of borrowings | 1,176,847,769.52 | 1,693,230,747.88 |
| Cash paid for distribution of dividends, profits or for interest expenses | 88,950,970.85 | 53,273,614.01 |
| Cash paid for other things pertaining to financing activities | 17,058,497.92 | - |
| Sub-total of cash outflows from financing activities | 1,282,857,238.29 | 1,746,504,361.89 |
| Net cash flows from financing activities | 1,959,243,669.63 | 700,398,196.75 |
| IV. Effect of exchange rate fluctuation on cash and cash equivalents | -3,943,882.64 | 57,803.26 |
| V. Net increase in cash and cash equivalents | 522,522,343.68 | 12,911,571.72 |
| Add: Balance of cash and cash equivalents at the beginning of the period | 610,486,442.82 | 597,574,871.10 |
| VI. Balance of cash and cash equivalents at the end of the period | 1,133,008,786.50 | 610,486,442.82 |