

INDUSTRY OVERVIEW

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OVERVIEW OF THE E-MOBILITY PRODUCTS AND POWERSPORTS MARKETS

E-mobility products refer to vehicles powered by on-board batteries or other energy storage devices, primarily used for short-distance personal or small-group transportation. They mainly comprise (a) LSEVs, which are typically designed with enclosed or semi-enclosed cabins, feature lower maximum speeds and shorter ranges, and meet multi-passenger short-distance travel needs; and (b) intelligent electric two-wheelers, covering electric scooters, electric balance bikes and electric bicycles, which are generally flexible and portable and are suitable for single or double riders. Powersports principally comprise ATVs and off-road motorcycles and constitute a separate product market designed for outdoor and off-road scenarios.

Overview of the E-Mobility Industry Competitive Landscape

Among e-mobility manufacturers, those with annual revenue from e-mobility products exceeding US\$300 million in 2025 are classified as top-tier players, while those with such revenue of US\$50 million to US\$300 million are classified as second-tier players.

Global E-Mobility Enterprise Ranking and Market Share (by Revenue), 2025

Ranking	Company	Revenue (US\$ in million)
Top Tier	Company B, Company C, Company E, Company A, The Company	>300
Second Tier	Company D	50-300

Note: The US\$300-million revenue benchmark for top-tier players is selected as this threshold denotes sufficient operational scale reflected by mature product commercialization, a sizable customer base and stable order intake; enterprises meeting this bar typically have full-fledged supply-chain capacity, R&D capabilities and global market reach, and it also creates a clear demarcation from the US\$50-300-million second-tier bracket to enable practical revenue-driven peer grouping within the e-mobility industry.

OVERVIEW OF THE GLOBAL LSEV INDUSTRY

Definition and Classification of LSEV

LSEV means a four-wheeled motor vehicle that has an attainable speed of more than 20 mph but not more than 25 mph on a paved, level surface and a gross vehicle weight rating of less than 3,000 pounds. LSEVs are subject to FMVSS No. 500, which requires each such vehicle to be equipped with headlamps, taillamps, stop lamps, front and rear turn signal lamps, reflex reflectors, a parking brake, windshield glazing, an exterior mirror on the driver’s side, and either an exterior mirror on the passenger’s side or an interior mirror. An LSEV must also be equipped with a lap belt for pelvic restraint or a seat belt that combines pelvic and upper-torso restraint.

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LSEVs differ significantly from automobiles in terms of performance and functions, including intended use, road access, speed and operating characteristics. LSEVs are generally used in short-distance mobility scenarios, whereas automobiles are used for a broader range of travel needs, including medium- and long-distance travel. Accordingly, LSEVs and automobiles are not mutually substitutable. Rather, they may complement one another in meeting different mobility needs, with some households using LSEVs for routine local travel while retaining automobiles for longer journeys, group travel or cargo haulage that requires greater speed, range or carrying capacity. The table below sets forth a comparison between LSEVs and automobiles in these respects.

LSEV and Automobile Performance Comparison

	LSEV	Automobile
Distance of travel	Short-distance oriented	Supports both short and long trips
Battery capability	Low capacity, short range	High capacity, long range
Usage restrictions	Limited road access	Broader road access
Speed	Low speed (20-25 mph)	High speed (>25mph)

Notes:

- (1) “long-distance” is defined as trips with a single-trip distance exceeding 20 km, while “short-distance” refers to trips with a single-trip distance below 20 km.
- (2) “Low capacity, short range” refers to battery packs with small energy storage volume that support a single-charge driving distance below 20 km, while “high capacity, long range” means large-capacity batteries capable of delivering a single-charge mileage over 20 km.
- (3) “Limited road access” means that, subject to applicable state and local road-use rules in the United States, LSEVs are generally permitted on roads with speed limits of 35 miles per hour or lower. “Broader road access” means that automobiles are generally permitted to operate on a broader range of public roads.

The 20 km threshold has objective demand-side support. High-frequency daily trips including commuting, school runs and neighbourhood shopping are mostly within 20 km one-way. Travel patterns and vehicle preferences alter noticeably beyond this distance. The boundary effectively separates short-distance mobility demand from long-distance travel, and differentiates target users for low-range and high-range batteries.

The 20 km threshold matches the product positioning of LSEVs. LSEVs are fundamentally designed to satisfy short-distance travel within 20 km, with vehicle and battery specifications optimised for short-range mobility. The threshold clearly distinguishes low-range battery solutions for short trips and high-range battery packages for longer journeys.

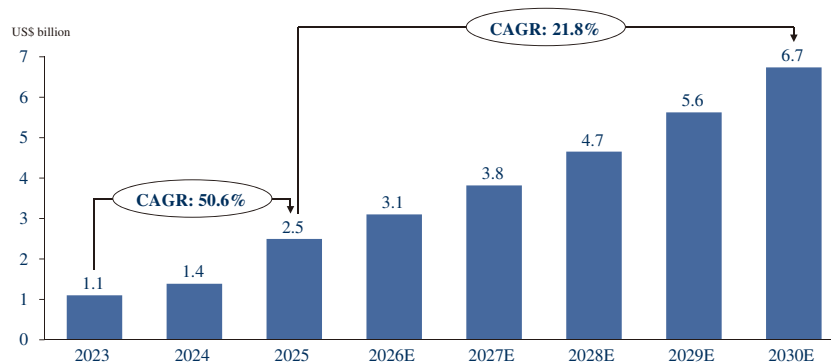
Source: Frost & Sullivan

Global LSEV Market Size

The global LSEV market increased from approximately US\$1.1 billion in 2023 to approximately US\$2.5 billion in 2025, representing a CAGR of approximately 50.6%. The global LSEV market is expected to further increase to approximately US\$6.7 billion in 2030, representing a CAGR of approximately 21.8% from 2025 to 2030.

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Global LSEV Market Size, 2023-2030E

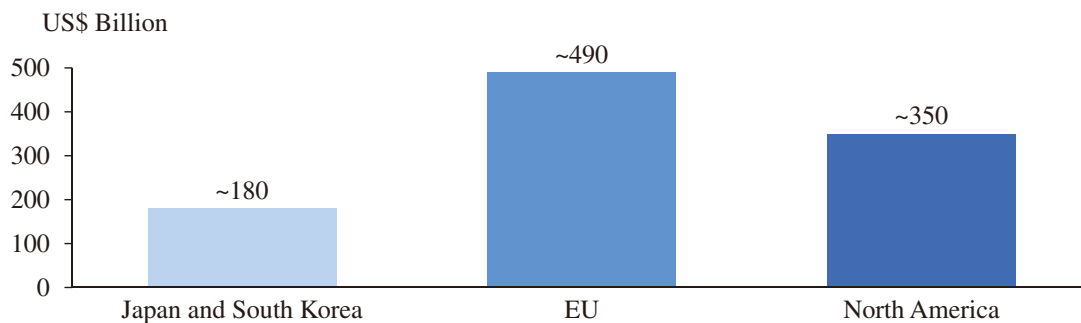


Source: Frost & Sullivan, IMF, expert interview, public filing

Serviceable Addressable Market Size in Key Global Markets

The serviceable addressable market (“SAM”) represents the segment of the market that a specific product or service can cover or serve. The aggregate SAM for LSEVs in the EU, North America, Japan and South Korea amounted to approximately US\$1.02 trillion as of 2025, comprising approximately US\$490 billion in the EU, approximately US\$350 billion in North America and approximately US\$180 billion in Japan and South Korea. The SAM estimates represent the potential addressable demand in the selected markets and are different from the actual historical or forecast market revenue of the global LSEV market.¹

SAM Size for LSEV in Key Global Markets



Source: Frost & Sullivan, IMF, expert interview, public filing

Notes:

- (i) Middle-class households refer to households with annual disposable income (purchasing power parity-adjusted) within the following ranges: US\$48,000-110,000 for the United States, US\$32,000-72,000 for the European Union, and US\$29,000-64,000 for Japan and South Korea. Estimated middle-class households: 29 million in the US, 61 million in the EU, and 23 million in Japan and South Korea combined.
- (ii) The income threshold is set based on consumer affordability to purchase LSEVs. Given gaps in local living costs and taxation, a uniform nominal income threshold has limitations. Purchasing power parity adjustment is adopted to improve cross-region comparability.
- (iii) For serviceable addressable market (SAM) calculation, the theoretical penetration rate among target middle-class households is assumed to be 100%. The average selling price is modelled at US\$8,000 per unit.
- (iv) All underlying demographic and income data are sourced from Euromonitor, which is as of December 31, 2025.

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Market maturity measures the penetration status of a target market: low market maturity indicates an emerging market at an early-stage penetration phase, while high market maturity represents a largely-penetrated market with limited further growth potential. In terms of relative market maturity among the selected regions, North America is the most developed, followed by the EU, while Japan and South Korea remain at an earlier stage of development. In terms of SAM size, the EU ranks first, followed by North America and Japan and South Korea. In terms of growth potential, measured by the estimated CAGR from 2026 to 2030, North America leads, followed by the EU, Japan and South Korea. There are more than 50 competitors in each of these key regional markets. Differences in relative market maturity, SAM size and growth potential are principally attributable to the intensity of short-distance travel demand, regulatory environment, consumer spending power and transportation use scenarios. The reference to market maturity is a relative assessment among the selected regions and does not represent the penetration rate of LSEVs.

Within the industry context, SAM refers to the market size derived under the assumption of 100% penetration of LSEVs among middle-class households. As SAM is estimated as of a specific point in time and does not reflect changes in market size over a period, CAGR and market maturity assessment metrics do not apply to SAM estimation.

LSEV INDUSTRY CHAIN

The LSEV industry chain comprises (i) upstream suppliers of batteries, motors, electronic control systems and other core components; (ii) midstream vehicle manufacturers and system integrators, including brand operators; and (iii) downstream distributors, service networks and end-use applications.

System integration, brand operation and downstream services generally represent higher-value-added areas within the LSEV industry chain. System integration refers to the technical integration of core components such as the battery, motor and electronic control system in compliance with applicable industry standards. Brand operation refers to establishing brands and carrying out marketing and sales activities, such as channel deployment and consumer targeting, to enhance consumer loyalty and brand influence. The downstream service network refers to building a service chain that covers pre-sales consulting, delivery and after-sales support. Established LSEV companies increasingly seek to build long-term competitive advantages through a “hardware + software + services” model, which equips vehicles with software systems and is supported by pre-sales and after-sales services.

Factors Underpinning the Growth Potential of the LSEV Industry

Total Cost of Ownership Advantage

Cost advantage is a factor supporting LSEV market penetration, as LSEVs generally involve lower upfront costs (such as vehicle purchase price, mandatory insurance, registration-related fees and other one-time expenses upon acquisition) and long-term operating and maintenance costs than traditional automobiles. Compared with traditional automobiles, LSEVs typically have lower maintenance and repair costs and other recurring expenses. Their parts and components are generally less expensive and, due to their smaller size and lower power output, LSEVs consume less energy per mile.

Over the product lifecycle, this cost advantage is also reflected in operating and maintenance costs. According to research by the U.S. Department of Energy cited by Frost & Sullivan, electric vehicles, the broader category to which LSEVs belong, save approximately 6 cents in fuel costs per mile compared with gasoline vehicles. LSEVs may also incur lower maintenance and repair costs than traditional automobiles because of their relatively simple mechanical structure and lower maintenance requirements, subject to applicable local requirements and usage scenarios.

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Notably, LSEVs are not direct substitutes for traditional automobiles. Their cost advantages are material mainly in short-distance, low-speed travel scenarios such as intra-community commuting and neighborhood trips. In these use cases, the compelling cost-saving proposition may incentivise households to forgo owning a full-size traditional automobile altogether, since LSEVs can satisfy local mobility requirements adequately with a much lower total cost of ownership, avoiding the need to bear hefty vehicle-related expenses of conventional cars.

Adaptability to Short-Distance Travel and Usage Scenarios

LSEVs are designed for short-distance transportation and neighborhood mobility. Their compact size, low-speed design and relatively low operating and maintenance costs may make them suitable for certain short-distance scenarios, including neighborhood commuting, scenic area tours and transportation within campuses or communities, subject to applicable road-use rules. For purposes of this discussion, “adaptability to short-distance travel” refers to the practical advantages of LSEVs in terms of parking, maneuverability and day-to-day travel costs when used for low-mileage trips. “Short-distance mobility scenarios” refer to low-mileage travel within residential communities, urban neighborhoods and suburban towns that does not require the range or speed of full-size conventional vehicles. These scenarios include, among others, intra-community rides, local neighborhood trips and travel within communities, campuses or other permitted lower-speed environments, subject to applicable road-use rules. For these limited use cases, the higher speed and broader range of full-size automobiles may not be required, while LSEVs may involve lower energy and maintenance costs. The same product characteristics also limit their application beyond such scenarios. Accordingly, LSEVs generally serve as a supplementary mobility tool rather than a substitute for full-size automobiles.

Diversified Demand in Community Scenarios

Demand for stable transportation and short-distance shopping among elderly users, flexible transportation and convenient parking among younger users, and equipment transportation in daily community operations support demand for LSEVs in community settings. Lightweight vehicle designs, foldable designs and improved driving-range capabilities may further increase the suitability of LSEVs for community transportation scenarios. Foldable designs refer to designs that enable key components such as seats or the whole LSEV to be folded to reduce the vehicle’s volume for storage or transportation.

Development of Outdoor Leisure Scenarios

The outdoor leisure economy covers activities relating to golfing, camping, cycling, hiking, mountaineering and suburban excursions. The development of outdoor leisure activities, such as scenic area tours and camping, has increased demand for mobility products that are convenient, quiet and suitable for outdoor usage scenarios. Compared with traditional fuel-powered transportation vehicles, LSEVs have no tailpipe emissions during operation, generate relatively quiet and are generally compact in size. These features may support their use in scenic areas, campsites and other outdoor leisure settings. Smart modules supporting functions such as navigation, Bluetooth connectivity and smart locks may further improve user convenience in these scenarios.

Growing B2B Market for Commercial Supporting and Campus Operation Scenarios

LSEVs enjoy stable and repeatable procurement demand in diversified closed-site commercial scenarios, forming a vital incremental B2B market. B2B (business-to-business) means sales to corporate and institutional fleet customers instead of individual consumers. Industrial parks, logistics zones, university campuses, resort hotels, senior care communities and large commercial complexes have consistent demand for standard low-speed vehicles to support on-site passenger shuttle, security patrol,

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property maintenance and lightweight material transportation. Such institutional and corporate clients prefer standardized, cost-effective LSEV products, delivering steady bulk purchase demand that complements consumer-end market growth.

Scenario-Based Customization and Derivative Product

LSEVs feature universal and standardized chassis structures, supporting flexible lightweight customization to develop derivative models for niche commercial scenarios. Based on the basic vehicle platform, manufacturers can launch specialized inspection vehicles, scenic shuttle vehicles and auxiliary logistics delivery vehicles to meet segmented industrial and operational demands. Such customizable product attributes enable manufacturers to expand market coverage with existing production capacity, improve capacity utilization and tap into high-potential niche B2B segments beyond conventional personal mobility scenarios.

Key Competitive Factors for LSEV Enterprises

Production and Supply Chain Configuration

Certain established enterprises focus on the United States as a key market and have adopted production arrangements involving supply-chain hubs outside the United States, including Southeast Asian countries, and vehicle or core-component manufacturing capabilities in the United States. Such arrangements may enable the relevant enterprises to use local labor and raw material resources, control production costs and respond to demand in key markets. The production arrangements adopted by market participants may vary depending on their principal markets, supply chains and operating strategies.

Established Overseas Sales Network

Building distributor relationships and cultivating quality distributors are important for leading manufacturers in developing their overseas sales networks. Leading manufacturers focus on developing distributor systems and selecting and cultivating partners with financial capabilities and potential for deeper collaboration.

Continuous Product Iteration Capability

Established enterprises focus on users’ needs and usage scenarios to drive product upgrades across hardware, functionality and user experience. Such user-oriented product iteration may help enterprises respond to market changes, differentiate their products and support sales and brand recognition.

LSEV INDUSTRY ENTRY BARRIERS

Technical Barriers

The LSEV industry has relatively high technical requirements. Enterprises must possess technical expertise in batteries, motors, electronic controls, vehicle chassis and system integration. Optimization of the chassis structure and integration of batteries, motors and electronic controls require continued research and development investment and engineering support. Furthermore, product iteration in the industry is rapid, making it difficult for new entrants to reach the required technical level within a short period of time. Significant time and capital must be devoted to research and development. These factors collectively constitute technical barriers.

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Supply Chain Barriers

A well-established supply chain system is important for ensuring product quality and supply stability. Established enterprises have built cooperative relationships with suppliers, enabling them to support stable raw material supply and cost control. Certain enterprises may also benefit from regional production arrangements. For new entrants, building an efficient and stable supply chain system requires considerable time and effort to identify suitable suppliers and coordinate the various segments of the supply chain. Therefore, the supply chain constitutes an entry barrier within the industry.

Principal Industry Challenges

Regulatory Compliance Barriers

LSEVs face fragmented regulatory compliance barriers across different jurisdictions. Road-access permissions, speed limitations and vehicle certification standards vary widely by region, which restricts cross-regional deployment and market roll-out. Some regions impose strict requirements on vehicle safety performance and technical specifications, raising compliance costs for manufacturers. Continuous adaptation to local regulatory updates will be critical for LSEV market expansion.

Core-component Supply-chain Risks

Stable supply of core components represents a key challenge for the LSEV industry. Batteries, motors and electronic controls are essential building blocks for LSEV performance. Fluctuations in raw-material prices and supplier capacity constraints may cause supply volatility and pressure product quality consistency. Effective supplier management and multi-sourcing strategies can help mitigate such supply-chain risks.

End-user Usage Limitations

Inherent product attributes bring practical usage limitations for end-users. Restricted maximum speed and limited driving range constrain LSEVs from meeting long-distance and high-speed travel needs. Limited road-access scope also narrows applicable travel scenarios. In addition, LSEV battery performance is susceptible to extreme weather conditions; cold climates in northern U.S. regions substantially reduce vehicle range and operational stability, further restricting year-round usability. Technology upgrades targeting range enhancement and safety optimisation can help broaden LSEVs’ real-world application boundaries.

Global LSEV Market Ranking

The following table sets forth the ranking and market shares of the five largest enterprises in the global LSEV market in terms of LSEV revenue in 2025. The Company ranked first with LSEV revenue of approximately US\$271.9 million and a market share of approximately 10.9%.

Ranking	Company	LSEV revenue (US\$million)	Market share
1	The Company	271.9	10.9%
2	Company A	240.3	9.6%
3	Company B	164.6	6.6%
4	Company C	106.4	4.3%
5	Company D	48.1	1.9%

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Source: Frost & Sullivan, expert interviews and public filings

Notes:

- (1) Company A is a non-listed company established in 2007, focusing on the research and development, production and sales of LSEVs.
- (2) Company B is an operating subsidiary and core brand of a publicly listed group and is managed under the group’s specialized vehicles division. Its core business comprises the research and development and manufacture of LSEVs.
- (3) Company C was established in 1958, which was listed on Nasdaq in 1993 and subsequently delisted in 1995. Company C focuses on the research and development, production and global sales of LSEVs.
- (4) Company D is a non-listed company founded in 2017, with its core business being the research and development and production of LSEVs.

OVERVIEW OF THE GLOBAL INTELLIGENT ELECTRIC TWO-WHEELER INDUSTRY

Definition and Classification of Intelligent Electric Two-Wheelers

Intelligent electric two-wheelers are two-wheeled transportation tools that integrate electronic information technology, intelligent control technology and electric drive systems. They are used in scenarios such as short-distance commuting and leisure activities. Based on product form and functional positioning, intelligent electric two-wheelers are generally classified into electric balance bikes, electric bicycles and electric scooters.

Classification of Intelligent Electric Two-Wheelers

Product type	Key characteristics	Typical scenarios
Electric balance bikes	Rely on gyroscopes and acceleration sensors to achieve automatic balance and are mostly stand-on models	Short-distance transportation and leisure activities
Electric bicycles	Retain the pedal-cycling function of traditional bicycles and are equipped with motor-assisted drive, handlebars and seats	Daily commuting and shopping
Electric scooters	Use a scooter frame and are equipped with a motor, handlebars and small wheels; generally lightweight and foldable	Last-mile commuting

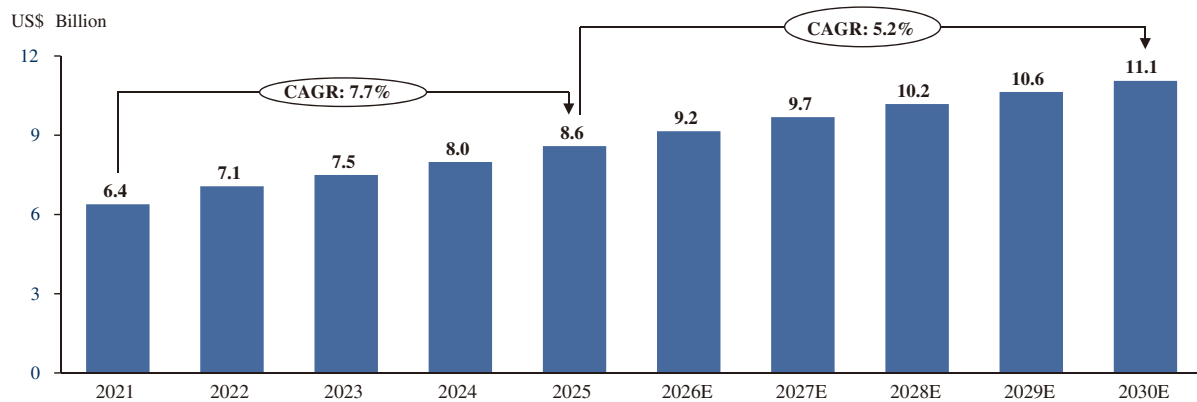
Source: Frost & Sullivan

Intelligent Electric Two-Wheeler Market Size

The global intelligent electric two-wheeler market increased from approximately US\$6.4 billion in 2021 to approximately US\$8.6 billion in 2025, representing a CAGR of approximately 7.7%. The market is expected to further increase to approximately US\$11.1 billion in 2030, representing a CAGR of approximately 5.2% from 2025 to 2030.

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Global Intelligent Electric Two-Wheeler Market Size, 2021-2030E



Source: Frost & Sullivan, expert interview, public filing

North America and Europe, which are relatively mature markets, together account for more than 70% of the global intelligent electric two-wheeler market. These markets are expected to record CAGRs significantly below 5% from 2025 to 2030 as penetration is relatively high and consumer demand shifts toward replacement purchases. Emerging markets, including South America and Southeast Asia, account for less than 30% of the global market and are expected to record CAGRs close to 10% over the same period, supported by demand for short-distance transportation amid urbanization and rising consumer purchasing power. Because mature markets account for the majority of the global market, the overall global CAGR is expected to be approximately 5.2% from 2025 to 2030 notwithstanding the faster growth of certain emerging markets.

Selected Component and Upstream Material Price Trends

The manufacture of LSEVs and intelligent electric two-wheelers is affected by fluctuations in the prices of batteries and motors, while primary aluminum is used in vehicle frames and other components, while iron ore is an upstream input into steel production. The selected battery and below-500W hub motor specifications set out below illustrate component price trends relevant to intelligent electric two-wheelers. The following table sets forth the historical price ranges and principal pricing factors for the selected components and materials from 2023 to 2026E.

Selected input	Unit	2023	2024	2025	2026E	Key factors influencing pricing
Lithium iron phosphate batteries (24V 10AH)	RMB/unit	300-450	200-350	150-280	120-220	Fluctuations in lithium carbonate and iron phosphate prices affect battery costs. Expansion of raw-material and battery-cell capacity contributed to oversupply and downward pricing pressure.
Hub motor (below 500W)	RMB/unit	300-600	250-500	200-420	160-350	Price movements of praseodymium and neodymium affect permanent-magnet material costs. Optimization of magnet geometry may reduce material usage.
Primary aluminum	RMB/ton	17,000-20,000	18,000-22,000	17,500-21,000	17,000-20,500	Stable supply and demand from lightweight vehicle frames influenced prices in 2023 and 2024. Down-stream demand from lightweight vehicle frames represents a key source of primary aluminium consumption. Rising or moderating adoption of aluminium-based vehicle frames shifts overall market demand balance and drives primary aluminium price movements.
Iron ore	RMB/ton	700-950	700-850	680-820	650-780	Shipments from Australia and Brazil affected supply and volatility. Vehicle and construction demand influenced steel-related prices after 2023.

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Source: Frost & Sullivan

Note: Methodology: For lithium iron phosphate batteries, we extrapolate the historical price decline driven by raw material cost reduction and capacity expansion, and adjust based on the expected supply-demand pattern; for hub motors, the price trend is linked to the cost fluctuation of rare earth raw materials and the progress of technical optimization that reduces material consumption; for primary aluminum and iron ore, we refer to the historical price volatility range, and derive reasonable price intervals by combining global supply-side changes and downstream demand expectations.

Source: Mysteel and other mainstream commodity information agencies, industry association reports such as official releases by the China Automotive Battery Innovation Alliance (CABIA), the Australian Department of Industry, Science, Energy and Resources

In particular, fluctuations in the prices of praseodymium and neodymium affect the material cost of permanent magnets used in hub motors; they do not directly reduce electricity costs. Electricity and other energy costs are instead relevant to the production cost of energy-intensive materials such as primary aluminum.

Drivers of the Intelligent Electric Two-Wheeler Market

Urbanization-driven and convenience-oriented lifestyle changes have increased demand for short-distance commuting, neighborhood travel and leisure mobility. Users may choose intelligent electric two-wheelers for certain short-distance trips due to lower costs, ease of access and adaptability to congestion and parking constraints. Such demand supports the global market for intelligent electric two-wheelers.

Intelligent Electric Two-Wheeler Industry Entry Barriers

Supply Chain Barriers

Core components such as batteries, motors, controllers and structural frames have a direct impact on vehicle performance and safety and require long-term matching and calibration to achieve stable quality. Established companies maintain cooperation with key suppliers, supporting advantages in cost, consistency and reliability. New entrants generally lack the supply-chain maturity and verification cycles required to ensure product stability.

Distribution and Service Barriers

Intelligent electric two-wheelers are used frequently and require ongoing maintenance, which places demands on sales and after-sales service capabilities. Established players operate offline service networks, while new entrants must invest resources to build comparable capabilities. Limited channel coverage and after-sales capacity may constrain the ability of new entrants to achieve market penetration.

Principal Industry Challenges

Mature-market Incremental Demand Constraints

The intelligent electric two-wheeler industry faces limited incremental demand across North America and Europe, where market penetration is relatively high and demand is dominated by replacement purchases. Slow underlying market growth intensifies industry-wide competition as new market entrants keep joining. The whole industry is compelled to increase spending on performance, safety and intelligent functions to compete for limited market stock.

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Industry-wide Core-component Matching Barriers

Safe and stable operation of intelligent electric two-wheelers requires effective coordination among batteries, motors, controllers and structural frames. From an industry perspective, inconsistent component specifications across the supply chain create widespread matching-and-calibration difficulties. Non-standard component interfaces may bring pervasive safety risks for the whole industry. Unified industry-level component interface standards can help ease such technical obstacles.

Industry-wide After-service Infrastructure Gaps

High-frequency daily usage of intelligent electric two-wheelers generates persistent after-service requirements across the whole industry. Many regions lack well-established supporting distribution and after-sales infrastructure to meet mass maintenance needs. Insufficient public service capacity restricts further market popularization. The development of shared industry service networks could help improve overall service capacity.

Global Intelligent Electric Two-Wheeler Market Competitive Landscape

The global intelligent electric two-wheeler market comprises established manufacturers, including certain leading Chinese manufacturers, with capabilities in technological research and development, compliance certification and supply-chain integration, while other market participants, which are generally smaller in scale, are relatively fragmented and principally provide regional OEM services.

Chinese manufacturers account for a significant share of global shipments, exceeding 50% of total global shipments, supported by integrated supply chains, production scale and broad product portfolios. Certain overseas local manufacturers operate at a smaller scale and may have narrower product portfolios or less integrated supply chains. The Company ranks among the top 30 players globally in the intelligent electric two-wheeler market, with a market share of 1.3%.

OVERVIEW OF THE GLOBAL POWERSPORTS INDUSTRY

Definition and Classification of Powersports

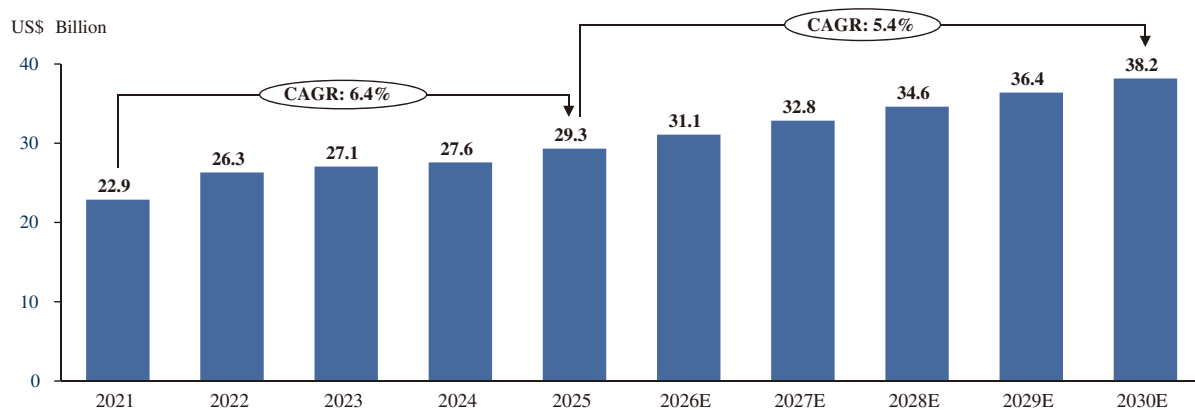
Powersports are vehicles designed for demanding outdoor and off-road scenarios and to operate under varied terrain and environmental conditions. They principally comprise ATVs and off-road motorcycles. ATVs can traverse terrains such as rugged mountains, muddy areas and gravel surfaces and may be used in outdoor exploration, off-road competitions and certain outdoor work scenarios. Off-road motorcycles are relatively flexible and portable and may be used in outdoor areas requiring maneuverability, such as rural roads and roads around scenic areas, as well as in outdoor recreation and leisure activities.

Global Powersports Market Size

The global powersports market increased from approximately US\$22.9 billion in 2021 to approximately US\$29.3 billion in 2025, representing a CAGR of approximately 6.4%. The market is expected to further increase to approximately US\$38.2 billion in 2030, representing a CAGR of approximately 5.4% from 2025 to 2030.

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Global Powersports Market Size by Revenue, 2021-2030E



Source: Frost & Sullivan, expert interview, public filing

North America accounts for approximately half of the global powersports market due to its established outdoor recreation culture and is expected to record a CAGR of less than 5% from 2025 to 2030. Europe and the Asia-Pacific region together account for less than 40% of the global market and are expected to record a CAGR of approximately 5% over the same period. Emerging markets, including Latin America and Southeast Asia, account for approximately 10% of the global market and are expected to record a CAGR of approximately 10%, supported by agricultural mechanization, outdoor recreation demand and infrastructure construction.

Selected input	Unit	2023	2024	2025	2026E	Key factors influencing pricing
Iron ore	RMB/ton	700-950	700-850	750-900	720-880	Shipments from Australia and Brazil affected supply and volatility. Vehicle and construction demand influenced steel-related prices after 2022.
Hot rolled steel coil	RMB/ton	3,800-4,200	3,600-4,000	3,700-4,100	3,650-4,050	Raw material costs, downstream demand from automotive/construction sectors, and environmental production restrictions drive price fluctuations. In 2025, price was jointly affected by raw material cost support and demand recovery in the automotive and machinery industries; in 2026, the expectation of industry supply surplus increases, putting slight pressure on prices, with the core driver still coming from the upstream and downstream supply-demand matching.

Global Powersports Industry Drivers and Development Trends

Policy-Driven Green and Intelligent Development

Certain policies concerning special-purpose or non-road vehicles may influence the development of relevant powersports product categories toward lower emissions and increased use of intelligent technologies. For example, Regulation (EU) 2016/1628 governing emissions from non-road mobile machinery sets emission requirements and drives the standardisation of technical compliance for off-road vehicles. Such policies incentivise market participants to invest in R&D to enhance the environmental performance, electrification and intelligence of relevant vehicles.

The New Energy Vehicle Industry Development Plan (2021-2035) only applies to road-legal new energy vehicles and does not cover off-road powersports products such as ATVs and off-road motorcycles.

EU Regulation (EU) 2016/1628 applies only to fuel-powered ATVs rather than off-road motorcycles. It unifies EU environmental and market access standards for ATVs, eliminates backward low-end products and standardizes industry competition, effectively stimulating end-market

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consumption. The regulation sets binding statutory limits on exhaust emissions, noise and engine technical specifications for ATVs placed on the EU market. To obtain EU-type-approval certification and maintain market access, powersports manufacturers have to upgrade their engine hardware, optimize combustion systems and adjust component configurations to meet tightened regulatory thresholds. Such mandatory compliance requirements drive the manufacturers’ R&D iteration and product-upgrade activities.

Technological Innovation Enhances Product Performance and Functionality

Developments in battery technologies may improve the performance and functionality of powersports vehicles, including their driving range, operational convenience and safety. Solid-state batteries use a solid electrolyte as the medium for ion transmission and may offer higher energy density and longer driving range. However, the technology remains at an early stage and has not been widely adopted in powersports vehicles. The TLG Super Electric Y7 is an example of a vehicle using solid-state battery technology, which falls into powersports.

Powersports Industry Entry Barriers

Product Barriers

Powersports vehicles operate in demanding environments, including mountainous, muddy and gravel terrain, which impose stringent requirements on power performance, structural strength, durability and safety. Leading brands establish product advantages through long-term extreme-condition testing, professional competition validation and accumulated user feedback, creating reliability credentials that are difficult for new entrants to replicate within a short period of time.

Supply Chain Barriers

The powersports industry relies on coordinated supply-chain collaboration and requires manufacturers to build stable links across upstream components and downstream channels. New entrants that lack long-standing supplier integration and established channel resources face substantial challenges in building comparable systems, which constitutes an entry barrier.

Global Powersports Market Competitive Landscape

There were approximately 50 to 100 material participants in the global powersports market in 2025, with a material participant defined as a market participant generating annual revenue of more than RMB10 million from its powersports business. The market was concentrated among leading participants. The Company was not among the five largest participants but ranked within the top 30 globally in terms of powersports revenue, with an estimated market share of approximately 0.5% in 2025.

Notes:

- (i) *Solid-state batteries are currently and expected to be applicable to ATVs and off-road motorcycles.*
- (ii) *Solid-state batteries improve vehicle range, safety and energy density to deliver enhanced product performance.*
- (iii) *The core usage scenarios remain unchanged, while extended scenarios such as long-distance outdoor work and prolonged off-road riding can be unlocked.*
- (iv) *Improved performance expands potential end-user demand, driving higher sales and revenue growth for manufacturers.*

INDUSTRY OVERVIEW

The scope covers global powersports vehicle manufacturers. The methodology integrates third-party industry reports, public financial statements and expert interviews. Data sources include authoritative market research institutions and public disclosures of listed companies.

Overseas manufacturers have a significant position in the global powersports market, supported by brand heritage, technological research and development, global supply chains, regulatory compliance and market positioning. Certain manufacturers further strengthen their positions through the integration of intelligent technologies.

The powersports industry originated in overseas mature markets. Supported by long-term technical accumulation, established brand recognition and comprehensive global dealership networks, overseas manufacturers occupy a dominant position worldwide. It is estimated that Chinese manufacturers collectively account for around 10% of the global market share in 2025. Leveraging cost advantages, electric product portfolios and continuous overseas channel development, Chinese players are expected to achieve steady market share growth over the medium and long term.

SOURCE OF INFORMATION

This section includes information from the F&S Report commissioned by us, as we believe such information facilitates an understanding of the global LSEV, intelligent electric two-wheeler and powersports industries. We believe that Frost & Sullivan has specialized research capabilities and experience in these industries. Frost & Sullivan is an independent market intelligence provider that provides market research, information and advice to companies in various industries, including the global LSEV, intelligent electric two-wheeler and powersports industries. We have agreed to pay a commission fee of RMB750,000 for the F&S Report. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the F&S Report. Figures and statistics provided in this document and attributed to Frost & Sullivan or the F&S Report have been extracted from the F&S Report and published with the consent of Frost & Sullivan.

In preparing the F&S Report, Frost & Sullivan conducted detailed research which involved primary research, including expert interviews and company interviews, and secondary research analyzing information and statistics published by government departments, industry associations, publications and studies by industry experts, public company annual and quarterly reports, Frost & Sullivan’s other research reports, online resources and data from Frost & Sullivan’s research database. Frost & Sullivan also assumes that (1) the social, economic and political environments of China, the United States and globally will remain stable during the forecast period, (2) the data quoted from authoritative agencies remains unchanged, (3) related market drivers are expected to continue to drive the growth of the relevant markets during the forecast period, and (4) there will be no extreme force majeure events or new industry regulations which would materially or fundamentally affect the relevant markets.

DIRECTORS’ CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no adverse change in the market information presented in the F&S Report since the date of the report which may qualify, contradict or have an impact on the information in this document.