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**瑞聲科技控股有限公司**  
**AAC TECHNOLOGIES HOLDINGS INC.**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2018)

**RESULTS ANNOUNCEMENT**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

The board (the "**Board**") of directors (the "**Director(s)**") of AAC Technologies Holdings Inc. ("**AAC Technologies**" or the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the nine months ended 30 September 2022 ("**9M 2022**") together with the comparative figures for the corresponding period in 2021 ("**9M 2021**").

These unaudited condensed consolidated financial statements have been reviewed by the Company's audit and risk committee and approved by the Board on 10 November 2022.

**2022 NINE MONTHS HIGHLIGHTS (UNAUDITED):**

<i>(RMB Million)</i>	<b>9M 2022</b>	9M 2021	<i>YoY%</i>	<b>Q3 2022</b>	Q3 2021	<i>YoY%</i>
Revenue	<b>14,785</b>	12,855	+15.0%	<b>5,373</b>	4,246	+26.5%
Gross Profit	<b>2,805</b>	3,379	-17.0%	<b>1,022</b>	964	+6.0%
<i>Gross Profit Margin</i>	<b>19.0%</b>	26.3%	-7.3ppts	<b>19.0%</b>	22.7%	-3.7ppts
Net Profit*	<b>584</b>	1,104	-47.1%	<b>234</b>	183	+27.5%
<i>Net Profit Margin</i>	<b>3.9%</b>	8.6%	-4.7ppts	<b>4.4%</b>	4.3%	+0.1ppts
Basic EPS (RMB)	<b>0.49</b>	0.91	-46.7%	<b>0.20</b>	0.15	+28.4%
Share Numbers (Weighted average, million)	<b>1,200</b>	1,209		<b>1,198</b>	1,209	

\* Net profit represents profit attributable to owners of the Company.

## BUSINESS REVIEW

For the third quarter of 2022 ("**Q3 2022**"), the sluggish consumer demand on the back of the resurgence of Covid pandemic in China persisted. Coping with the complex external environment, the Group continues to strive for internal and external improvement. On one hand, the Group deepens the cooperation with business partners, steadily increasing the market share of several product lines while consistently reducing costs and improving overall operational efficiency. For Q3 2022, the Group recorded revenue of RMB5.37 billion, up 26.5% YoY which was mainly attributed to the peak sales season of overseas customers and the increase in combined revenue contribution from electromagnetic drives and precision mechanics business. Gross profit margin was 19.0%, down 3.7 percentage points ("**ppts**") year-over-year ("**YoY**") but remained stable quarter-on-quarter ("**QoQ**"). Net profit of Q3 2022 was RMB234 million, up 27.5% YoY. For the first nine months of 2022, the Group recorded revenue of RMB14.78 billion, up 15.0% YoY. Gross profit margin was 19.0%, down 7.3 ppts YoY. Net profit was RMB584 million, down 47.1% YoY.

In Q3 2022, despite the volatility of the global macroeconomic environment, the Group has taken these actions in enhancing operational efficiency: seeking further digital transformation, improving cost efficiency, stringently managing inventory and improving inventory turnover. In addition to solidifying the leading position in the smartphone market, the Group continues to seize other attractive market opportunities. The Group's automotive acoustics solutions business has started mass-production and shipment. The Group also achieved breakthroughs and acquired new landmark automotive acoustics projects. Also, the Group successfully developed the new 3P VR Pancake optical module, targeting to complete the construction of mass production line by this year end. Business partnerships with a number of customers relating to the Pancake optical module have already commenced.

The Group remains prudent in financial management and stringently manages capital expenditure and research and development ("**R&D**") expenses. During 9M 2022, operating cash inflows were RMB2.58 billion and the main capital expenditures amounted to RMB1.44 billion. During September 2022, the Group conducted active liability management via a public tender offer to repurchase outstanding notes with principal amount of approximately USD159 million and replaced with onshore Renminbi bank loans, successfully optimizing the debt structure while mitigating the foreign exchange risk. As of 30 September 2022, net gearing ratio was 9.7%, and cash on book was RMB5.76 billion. A sound financial position is essential to the sustainable growth of the Group, and to ensure the Group's continual ability to continue to innovate and develop going forward.

## PERFORMANCE AND DEVELOPMENT OF BUSINESS SEGMENTS

### Acoustics Business

In Q3 2022, the Group's acoustics business revenue was RMB2.32 billion, up 5.6% YoY. Driven by the peak season of overseas customers, the Group also proactively supported their business needs. Gross profit margin remained relatively stable at 26.9%, up 0.5 ppts YoY and down 0.8 ppts QoQ. For 9M 2022, the Group's acoustics business revenue was RMB6.46 billion, up 2.0% YoY. Gross profit margin was 27.0%, down 3.6 ppts YoY which was mainly due to the YoY ASP decline of products for overseas customers in the first half and the impacts on costs side due to the pandemic.

In Q3 2022, the Group continued to work closely with overseas customers and supported their expansion into emerging business fields by consistently enhancing product competitiveness and ensuring stable product delivery. For the Android market, the Group leveraged its unique advantage in both acoustics and electromagnetic drives fields to offer product standardization, enabling more consumers to enjoy a richer tactile and auditory experience. The Group launched its proprietary Combo and Opera coaxial solutions. Earning positive feedbacks from our customers, the two-in-one product with master-class acoustic technology and x-axis motor has multiple advantages in performance, dimensions and weight, effectively reducing production costs, and improving consumers' auditory and tactile experience in scenarios such as video and audio, gaming and vertical screens. The Group will continue to keep abreast of its customers' needs, launch new products and technologies, and promote customers' product upgrades with higher price-performance ratio, thereby increasing the market share and the revenue contribution from the acoustics business.

With respect to the automotive acoustics market, the Group's total acoustics solution project has reached mass production and shipment phase. In Q3 2022, the Group achieved notable growth by continuous breakthroughs in the automotive market and successfully acquired new landmark projects from NEV OEMs. In the future, alongside the development of advanced driver-assistance system technology, the acoustic system will become a core component of the intelligent cockpit. The Group is well positioned to provide consumers with a superior audio experience underpinned by its strong R&D capabilities of integrated algorithms and software development.

### Optics Business

In Q3 2022, the Group's optics business revenue was RMB567 million, up 45.1% YoY but down 39.0% QoQ. Softened market demand and the resurgence of the pandemic in China affected the shipment volume and the utilization rate of plastic lens and camera modules, resulting in the decline in the overall gross profit margin of the optics business. During 9M 2022, the Group's optics business revenue was RMB2.42 billion, up 28.9% YoY, mainly due to the increased shipment volume of camera modules.

In Q3 2022, due to soft market demand and intensified market competition, the shipment of plastic lens decreased 24.9% QoQ. The Group has been optimizing the product portfolio of plastic lens, and expects to deliver 7P plastic lens products in 2022. With the increase of the shipment volume of mid-to-high end products, the ASP of camera modules increased QoQ. Amid the complex and volatile market environment, the Group will continue to strengthen its cooperation with existing customers to increase the market share, and will continue to improve the product portfolio and enhance management and operational efficiency, establishing a strong foundation for the long-term development of the optics business.

The WLG hybrid lens business is progressing smoothly. In Q3 2022, 1G5P and 1G6P hybrid lens products were under stable mass production and delivery. The Group actively promotes the implementation of WLG hybrid lens in multiple projects of automotive, AR/VR devices, semiconductor production and testing and other industrial fields. The Group successfully developed new 3P Pancake optics modules for VR devices and will complete the construction of the production lines within this year. The surround-view and in-cabin lens products have already obtained certification of leading automotive players in the market.

### **Electromagnetic Drives and Precision Mechanics Business**

For Q3 2022, given the peak season of the major customers of electromagnetic drives segment as well as the synergy and new businesses driven by the acquisition of Toyo Precision, revenue from this combined segment reached RMB2.05 billion, up 47.3% YoY and up 43.6% QoQ. Gross profit margin was 21.5%, up 1.3 ppts YoY and 0.4 ppts QoQ. For 9M 2022, revenue from this combined segment amounted to RMB4.99 billion, up 29.8% YoY. Gross profit margin was 20.9%, down 1.7 ppts YoY.

### **Electromagnetic Drives Business**

In Q3 2022, the shipment volume of x-axis haptics motors for Android customers continued to achieve high growth rate YoY, showing the differentiated experience provided by the x-axis haptics motor has been recognized by the market. To further penetrate into the mid-to-low-end market, the Group launched a Combo product of "acoustics + haptics" with standardized design, which can effectively save stacking size, lower weight and reduce cost, and significantly improve the product quality and the efficiency of supply chain management. It can achieve multi-form, high-quality, and wide product coverage through different configuration of solutions. Given the emergence of various new application scenarios such as gaming experience, tactile feedback is expected to play a more significant role in human-computer interactions. Moreover, smart wearables, notebooks and intelligent cockpits are expected to gradually adopt x-axis motors to deliver diverse haptic feedback to enhance rich tactile feedback for better end user experience.

### **Precision Mechanics Business**

Leveraging years of manufacturing experience and in-depth cooperation with customers, the Group successfully acquired opportunities to provide the metal casing products for customer's new smartphone models. It helped expand the high-value segment and optimize the product portfolio. The synergies between Toyo Precision and existing metal casing business have been fully substantiated by the smooth expansion into notebook market. The notebook business is expected to provide a higher revenue contribution to the precision mechanics business next year and improve the overall profitability of this business segment.

### **Sensor and Semiconductor Business**

For Q3 2022, the sensor and semiconductor business recorded a revenue of RMB421 million, up by 66.1% YoY and 74.7% QoQ, which was mainly due to the strong demand from overseas customer. Gross profit margin was 7.4%, down 7.9 ppts YoY and 5.9 ppts QoQ, due to the change of product portfolio. In 9M 2022, the sensor and semiconductor business revenue was RMB900 million, up 16.1% YoY given the increase in market share. Gross profit margin was 10.7% down 5.2 ppts YoY. In Q3 2022, the factory facility in Malaysia commenced production of high-performance MEMS microphones, which further strengthen the Group's global production capacity. In the future, the Group will continue to expand into non-smartphone market including IoT, notebook, smart home appliances and automotive markets, by providing high-end microphones with higher signal-to-noise ratio in meeting customers' demand for specification upgrade for the next generation.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	1.1.2022 to 30.9.2022 (Unaudited) RMB'000	1.1.2021 to 30.9.2021 (Unaudited) RMB'000
Revenue	14,784,689	12,855,306
Cost of goods sold	<u>(11,979,698)</u>	<u>(9,475,888)</u>
Gross profit	2,804,991	3,379,418
Other income and expenses, gains and losses	358,413	267,833
Share of result of an associate	(917)	(554)
Distribution and selling expenses	(326,309)	(230,053)
Administrative expenses	(731,129)	(599,694)
Research and development costs	(1,104,649)	(1,328,308)
Exchange (loss) gain	(3,740)	2,705
Finance costs	<u>(301,074)</u>	<u>(326,728)</u>
Profit before taxation	695,586	1,164,619
Taxation	<u>(222,348)</u>	<u>(65,842)</u>
Profit for the period	473,238	1,098,777
Other comprehensive (expense) income:		
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Fair value changes on equity instruments at fair value through other comprehensive income	(107,719)	5,712
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation of foreign operations	(220,631)	(58,617)
Fair value changes on derivative financial instruments	11,678	(9,821)
(Gain) loss reclassified to profit or loss on hedged items	<u>(30,027)</u>	<u>20,606</u>
	<u>(346,699)</u>	<u>(42,120)</u>
Total comprehensive income for the period	<u><u>126,539</u></u>	<u><u>1,056,657</u></u>
Profit (loss) for the period attributable to:		
Owners of the Company	583,848	1,104,246
Non-controlling interests	<u>(110,610)</u>	<u>(5,469)</u>
	<u>473,238</u>	<u>1,098,777</u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	244,033	1,064,157
Non-controlling interests	<u>(117,494)</u>	<u>(7,500)</u>
	<u><u>126,539</u></u>	<u><u>1,056,657</u></u>
Earnings per share		
- Basic	<u><u>RMB0.49</u></u>	<u><u>RMB0.91</u></u>
- Diluted	<u><u>RMB0.49</u></u>	<u><u>RMB0.91</u></u>

## PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operation of the Group as set out in this announcement are historical in nature and past performance is not a guarantee of future performance. This announcement may contain certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Since listing, the Company has been making quarterly results announcements. The Company has experienced, and expected to continue to experience, fluctuations in sales and results of operations from time to time. We believe that comparisons of our periodic results of operations are, to some extent, meaningful to reflect cyclical nature of the industry the Company operates in. However, such comparisons should not be relied upon as sole indicators of the longer term performance such as interim and annual results. In view of the above and also due to the volatility of the global economy and the market, we are studying the effectiveness of our quarterly results reporting.

### IMPORTANT NOTE

The Company may have an investors' webcast and media conference for these unaudited quarterly results after trading hours of the Hong Kong Stock Exchange on the date of this announcement. Please visit the Company's website [www.aactechnologies.com](http://www.aactechnologies.com) for the Company's regular investor relations update.

The unaudited quarterly results relate only to selected unaudited key performance indicators of the Group and are based on the Group's internal records and management accounts. The unaudited quarterly results have not been reviewed by independent auditors and are not a forecast of the annual performance of the Group as a whole.

Potential investors and shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board  
**AAC Technologies Holdings Inc.**  
**Mok Joe Kuen Richard**  
*Director*

Hong Kong, 10 November 2022

*As at the date of this announcement, the Board comprises Mr. Pan Benjamin Zhengmin, Mr. Mok Joe Kuen Richard and Ms. Wu Ingrid Chun Yuan, together with three Independent Non-executive Directors, namely Mr. Zhang Hongjiang, Mr. Peng Zhiyuan and Mr. Kwok Lam Kwong Larry.*