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OVERVIEW

Who We Are

We are a global leader in integrated sustainable energy generation, storage and management solutions. We develop, manufacture, and sell energy storage system products and PV inverters. We also develop and provide AI-empowered energy management systems. Leveraging our extensive sales network spanning approximately 190 countries and regions as of December 31, 2025, we provide residential and C&I end users around the world with integrated sustainable energy solutions. We are among the first companies in the world to successfully commercialize the integrated sustainable energy generation, storage and management solutions at scale. We strive to utilize AI technologies to transform the sustainable energy management leveraging our proprietary data accumulated over years of our operations.

We have integrated AI technologies into our solutions to create value for our end users. Through an integrated cloud-edge-device + AI architecture built upon our proprietary cloud platform, we have deployed AI-enabled smart energy scheduling that dynamically formulates optimal energy management strategies to enhance economic benefits for end users, AI-enabled battery safety monitoring and state estimation that significantly improve battery performance, and AI-empowered customer service agents that provide 24/7 intelligent inquiry resolution and remote operational support. In addition, we apply AI technologies across our organization to enhance operational efficiency, including in our R&D and production functions.

According to Frost & Sullivan, in terms of shipment volume in 2025, we were the third largest residential energy storage inverter provider globally and the largest residential energy storage inverter provider in the Americas. Additionally, we were the fourth largest hybrid energy storage inverter provider globally and the largest hybrid split-type residential energy storage system solution provider globally. We had the highest growth rate in shipment volume from 2024 to 2025 among top five Chinese residential energy storage system solution providers.



The third
largest residential
energy storage
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globally in 2025



The largest
residential energy
storage inverter
provider in the
Americas in 2025



The fourth
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storage inverter
provider globally
in 2025



The largest
hybrid split-type
residential energy
storage system
solution⁽¹⁾ provider
globally in 2025



~190
Countries & Regions
Covered Worldwide⁽²⁾



1.3 M
Energy Storage
Inverters Shipped⁽²⁾



5.3 M
PV Inverters Shipped⁽²⁾



4.2 M
End Users connected
through AI-empowered
energy management
systems⁽²⁾

Notes:

- (1) All of our energy storage system products are hybrid split-type energy storage system products in 2025, except for all-in-one products.
- (2) As of December 31, 2025.

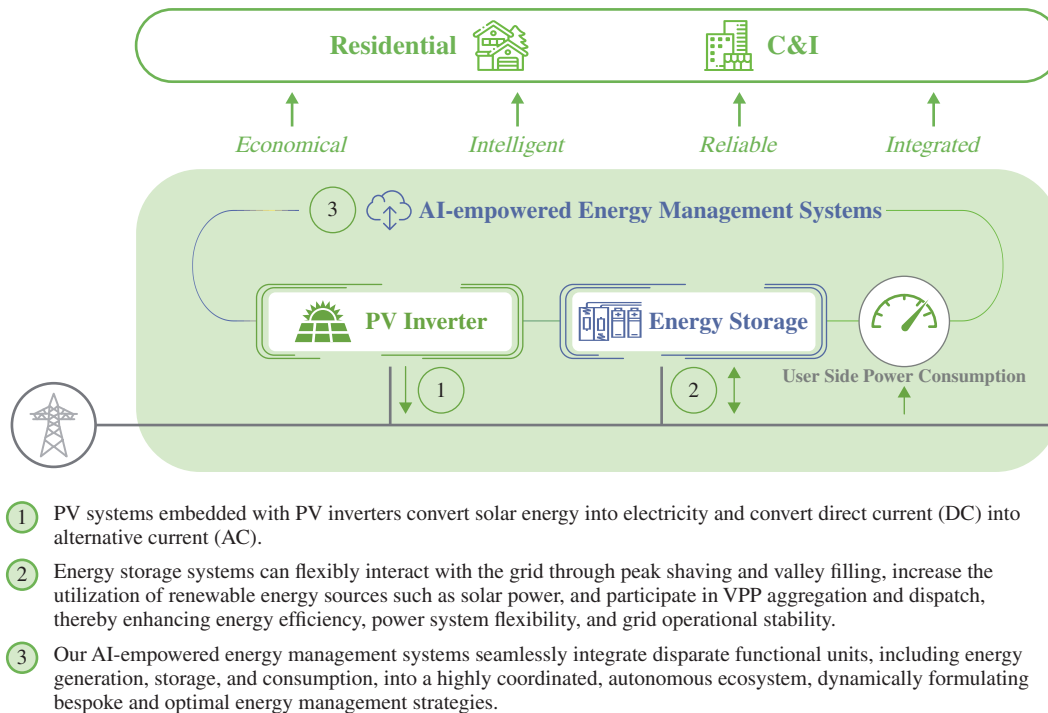
Our Solutions

Our solutions comprise energy storage system products, PV inverters and AI-empowered energy management systems.

- **Energy storage system products.** We have developed a portfolio of distributed energy storage system products from 800W/2kWh to 125kW/261kWh. This portfolio includes battery-ready inverters, on-grid storage inverters, micro-grid storage inverters, battery and all-in-one products for residential and C&I scenarios.

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- **PV inverters.** We design and manufacture a comprehensive set of PV inverters across a wide range of functions and power ratings, which are capable of addressing the requirements of various scenarios. We focus on the residential and C&I markets which value brand and product quality.
- **AI-empowered energy management systems.** We deliver our AI-empowered energy management systems through three principal interfaces: (i) our Growatt OSS for system integrators, installers and EPCs to manage power stations, monitor real-time operating status and perform remote diagnostics, helping them improve service efficiency and reduce maintenance complexity; (ii) our ShinePhone app for end users to monitor energy flow, customize energy management and participate in VPP networks, enhancing end-user experience, engagement and loyalty; and (iii) our ShineTools app for installers to streamline on-site configuration and perform one-click diagnostics, improving installation efficiency and reducing commissioning time.



Value We Create for Our End Users

Our end users include residential and C&I end users around the world. From 2016 to December 31, 2025, we reached end users through approximately 18,000 system integrators, installers, EPCs and distributors. As of December 31, 2025, we had connected approximately 4.2 million residential and C&I end users across the world through our AI-empowered energy management systems. We create the following values for our end users:

- **Intelligent and integrated.** We have developed an integrated cloud-edge-device + AI architecture that intelligently connects and controls an expansive matrix of distributed energy assets for energy generation, storage and consumption. Our cloud platform aggregates real-world operational data from millions of connected end users, enabling AI-based deep learning that continuously optimizes our energy management strategies over time. Our systems also deliver AI-enabled battery safety monitoring and state estimation, significantly improving battery performance.
- **Economical and reliable.** Our AI-enabled smart energy scheduling dynamically formulates bespoke and optimal energy management strategies. Through this function, end users can significantly reduce electricity costs by 20%. Additionally, through VPP participation, our end

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users can sell surplus stored energy back to the grid, creating additional economic benefits beyond self-consumption savings. Our products allow end users to flexibly utilize energy even under extreme environmental conditions, reducing their dependence on traditional fossil energy and centralized grid.

- ***Comprehensive and smart user services.*** We provide a comprehensive suite of pre-sale and after-sale services with quick response and comprehensive quality assurance. Our AI customer service agents feature a comprehensive architecture from inquiry response to problem resolution, handling customer inquiries within seconds and providing 24/7 real-time responsiveness to end users across the globe. Our ShineTools app supports installers to rapidly identify wiring and configuration issues through one-click diagnostic functions, improving installation efficiency and reducing commissioning time. Our Growatt OSS provides prompt support by monitoring the real-time operating status of installed products.

OUR STRENGTHS

We are a global leader in integrated sustainable energy generation, storage and management solutions.

We are among the first companies in the world to successfully commercialize the integrated sustainable energy generation, storage and management solutions at scale.

As of December 31, 2025, we served our customers with local marketing, technology and warehouses through 48 representative sites in 35 countries, and from 2016 to December 31, 2025, we have worked with approximately 18,000 system integrators, installers, EPCs and distributors to reach our end users globally. We strive to utilize AI technologies to transform the sustainable energy management leveraging our proprietary data accumulated over years of our operations. As of December 31, 2025, we had connected approximately 4.2 million residential and C&I end users across the world through our AI-empowered energy management systems.

According to Frost & Sullivan, in terms of shipment volume in 2025, we were the third largest residential energy storage inverter provider globally, with a market share of 10.2%; we were the largest residential energy storage inverter provider in the Americas, with a market share of 14.7%. Additionally, we were the fourth largest hybrid energy storage inverter provider globally, with a market share of 8.3%; and we were the largest hybrid split-type residential energy storage system solution provider globally, with a market share of 18.0%.

We had the highest growth rate in shipment volume from 2024 to 2025 among top five Chinese residential energy storage system solution providers, according to Frost & Sullivan.

We have built an extensive sales network and influential brand globally.

In the energy storage system product and PV inverter market, system integrators, installers and EPCs provide end users with the installation and deployment of the full set of energy products and services, while the brand selection of energy products and components is often in the hands of local system integrators, installers and EPCs. As the most critical components of a sustainable energy system, the energy storage system product and the PV inverter are highly valued by system integrators, installers and EPCs. Distinguished brand and after-sales services are important considerations for system integrators, installers and EPCs in brand selection.

We have built an influential brand among system integrators, installers and EPCs in the residential and C&I markets. Our established brand reputation, truncated product lead time and comprehensive pre- and after-sales services strengthen our relationships with system integrators, installers and EPCs that retain brand-selection authority. Our comprehensive sales network further increases our brand reputation, driving a virtuous cycle that secures stable distribution channels to facilitate entry into new geographical markets and accelerate the sales of new products.

We continuously grow our branding power by implementing our “glocalization + AI empowerment” strategy:

- ***Glocalization of sales network.*** By deploying a local sales team, we engage with major system integrators, installers and EPCs which are mainly targeting end-user-facing installers, enabling us to quickly and efficiently connect with sales channels through our localized marketing team

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and accurately and comprehensively understand needs of end users. As of December 31, 2025, our sales network spans approximately 190 countries and regions, and from 2016 to December 31, 2025, we worked with approximately 18,000 system integrators, installers, EPCs and distributors around the world.

- ***Glocalization of warehousing and logistics.*** Through a localized inventory approach, we have significantly shortened our lead time, which substantially improves our competitiveness. In our well-established markets such as Europe and the Americas, we respond quickly to local market demands through our local warehouses. As of December 31, 2025, we had 17 local warehouses in 14 countries and regions around the world, which shorten the lead time from one to two months to two to seven working days.
- ***Glocalization of after-sales services.*** We have established a scalable, globalized after-sales infrastructure that seamlessly integrates localized technical personnel with our AI-empowered customer service agents. By combining the centralized deployment of AI technologies with localized field teams, we maintain service quality uniformity globally while dynamically accommodating region-specific technical requirements.

We leverage our robust R&D capabilities to solidify and enhance our market position.

With years of accumulated experience in our industry, we have developed an underlying technology platform that centers on power electronics, energy conversion and digital control technologies, lithium battery management technologies, and AI-empowered energy management technologies. By integrating thermal flow analysis, advanced manufacturing processes and high-reliability design, we have developed full-stack R&D capabilities from underlying technology architecture to end applications.

We rapidly develop, deploy and iterate our solutions. Our products comprehensively cover diversified application scenarios, including residential and C&I, enabling us to provide global users with efficient and reliable systematic solutions for energy storage, PV and microgrid applications. Historically, we spent around two to three years on average to iterate one product generation, which is among the fastest in the global PV inverter industry. Our rapid product iteration enabled us to meet our end users’ evolving demands, increase our market share, and strengthen our market leading position.

- ***Platform-driven development of power electronics technology.*** We have engineered a versatile underlying software platform framework that features universal compatibility across our diversified product portfolios. Through the standardized software architectures, we compress our time-to-market for new solutions while enhancing R&D resource allocation. Backed by our proprietary research into thermal physics and the application of innovative materials, our miniaturization and lightweight design lowers the levelized cost of energy for end users. Additionally, we have successfully commercialized grid-forming technologies within small-to-medium scale energy storage and microgrid systems, enhancing system stabilization in weak-grid environments and cementing our technical leadership.
- ***AI-empowered energy management.*** Our AI-empowered energy management systems seamlessly integrate disparate functional units, including energy generation, storage and consumption, into a highly coordinated, autonomous ecosystem. By synthesizing dynamic electricity pricing, power generation forecasts and consumption forecasts, our AI-enabled smart energy scheduling capabilities dynamically formulate bespoke and optimal energy management strategies, including battery charging and discharging, solar power self-consumption and grid electricity usage, to bring enhanced economic returns for end users.
- ***Application of AI technologies to improve product performance.*** Utilizing AI technologies, our intelligent battery management system (“BMS”) improves the precision of state-of-charge (“SOC”) and accuracy of state-of-health (“SOH”) estimations. We have achieved the improvement of SOC precision of approximately 15% under normal condition and over 35% improvement in SOC precision under extreme high and low temperature conditions, resulting in enhanced overall battery performance. Our arc-fault circuit interrupter (“AFCI”) technologies are deployed to detect hazardous electrical arc faults of the inverters. Our AI-empowered AFCI technologies ensure near-faultless hazard detection to prevent electrical fires even under complex field conditions.

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- ***Utilizing AI technologies to improve R&D efficiency.*** We have systematically adopted AI technologies across our organization to enhance operational efficiency, including in our internal R&D workflows such as knowledge-based compilation, solution architecture design, simulation modeling and automated testing regimens. This adoption has enabled us to mitigate engineering expertise disparities and foster seamless cross-team technical collaboration.

We have established solid manufacturing capabilities, resilient supply chain and strict quality control system.

We have made substantial investments to build our global manufacturing and supply chain capabilities, which improve the stability of raw materials supply, enhance our product control and minimize delivery time and costs.

- ***Diversified manufacturing footprint.*** In addition to our production plant in Huizhou, Guangdong province, we have also established production plant in Vietnam. This diversified manufacturing footprint further enhances our supply assurance, delivery the flexibility and ability to support customers in overseas markets, strengthening the resilience of our global supply chain. We are also cultivating a local supply chain in Vietnam, which includes collaborating with local suppliers and sourcing raw materials locally, so that we can reduce transportation costs and enhance procurement stability.
- ***Solid manufacturing capabilities and timely delivery.*** As of December 31, 2025, we owned two manufacturing facilities specifically designed and built for our energy storage system products and PV inverters, with assembly-focused manufacturing model that ensures sufficient production capacity and timely product delivery. Our facilities support flexible manufacturing, which allows the same production line to be used for different product models. This enables us to adjust our production lines to meet customers’ dynamically changing demand for different product models. The manufacturing process for our products generally takes only seven to ten working days. Our subsidiaries in major markets around the globe typically have storage capacity to help improve the flexibility and efficiency of product delivery to our customers.
- ***Resilient supply chain with cost efficiency.*** As of December 31, 2025, certain components of our inverters were manufactured in-house, including inductors, cables and sheet metal components. We continue to enhance the vertical integration of our supply chain by replacing certain purchased customized components with components manufactured in our own facilities. This vertical integration helps us improve cost efficiency, strengthen supply chain stability and enhance production flexibility. Additionally, we have secured stable supply of certain critical raw materials through long-term agreements that include a fixed price arrangement.
- ***Strict quality control.*** We hold ourselves to comprehensive and strict engineering and quality control standards. We have developed a number of patented technologies and strengthened our quality control system through AI technologies that significantly improve product quality and performance. For example, our AI-based algorithms are capable of identifying incoming battery cells with abnormal self-discharge with high detection accuracy rate. They are also able to identify quality issues such as abnormal self-discharge in each batch of battery cell products within seconds and reduce the defect rate. We have in-house developed testing equipment for our internal use, which improves the accuracy and efficiency of our quality control.

We are led by an experienced management team.

We are led by a stable management team with extensive experience in the industry, deep understanding of enterprise and project management, and a proven track record of global success. Our founder, chairman and chief executive officer, Mr. Ding Yongqiang, and other members of the senior management team each has over 20 years of experience in the sustainable energy industry as well as extensive management experience.

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Mr. Ding had a solid R&D work experience in the PV industry before founding our Company. His professional background and keen industry insights enabled our first-generation products to successfully enter overseas sustainable energy markets shortly after the establishment of our Company. Throughout our development, Mr. Ding has led our continued focus on core technology innovation, which has supported our market position and long-term growth. Under the leadership of Mr. Ding, we have successfully navigated industry cycles in the sustainable energy sector and have grown substantially since our Company was founded.

Most of our senior management members have strong technical backgrounds and have worked with us for a long period of time, which leads to an effective collaboration and consistent long-term business strategies. These management team members have led us through overseas expansion, continuous iteration of our solutions and promotion of our products and services in the high-growth markets, setting a solid foundation for our long-term growth.

OUR STRATEGIES

Drive growth in end-user base and business scale.

We plan to broaden our end-user base and enlarge our business scale through rich and reliable solutions, brand reputation and globalization efforts. We will continue to penetrate our existing markets, and actively enter into new geographic markets. We also plan to strengthen manufacturing and service capabilities in China, Vietnam and other countries and regions to promote our global expansion. With our expanding global footprint and growing end-user base, we plan to develop more sophisticated integrated sustainable energy generation, storage and management solutions to serve global customers and end users.

Enrich our solutions centered on demand of end users, increasing the overall value we create for our end users.

We will continue to center on the energy demands of global residential and C&I end users, and provide them with richer solution offerings. We have expanded our business from PV inverters to energy storage inverters, and further to our AI-empowered energy management systems, and will continue exploring end users’ needs in energy service and management. For example, we will further strengthen AI-based customer service agents’ efficiency and accuracy to respond to inquiries from end users. We will continue to expand solution offerings and launch new products. For example, in addition to residential and C&I scenarios, we plan to further develop products for other scenarios such as utility-scale power plants. We will also continue to further enhance the value that we create for end users by leveraging our AI-empowered energy management systems. We will explore (i) selling products directly to end users on our AI-empowered energy management systems, which is expected to reduce selling expenses and improve our profitability; and (ii) enabling end users to subscribe to and upgrade energy management services through our AI-empowered energy management systems, which could unlock an additional revenue stream for us.

Leverage continuous technology innovations to drive sustainable growth.

We believe that the integration of AI technologies into renewable energy solutions will bring a broader transformation of energy generation, storage and management. We aim to refine our technical capabilities in energy storage system products, PV inverters, battery and other fields to steadily improve the efficiency and safety. We will further invest in AI and information technologies of our solutions to bring more intelligent and personalized experience to users by effectively analyzing massive energy and user data accumulated on our solutions. For example, we will continue to optimize functions of our AI-empowered energy management systems, including safety monitoring and smart operation maintenance, to enhance user experience. Meanwhile, we will actively develop technologies for high-computing-power AI data centers in light of the rapid development of AI infrastructure globally. We are exploring solid-state transformer technologies that can be applied in high-computing-power AI data centers. We also plan to attract more technology and R&D talents to continuously enhance our innovation capability.

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Enhance our brand reputation and awareness.

We have established our globally influential brand through more than 14 years of dedicated efforts. We will continue to enhance our reputation and provide quality solution offerings for our end users. We will continue to deliver reliable solutions through highly automated manufacturing processes and strict quality control system. We also aim to expand our customer base and brand recognition by developing long-term relationship with local system integrators, installers, EPCs, distributors and end users through localized pre- and after-sales service. In addition, we will continuously iterate and upgrade our apps to enhance user experience, and further engage with end users through our AI-empowered energy management systems to gather more user feedback and product status, based on which we will improve our solutions.

OUR SOLUTIONS

We are a global leader in integrated sustainable energy generation, storage and management solutions. We offer a range of energy products designed for different application scenarios. We primarily design, develop and manufacture energy storage system products and PV inverters, which we sell to our direct customers, including system integrators, installers, EPCs and distributors. We also develop and provide AI-empowered energy management systems, and strive to utilize AI technologies to transform the sustainable energy management leveraging our proprietary data accumulated over years of our operations. Through these products and solutions, we create value for residential and C&I end users around the world.

As of the Latest Practicable Date, for energy storage system products, we have 35 models for battery-ready inverters, 18 models for on-grid storage inverters, 89 models for micro-grid storage inverters, 13 models for battery and 7 models for all-in-one products. For PV inverters, we have 43 models for single-phase residential inverters, 21 models for three-phase residential inverters, 28 models for small power C&I inverters, 20 models for large power C&I inverters. The following table sets forth our products by business segments:

Segment	Product/ Service Offerings	Product Specifications	Direct Customers	Usages	Price Range (approximately)	Power Rating
Energy storage system products	• Energy storage inverters		• System integrators/ installers/EPCs/ distributors	• Residential and C&I scenarios	• US\$100-15,000	• 0.8-125kW
	– Battery-ready inverters	– 3.0-11.4kW, 50-600Vdc for PV, 50-550Vdc for Battery, 208Vac or 240Vac for US model; 2.5-50kW, 70-550Vdc or 160-1000Vdc for PV, 360-550Vdc or 600-980Vdc for Battery, 230Vac or 400Vac			– US\$150-4,400	– 2.5-50kW
	– On-grid storage inverters	– 3-6kW, 120-550Vdc for PV, 42-59Vdc for Battery, 230Vac; 4-10kW, 120-1,000Vdc for PV, 100-550Vdc for battery, 400Vac			– US\$100-3,600	– 3-10kW
	– Micro-grid storage inverters	– 3-12kW, 120-600Vdc for PV, 40-60Vdc for Battery, 230Vac; 4-125kW, 180-1,000Vdc for PV, 40-60Vdc or 180-1000Vdc for battery, 380/400/415Vac; 3-18kW, 60-250Vdc for PV, 40-60Vdc for Battery, 240Vac split phase			– US\$100-15,000	– 3-125kW

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Segment	Product/Service Offerings	Product Specifications	Direct Customers	Usages	Price Range (approximately)	Power Rating
PV inverters	• Battery	– 2.56kWh/5kWh/7kWh/14.3kWh/16kWh/209kWh/261kWh			• US\$200-29,000	• N/A
	• All-in-one products	– 800w/2kWh-2.5kW/5kWh, 16-253Vac for PV, 230Vac			– US\$200-1,000	– 2-5kWh
		– 30kW/50kWh-125kW/261kWh, 180-1,000Vac for PV, 400Vac			– US\$8,400-40,000	– 50kWh-261kWh
	• Residential inverters		• Same as above	• Residential scenarios	• US\$50-2,700	• 0.6-33kW
	– <i>Single-phase residential inverters</i>	– 0.6-11.4kW, 20-60Vdc or 50-600Vdc, 220Vac or 230Vac or 240Vac for US model			– US\$50-1,000	– 0.6-11.4kW
	– <i>Three-phase residential inverters</i>	– 3-33kW, 140-1,100Vdc, 400Vac			– US\$200-2,700	– 3-33kW
AI-empowered energy management systems	• C&I inverters			• C&I scenarios	• US\$300-11,000	• 15-150kW
	– <i>Small power C&I inverters</i>	– 15-80kW, 200-1,100Vdc, 380Vac or 400Vac or 480Vac, 220Vac for Low Voltage model			– US\$300-7,700	– 15-80kW
	– <i>Large power C&I inverters</i>	– 100-350kW, 100-1,500Vdc, 400Vac, 480Vac or 800Vac			– US\$700-11,000	– 100-150kW
AI-empowered energy management systems	• ShinePhone		• End users			
	• Growatt OSS		• System integrators/installers/EPCs			
	• ShineTools		• Installers			
AI-empowered energy management systems	• Smart gateways		• System integrators/installers/EPCs/distributors	• Residential and C&I scenarios	• NM	• N/A

Note:

Most of our products are string inverters and our products are tailored to address diverse needs of our customers.

The following table sets forth our best-selling models by category in 2025.

Segment	Product Category	Top Models	Price (approximately) (RMB)	Power Rating ⁽¹⁾	Introduction
Energy storage system products	On-grid storage inverters	SPH/SPA 4-10KTL3 BH-UP	6,700	4-10kW	2021
	Battery-ready inverters	MID 8-30KTL3-XH/XH L/XA/XH L2	8,600	8-30kW	2024
	Micro-grid storage inverters	WIT 50-100K-H/HU/AU	41,100	50-100kW	2024
	Battery	APX 5.0P-B1	7,250	5kWh	2023
	All-in-one products	ACE 209H-627H-2H	172,000	209kWh	2024

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Segment	Product Category	Top Models	Price (approximately) (RMB)	Power Rating ⁽¹⁾	Introduction
PV inverters	Single-phase residential inverters	MIN 7-10KTL-X2	2,903	7-10kW	2023
	Three-phase residential inverters	MID 30KTL3-X2-1/33- 50KTL3-X2/Pro/Pro.E/15- 25KTL3-XL2	5,157	15-50kW	2021
	Small power C&I inverters	MAX 50-80KTL3 LV/60- 100KTL3 MV/25-50KTL3-XL	12,465	25-100kW	2018
	Large power C&I inverters	MAX 80-133KTL3-X LV/124- 150KTL3-X MV	16,630	80-150kW	2021

Note:

(1) Power rating refers to the power rating range for the top models.

The following table sets forth a breakdown of the shipment volume of our energy storage system products and PV inverters for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	(Units)		
Energy storage system products	386,716	373,155	757,211
– Energy storage inverters	211,004	219,515	395,715
– Battery	175,671	133,908	280,286
– All-in-one products	41	19,732	81,210
PV inverters	601,330	812,344	601,760
– Residential inverters	509,330	751,157	549,322
– C&I inverters	92,000	61,187	52,438

Our energy storage system products have become an increasingly important contributor to our business. The following table sets forth a breakdown of our revenue by business segments for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Energy storage system products	2,083,161	38.8	1,666,073	37.2	3,315,421	63.4
• Energy storage inverters	946,622	17.6	810,237	18.1	1,428,961	27.3
– Battery-ready inverters	308,036	5.7	334,949	7.5	587,000	11.2
– Micro-grid storage inverters	360,696	6.7	348,653	7.8	697,282	13.3
– On-grid storage inverters	277,890	5.2	126,635	2.8	144,679	2.8
• Battery	1,131,196	21.1	771,824	17.2	1,580,034	30.2
• All-in-one products	5,343	0.1	84,012	1.9	306,426	5.9
PV inverters	2,956,073	55.1	2,584,724	57.7	1,556,841	29.8
• Residential inverters	1,655,729	30.9	1,791,784	40.0	869,742	16.6
– Single-phase residential inverters	654,450	12.2	815,317	18.2	536,155	10.2

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	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
– <i>Three-phase residential inverters</i>	1,001,279	18.7	976,467	21.8	333,587	6.4
• <i>C&I inverters</i>	1,300,344	24.2	792,940	17.7	687,099	13.2
– <i>Large power C&I inverters</i>	686,552	12.8	500,223	11.2	574,426	11.0
– <i>Small power C&I inverters</i>	613,792	11.4	292,717	6.5	112,673	2.2
AI-empowered energy management systems	69,775	1.3	55,801	1.2	60,739	1.2
Others⁽¹⁾	253,795	4.8	168,991	3.9	299,919	5.6
Total	5,362,804	100.0	4,475,589	100.0	5,232,920	100.0

Note:

(1) Primarily include high voltage control boxes and other accessories.

The table below sets forth the breakdown of the our revenue by destination of shipment in an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Europe	2,396,789	44.7	1,360,882	30.4	1,697,075	32.4
– Germany	448,550	8.4	385,692	8.6	597,895	11.4
– Netherlands	397,088	7.4	205,246	4.6	213,185	4.1
– UK	405,601	7.6	192,944	4.3	171,146	3.3
– Italy	354,883	6.6	175,944	3.9	168,564	3.2
– Others	790,667	14.7	401,056	9.0	546,285	10.4
Americas⁽¹⁾	837,311	15.6	941,459	21.0	1,340,957	25.6
– U.S.	65,398	1.2	158,859	3.5	827,619	15.8
– Mexico	342,803	6.4	304,879	6.8	195,848	3.7
– Brazil	318,425	5.9	358,110	8.0	183,851	3.5
– Others	110,685	2.1	119,611	2.7	133,639	2.6
Chinese Mainland	1,278,255	23.8	1,052,443	23.6	923,340	17.7
Asia Pacific⁽²⁾	598,627	11.2	993,945	22.2	932,341	17.8
Middle East and Africa⁽³⁾ . .	251,822	4.7	126,860	2.8	339,207	6.5
Total	5,362,804	100.0	4,475,589	100.0	5,232,920	100.0

Notes:

(1) Including North America and South America.

(2) Including Asia and Oceania, excluding Chinese Mainland and Middle East.

(3) Including the United Arab Emirates, South Africa, Turkey, Nigeria and other countries in the Middle East and Africa region.

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The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(in thousands, except for percentages)</i>						
Energy storage system products	666,850	32.0	418,115	25.1	889,575	26.8
– Energy storage inverters	339,694	35.9	205,705	25.4	345,773	24.2
– Battery	327,255	28.9	204,962	26.6	515,152	32.6
– All-in-one products	(99)	(1.9)	7,448	8.9	28,650	9.3
PV inverters	644,890	21.8	472,655	18.3	266,625	17.1
– Residential inverters	294,679	17.8	294,967	16.5	126,275	14.5
– C&I inverters	350,211	26.9	177,688	22.4	140,350	20.4
AI-empowered energy management systems	10,145	14.5	15,732	28.2	19,659	32.4
Others⁽¹⁾	87,249	34.4	3,132	1.9	(425)	(0.1)
Total	1,409,134	26.3	909,634	20.3	1,175,434	22.5

Note:

- (1) Primarily include high voltage control boxes and other accessories.

The table below sets forth the breakdown of our gross profit and gross profit margin by destination of shipment for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(in thousands, except for percentages)</i>						
Europe	824,955	34.4	270,414	19.9	378,079	22.3
– Germany	167,686	37.4	60,276	15.6	97,510	16.3
– Netherlands	139,197	35.1	54,824	26.7	64,955	30.5
– UK	106,172	26.2	31,722	16.4	19,026	11.1
– Italy	116,867	32.9	33,022	18.8	37,461	22.2
– Others	295,033	37.3	90,570	22.6	159,127	29.1
Americas⁽¹⁾	268,567	32.1	264,900	28.1	380,573	28.4
– U.S.	24,436	37.4	44,548	28.0	245,427	29.7
– Mexico	108,291	31.6	102,630	33.7	64,821	33.1
– Brazil	95,333	29.9	73,918	20.6	25,927	14.1
– Others	40,507	36.6	43,804	36.6	44,398	33.2
Chinese Mainland	89,783	7.0	70,391	6.7	127,013	13.8
Asia Pacific⁽²⁾	163,486	27.3	273,909	27.6	231,835	24.9
Middle East and Africa⁽³⁾	62,343	24.8	30,020	23.7	57,934	17.1
Total	1,409,134	26.3	909,634	20.3	1,175,434	22.5

Notes:

- (1) Including North America and South America.
- (2) Including Asia and Oceania, excluding Chinese Mainland and Middle East.
- (3) Including the United Arab Emirates, South Africa, Turkey, Nigeria and other countries in the Middle East and Africa region.

BUSINESS

Energy Storage System Products

As the distributed sustainable energy market evolves beyond power generation to local storage and consumption, energy storage products have become increasingly important in enabling end users to store electricity generated from solar PV systems for consumption. In line with this industry trend, we have been expanding our energy storage business as a key strategic focus of our product portfolio. Our energy storage system products are well-positioned to support residential and C&I applications, improving energy efficiency and grid resilience. Our comprehensive energy storage system products consist of battery-ready inverters, on-grid storage inverters, micro-grid inverters, battery and all-in-one products. We provide a full range of products, covering 2.5kW to 18kW systems with single-phase storage inverters, 2.5kW to 125kW systems with three-phase storage inverters and batteries ranging from 2.56kWh to 261.0kWh. We expect that energy storage will continue to be a key driver of our growth in the next few years.

Energy Storage Inverters

Battery-ready Inverters

Battery-ready inverters serve on-grid needs by integrating an extra battery into our PV inverters. End users who install our grid-connected of PV inverters are able to easily upgrade to an energy storage system with the installation of an extra battery.

For end users who first install a residential inverter system and plan to transition into energy storage in the future, we have the MIN 2500-6000TL-XH2 storage inverter series, which could function as stand-alone PV inverters that could later be connected to battery. The MIN 2500-6000TL-XH2 series has maximum efficiency of 98.4% and a high DC/AC ratio up to 2.0, with easy extension to VPP. They also come with double power output for AC load as well as battery charge outlet. With an OLED screen and touch control, the MIN 2500-6000TL-XH2 series is connected to and empowered by our AI-empowered energy management systems.



On-grid Storage Inverters

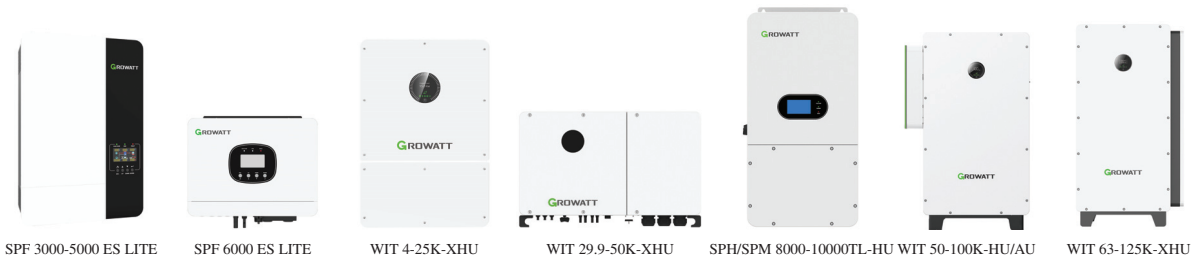
Through on-grid storage inverters, electricity from PV panels or grid charge into battery. When power from a battery is needed, the on-grid storage inverter converts battery power for consumption at home. Our on-grid storage inverters are light in weight and high in power rating. They also support uninterruptible power supply, or UPS, transition when the utility grid is down.



BUSINESS

Micro-grid Storage Inverter

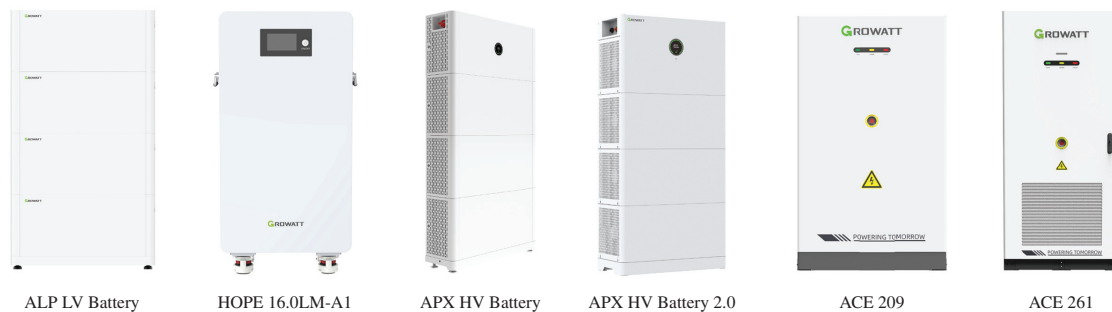
Leveraging our energy storage, inverter and energy management capabilities, we developed micro-grid storage inverters that provide sustainable power for remote or underdeveloped areas or regions with limited access to stable electricity supply. Our micro-grid storage inverters are particularly suitable for regions experiencing power shortages, where solar PV generation combined with energy storage can provide reliable electricity supply. As a key component of a micro-grid system, our micro-grid storage inverters enable solar PVs, batteries and other equipment to operate as an independent power network in locations with no or intermittent access to the utility grid. We plan to continually strengthen our capability and establish a stronger presence in the micro-grid system market.



Battery

Our battery product portfolio primarily consists of cobalt-free lithium iron phosphate (“LFP”) batteries. We assemble battery packs using LFP battery cells sourced from our business partners and utilize proprietary battery management algorithms developed through model-based design to monitor and manage battery charging performance and battery health status. We have optimized charging and discharging processes and battery cell management, which improved battery performance and lifespan. LFP batteries are particularly suitable for residential energy storage scenario due to their high safety standards, long lifespan and cost effectiveness.

This integrated capability enables us to enhance product compatibility, improve system integration and strengthen quality control across our energy storage solutions. All of our batteries are compatible with our energy storage inverters. Our APX HV, ALP and Hope battery series are primarily designed for residential energy storage applications and offer storage capacities ranging from 5kWh to 30kWh or more, depending on the number of modules installed. Our ACE battery series is designed for C&I energy storage applications and supports larger-scale energy storage requirements.



We currently recommend our battery-ready storage inverter MIN 2500-6000TL-XH2 paired with our APX HV battery as the optimal energy storage solution for residential scenario. The APX HV battery features integrated module-level optimizers that allow for the concurrent deployment of battery packs across distinct batches and capacities within the same system. This feature simplifies distribution channel management and reduces the complexity of installation and operations and maintenance. This integrated solution also effectively maximizes and preserves the usable capacity over the battery’s lifespan, improving battery overall performance.

BUSINESS

All-in-one Products

All-in-one products have become increasingly popular in recent years due to their high level of integration, ease of installation and compact design. We offer a comprehensive portfolio of all-in-one products covering residential and C&I applications, with power ratings ranging from 800W/2kWh to 125kW/261kWh.

Designed for balcony PV applications, our NEXA 2000, NOAH 2000 and AURA 5000 series combine energy storage functionality with a plug-and-play design. These products connect to standard household sockets, simplifying installation for end users. Featuring compact designs, they help residential users enhance sustainable energy self-consumption.

In the short future, we expect that MINA and MODA series will become our flagship all-in-one residential product. Our MINA and MODA series integrate a PV inverter, battery storage, whole-home backup, and vehicle-to-grid (V2G) DC charging. Featuring soft-parallel technology, 314Ah cells, and module-level optimizers, the system enhances lifespan and usable capacity. Its stackable plug-and-play design enables a standard 10-minute installation. The series is commercialized in Europe and Australia.

The ENSE series is our all-in-one product for C&I applications. We expect that RISE series will be our flagship all-in-one storage products in the short future. Specifically, the RISE series supports off-grid operations with 100% three-phase unbalanced load capability, reduces installation costs, and features liquid cooling alongside multi-layer safety protections, including early thermal runaway detection. The RISE series products can form a solar PV and energy storage system with the capacity of up to 1.25MW/2.6MWh.



PV Inverters

Our on-grid PV inverters serve a comprehensive range of end users from homeowners and C&I businesses. We innovate in new semiconductor and control technologies that increase inverter power rating while reducing the use of non-ferrous metals, leading to lower weight and thus lower cost of transportation and installation. Therefore, our PV inverters generally have a high power density. We have also been dedicated to improving the energy conversion efficiency of inverters and have developed a number of inverters with high efficiency to improve PV solar generation and economic benefit for end users. Furthermore, our inverters are designed with cloud connectivity and, if paired with our inverter monitors, feature intelligent data recording and operation optimization capability. According to Frost & Sullivan, in 2025, based on shipment volume, the global top five distributed PV inverter providers collectively accounted for approximately 37.4% of the market. Among them, we had a market share of 3.2%, ranking fifth globally.

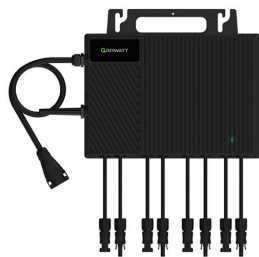
To serve all kinds of end users from residential to C&I scenarios, our on-grid PV inverters feature a comprehensive range of power ratings from 0.6kW to 350kW. All of our inverters feature IP66-and-higher protection levels. We are also able to build in AFCI technologies for all series of inverters to detect arc-fault and provide protection on the DC side to reduce fire risks.

BUSINESS

Residential Inverters

Used for PV systems installed on residential buildings, our single-phase and three-phase residential inverters contain one to four maximum power point trackers, or MPPTs. Single-phase inverter is an inverter that can produce single-phase power from the PV modules and connect to single-phase equipment or grid. Three-phase inverter is an inverter that can produce three-phase power from the PV modules and connect to three-phase equipment or three-phase utility grids. Single-phase power and three-phase power are used in different scenarios. Single-phase power is usually applied in daily uses such as lighting, while three-phase is usually applied in industry uses such as electric motors. While operating with high efficiency, our residential inverters also stand out for their high power density: high power ratings in a relatively light package. Aside from high energy conversion efficiency and light weight, most of our residential inverters sold in the overseas markets are equipped with AFCIs and Type II surge protection device, or SPD, for maximum operational safety.

Our single-phase residential inverters sold to overseas markets range from 0.6kW to 10.0kW in nominal AC output power. Our three-phase residential inverters sold to overseas markets range from 3kW to 33kW in nominal AC output power. Our single-phase residential inverters sold in China range from 1kW to 10kW in nominal AC output power. Our three-phase residential inverters sold in China range from 8kW to 50kW in nominal AC output power.



NEO 1600-2500 M-X2-LORA



MIN 7000-10000TL-X2



MOD 30KTL3-X3

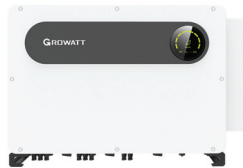
In overseas markets, the MIN 2500-6000TL-X2 series is one of our best-selling single-phase PV inverter products. It features a compact design, as well as an OLED display and touch-control functionality that facilitate system monitoring and operation. In addition to a maximum energy conversion efficiency of 98.4%, the product supports a DC/AC ratio of up to 1.5, helping optimize PV generation and system performance.

C&I Inverters

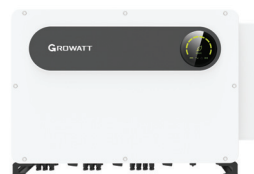
Used for large buildings such as hotels, malls and factories, our three-phase C&I inverters, namely MID 30-50KTL3-X2, MAX 100-150KTL3-X/X2 LV, MAX 300-350K-X, form a comprehensive range of power ratings, which makes end users flexibly obtain their desirable inverter for different size PV systems. The 50kW and 150kW inverters from these series also feature a high power density: 50kW in 38kg, and 150kW in 84kg. This is among the highest power density available in the market. The C&I inverters integrate safety checks including AFCIs, Type II SPD and anti-PID protection. Moreover, MAX 300-350K-X is equipped with intelligent DC trip switch. All of these safety functions ensure the PV plant can be in stable and safe operation. In the MAX series of C&I inverters, we are able to achieve a 98.8% energy conversion efficiency. With these competitive advantages described above, our C&I inverters are utilized in global C&I rooftop and solar farm projects with maximum installed capacity of 90MW.



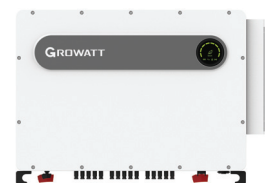
MID 30-50KTL3-X2



MAX 100-125KTL3-X LV



MAX 100-125KTL3-X2 LV



MAX 300-350K-X

BUSINESS

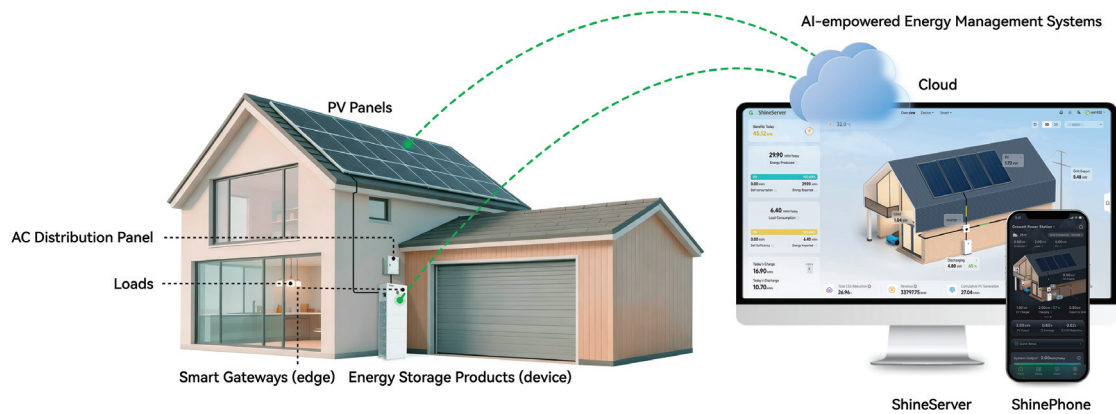
AI-empowered Energy Management Systems

Integrated Cloud-Edge-Device + AI Architecture

We have developed an integrated cloud-edge-device + AI architecture that underpins our AI-empowered energy management systems:

- *Cloud*: our proprietary cloud platform aggregates and analyzes information from all connected inverters, batteries and smart gateways, and serves as the centralized hub for AI-based deep learning and optimization for energy management strategies. As of December 31, 2025, we had connected approximately 4.2 million residential and C&I end users across the world through our AI-empowered energy management systems. Our cloud platform has accumulated massive volumes of real-world operational data, including energy generation and consumption and battery performance data, which continuously feed into our AI-based deep learning to improve energy management strategies for end users over time.
- *Edge*: our smart gateways serve as critical intermediary components. Connected directly to our products, our smart gateways collect system power generation and storage data for upload to our cloud platform. Simultaneously, our smart gateways retrieve energy management strategies from the cloud and convert them into precise local control commands to actively and intelligently control our devices. During the Track Record Period, we generated revenue from AI-empowered energy management systems primarily from sales of smart gateways.
- *Device*: our inverters and batteries are connected to our proprietary cloud platform, responding to control commands at the millisecond level.

This integrated cloud-edge-device architecture creates a full-chain, closed-loop AI infrastructure from data collection to decision execution.



Cloud-Based Core AI Capabilities

Built upon our cloud platform and the data collected through our edge and device layers from millions of residential and C&I end users across the world, we have developed three core cloud-based AI capabilities.

BUSINESS

AI-enabled Smart Energy Scheduling

Our AI-empowered energy management system seamlessly integrates disparate functional units, including energy generation, storage and consumption, into a highly coordinated, autonomous ecosystem.

Our cloud platform integrates electricity price forecasts from several major electricity trading markets, cloud-based real-time meteorological data and localized solar irradiance data, and historical electricity utilization patterns and behavioral habits of end users. By synthesizing dynamic electricity pricing, power generation forecasts and consumption forecasts, our AI-enabled smart energy scheduling capabilities dynamically formulate bespoke and optimal energy management strategies, including battery charging and discharging, solar power self-consumption and grid electricity usage. Through this function, end users can reduce electricity costs by 20%.

AI-enabled Battery Safety Monitoring and State Estimation

Our AI-empowered energy management systems provide comprehensive battery health monitoring across the full lifecycle of energy storage systems. The key capabilities of our AI-enabled battery safety monitoring and state estimation capabilities include real-time SOC dashboards, battery health trend reports and remaining useful life predictions, and tiered alerts for short-circuit early warning.

Through this architecture, we have achieved the improvement of SOC precision of approximately 15% under normal conditions and over 35% improvement in SOC precision under extreme high and low temperatures conditions, resulting in enhanced overall battery performance.

VPP Network Enablement

The open architecture of our products enables our end users to participate directly in VPP networks, through which our cloud platform interacts with external VPP vendors. Through VPP participation, our end users can sell surplus stored energy back to the grid, creating additional economic benefits beyond self-consumption savings.

User Interfaces

Built upon our four cloud-based core AI capabilities, we provide Growatt OSS, ShinePhone and ShineTool to customers, end users and system integrators, installers and EPCs. These interfaces translate our cloud-based AI capabilities into practical tools for daily energy management, system operation and after-sales support.

Growatt OSS

Growatt OSS is primarily used by our system integrators, installers and EPCs for online services, power station management and after-sales services and upgrades. The Growatt OSS scans the operating status of installed inverters connected to the ShineServer in real time, enabling our technical engineers and installer partners to monitor and analyze product performance and status throughout a system’s lifecycle.

When system integrators, installers or EPCs encounter device or system issues, the Growatt OSS provides prompt support by monitoring the real-time operating status of installed products. The system also supports remote diagnosis and firmware upgrades for our inverters and batteries, enabling easier maintenance and higher operational efficiency.

ShinePhone App

The ShinePhone app is primarily designed for our end users and provides a comprehensive interface for monitoring and optimizing solar energy production and consumption.

BUSINESS

Through ShinePhone app, end users can view real-time energy flow and customize their energy management logic, enhance PV self-consumption, export surplus power to the grid to earn feed-in subsidies, and reserve battery capacity for potential blackouts.

In addition, the ShinePhone app allows end users to actively participate in VPP networks, dispatching power from our products through one click, turning stored energy into additional economic benefits.

Set forth below are the interface of and functions of our ShinePhone app:



ShineTools App

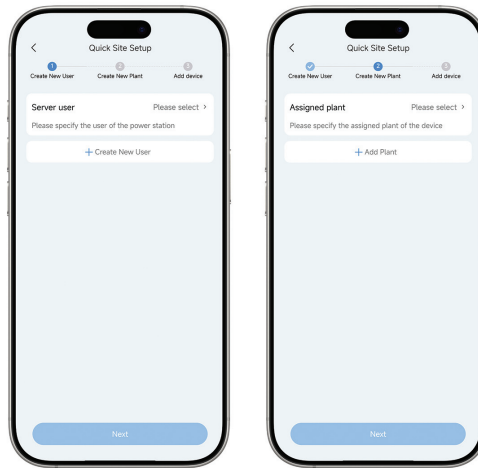
ShineTools app is a specialized tool designed for installers to reduce on-site configuration time and improve the installation experience.

ShineTools app guides installers through the complete set of on-site operations in a single workflow, including creating end-user accounts, performing installation diagnostics, facilitating software upgrades and configuring products. ShineTools app supports installers to rapidly identify wiring and configuration issues through one-click diagnostic functions, improving installation efficiency and reducing commissioning time.

In addition, ShineTools app supports local debugging, allowing installers to perform on-site configuration and upgrades without internet access, which is intended to facilitate installations in remote areas with limited network connectivity.

Set forth below are the interface and selected functions available on our ShineTools app:

BUSINESS



AI-empowered Customer Service Agents

Our AI-empowered service agents feature a comprehensive architecture from inquiry response to problem resolution.

When a customer submits an inquiry through channels including our ShinePhone app, and various other channels, our proprietary AI engine performs intent recognition, question classification and knowledge retrieval, drawing upon our proprietary extensive proprietary operational datasets accumulated over the years of our operations. Our AI-empowered customer service agents handle customer inquiries within seconds, providing 24/7 real-time responsiveness to end users.

In addition to answering technical questions, our AI customer service agents are capable of executing operational tasks, such as querying product basic information and initiating remote system upgrades. User feedback data continuously flows back into the system to refine and expand the knowledge dataset, creating a self-improving cycle.

Others

During the Track Record Period, we also provide other products, primarily including high voltage control boxes and related accessories. Our high-voltage control box products are generally designed for the management and protection of high-voltage energy storage battery systems. They connect with the energy storage inverter to monitor and control the battery system, thereby ensuring stable and safe system operation.

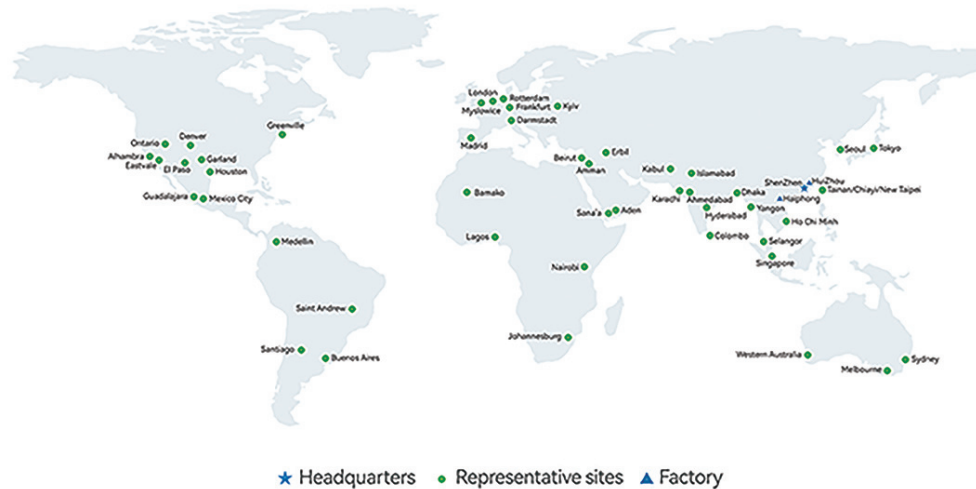
SALES, MARKETING AND DISTRIBUTION

Geographical Coverage

As integrated sustainable energy generation, storage and management solutions exhibit enhanced economic benefits compared with traditional energy solutions, we provide residential and C&I end users from approximately 190 countries and regions with integrated energy solutions. We have a diverse customer base across the world. As of December 31, 2025, our products had been installed in approximately 190 countries or regions. As of December 31, 2025, we had established 48 representative sites in 35 countries. From 2016 to December 31, 2025, we had supplied to approximately 18,000 system integrators, installers, EPCs and distributors.

BUSINESS

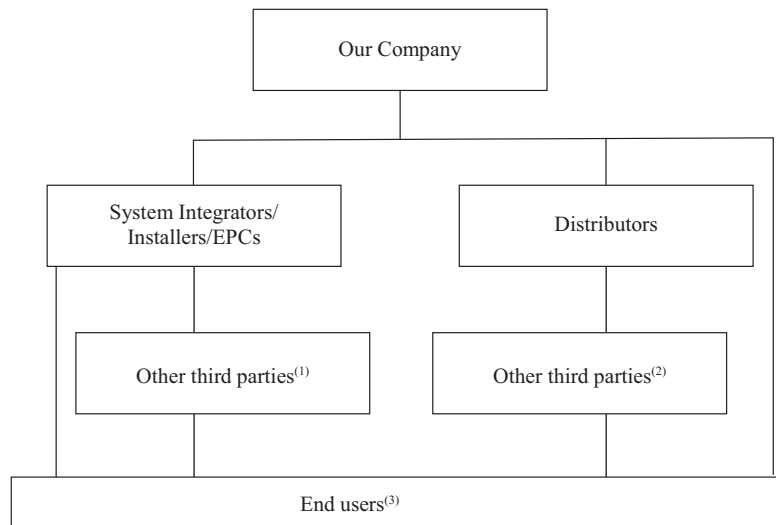
GLOBAL NETWORK



Sales Channels

Overview

Our sales and distribution network for our products consists of system integrators, installers, EPCs, distributors and end users, as illustrated in the diagram below:



Notes:

- (1) Other third parties primarily consist of installers and EPCs. We typically do not establish direct contractual relationships with such other third parties.
- (2) Other third parties primarily consist of system integrators, installers and EPCs. We typically do not establish direct contractual relationships with such other third parties.
- (3) During the Track Record Period, we sold a limited amount of products directly to end users, which represented an immaterial portion of our total revenue.

We develop and manage our sales and distribution network on a region-by-region basis and tailor our strategy to the retail landscape and business norms in that particular region. By leveraging the local market knowledge of our installers and distributors, we can reach a diverse customer base and expand into new geographic markets efficiently.

BUSINESS

The following table sets forth our revenue breakdown by sales and distribution channels in an absolute amount and as percentage of our revenue for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
System integrators/ Installers/EPCs	5,000,354	93.3	4,098,959	91.6	4,746,359	90.7
Distributors	194,912	3.6	253,268	5.7	392,342	7.5
End Users	145,034	2.7	100,608	2.2	68,252	1.3
Others ⁽¹⁾	22,504	0.4	22,754	0.5	25,967	0.5
Total revenue	5,362,804	100.0	4,475,589	100.0	5,232,920	100.0

Note:

(1) Mainly include after-sales services revenue which cannot be divided by distribution channels.

The following table sets forth a breakdown of our gross profit and gross profit margin by sales and distribution channels for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
System integrators/ Installers/EPCs	1,382,746	27.7	880,031	21.5	1,094,534	23.1
Distributors	21,537	11.0	14,739	5.8	57,566	14.7
End Users	(9,006)	(6.2)	1,330	1.3	10,004	14.7
Others ⁽¹⁾	13,857	61.6	13,534	59.5	13,330	51.3
Total	1,409,134	26.3	909,634	20.3	1,175,434	22.5

Note:

(1) Mainly include after-sales services revenue which cannot be divided by distribution channels.

System integrators/Installers/EPCs

We collaborate with system integrators, installers and EPCs by providing our energy storage system products and PV inverters based on insights into the practical needs of end users. Each of the system integrators, installers and EPCs typically operates their own business that target a local market and sells our products directly to end users. We have devoted resources to the development of logistics, warehouses and our Growatt OSS system to enhance our abilities to engage with and support a wider network of system integrators, installers and EPCs.

- System integrators are businesses that provide system design, procurement (for example, solar panels, inverters and batteries), installation and project management for solar energy projects. They are companies that specialize in bringing together component subsystems into a whole and ensuring that those subsystems function together, a practice known as “system integration.” Similar to installers and EPCs, we directly sell our products to system integrators for the construction of their system integration projects.

BUSINESS

- Installers, which purchase our products and install them at solar energy projects, are more numerous than distributors.
- EPCs are contractors that undertake the entire process of designing, procuring, constructing and commissioning the project. Similar to installers, we directly sell our products to EPCs for the construction of their projects. We enter into the same standard sales contracts with EPCs as that for the installers.

The table below sets forth the number of our system integrators/installers/EPCs for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
Number of system integrators/installers/EPCs			
At the start of the year	3,147	2,782	2,048
– Domestic	2,034	1,741	1,104
– Overseas	1,113	1,041	944
Added or converted in during the year ⁽¹⁾	1,685	1,146	1,229
– Domestic	1,100	649	881
– Overseas	585	497	348
Terminated or converted out during the year	(2,050)	(1,880)	(1,285)
– Domestic	(1,393)	(1,286)	(768)
– Overseas	(657)	(594)	(517)
Total at the end of the year	<u>2,782</u>	<u>2,048</u>	<u>1,992</u>

Note:

- (1) “Added” refers to the customers which did not place any orders in the previous year but placed orders in the current year.

In 2023, 2024 and 2025, our revenue generated from sales to system integrators, installers and EPCs in aggregate amounted to RMB5,000.4 million, RMB4,099.0 million and RMB4,746.4 million, respectively, accounting for 93.3%, 91.6% and 90.7%, respectively, of our total revenue. The likelihood of cross-selling in different countries or regions is low, because different countries and regions maintain different market access standards and requirements on specifications for the products. The likelihood of cross-selling in different areas of the same country is also low, since we generally sell our products to different customers in the same country at the same price. In addition, we have set up an internal management policy which effectively prevents such activities. The measures to prevent cross-selling include the following: (i) establish pricing and distribution channel management guidance for regional markets, and adjust such channels when necessary to ensure healthy and effective distribution management; (ii) adjust purchase prices and delay or cut supplies to relevant customers if such activities are identified; (iii) conduct specifications review for products to be sold across regions; and (iv) decline to provide warranties on the relevant products.

We enter into standard sales contracts with system integrators, installers and EPCs. The following sets forth the key terms of our sales contracts that generally apply across regions:

- *Form and term.* Our system integrators, installers and EPCs purchase products from us on order basis. We typically do not enter into annual framework agreements with them.
- *Quantity, type and price of products.* We agree with system integrators, installers and EPCs on the types of products, quantity, and price in tabular format in our sales contracts. We provide an individual quote for our products in each sales transaction.

BUSINESS

- *Payment.* Depending on the shipping distance, we usually require system integrators, installers and EPCs to settle their accounts for each order within 30 to 90 days of shipment. We accept payments by wire transfers of U.S. Dollars or Euro to our bank account in China or our subsidiaries’ accounts in their respective countries.
- *Delivery terms and title retention.* We use different terms for delivery of our product sales to system integrators, installers and EPCs. Products will generally be considered accepted within seven days after delivery, unless we are otherwise informed in writing. We retain title to any of our shipment until the system integrators, installers and EPCs accept the products.
- *Warranties.* We issue five-to-ten years long warranties on our on-grid inverter and battery products. For our off-grid inverters, the warranty period is generally two years. For system integrators, installers and EPCs, we warrant that our products shall be of merchantable quality and shall meet all safety standards and free from any defect of design, material and workmanship. We directly interact with system integrators, installers and EPCs, who handle warranty claims from end users. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material customer complaint, product return, or product liability claim for products sold during this period.
- *Termination.* We have the right to stop shipping and require the buyer to settle account if there is any delay in payment.

Distributors

For each geographical region, we choose a limited number of qualified distributors to distribute to the local retailers in the respective regions and prohibit cross-region sales in order to mitigate the potential cannibalization among distributors. There are no prominent differences between distributors and system integrators/installers/EPCs in terms of pricing strategies and sales regions. As a result of our strategic management of our distribution channels, our revenue attributable to distributors grew from RMB194.9 million in 2023 to RMB253.3 million in 2024 and further to RMB392.3 million in 2025, accounting for 3.6%, 5.7% and 7.5%, respectively, of our total revenue.

Selection and Assessment Criteria for Our Distributors

We select our distributors based on a number of factors, including, among others, their experience, marketing capabilities, understanding of and alignment with the key values of our brand, the coverage of their distribution network, financial condition and service quality. We manage our distributors and determine whether to continue our contractual relationships with them based on their performance and our regional strategy. In consideration of the evolving local regulatory requirements, market conditions and their operational needs, our distributors may sometimes convert to an installer or a system integrator, or vice versa.

The table below sets forth the number of our distributors for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
Number of distributors			
At the start of the year	57	30	46
– Domestic	44	30	46
– Overseas	13	–	–
Added or converted in during the year ⁽¹⁾	18	29	19
– Domestic	18	29	19
– Overseas	–	–	–

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	Year Ended December 31,		
	2023	2024	2025
Terminated or converted out during the year .	45	13	25
– Domestic	32	13	25
– Overseas	13	–	–
Total at the end of the year	<u>30</u>	<u>46</u>	<u>40</u>

Note:

- (1) “Added” refers to the customers which did not place any orders in the previous year but placed orders in the current year.

Arrangements with Our Distributors

We allow our distributors to engage with end users and help us further expand our distribution network on their own initiative. We typically designate a sales territory to each customer to avoid competition within our distribution network. We generally do not limit the appointment of sub-distributors. We have established pricing guidelines that distributors and their sub-distributors are required to follow to ensure orderly market conditions. In the event of any pricing violations, we adopt a tiered response mechanism: (i) we impose penalties for the first violation; (ii) we impose a double amount of penalties for the second violation; and (iii) we may terminate the cooperation.

Our distributors are our buyers, not our legal representatives, agents or partners. We generally do not enter into any long-term agreements or exclusive arrangements with our distributors. During the Track Record Period, we did not have any exclusive distribution arrangements in either our domestic or overseas markets.

The following sets forth the key terms of our distributorship agreements that generally apply across regions:

- *Terms.* The initial term is generally one year, renewable upon mutual agreement.
- *Delivery.* We arrange and pay for the shipping of our products to distributors on different terms. Products will generally be considered accepted within three days after delivery, unless our distributors inform us otherwise in writing.
- *Prohibition on cross-region sales.* Distributors are not allowed to resell our products to end users outside the distributors’ designated territories of operation.
- *Payment and credit terms.* Our distributors normally settle their payments by wire transfers. Our distributorship agreements typically require our distributors to make full payment in advance.
- *Pricing.* Our distributors agree to sell our products at the suggested prices set by us and are not allowed to use predatory pricing strategies. The prices we set are determined on a cost-plus basis, taking into considerations such as costs and expenses, and target profit margins taking into account the competition environment and pricing levels of competing products in the respective markets.
- *Warranties.* We issue five-to-ten years long warranties on our on-grid inverter and battery products. For our off-grid inverters, the warranty period is generally two years. We warrant that our products shall be of merchantable quality and shall meet all safety standards and free from any defect of design, material and workmanship. We also arrange and pay for the shipping of product replacements to distributors. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material customer complaint, product return, or product liability claim for products sold during this period.

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- *Product returns.* Other than return of goods due to quality issues, our return policy generally does not permit return or exchange of the products we sell to the distributors, which is an industry norm, according to Frost & Sullivan. Our products are generally sold on a buy-out basis and therefore our distributors generally bear the risk of unsold inventory.
- *Sales quota.* Some of our long-term distributors are required to commit to purchasing a certain quota of our products. We negotiate reasonable sales quota with our distributors based on the performance of distributors of competing products.
- *Termination.* Our agreements with distributors typically allow distributors to terminate by giving written notice to us upon meeting certain conditions as set out in the agreements. In addition, such agreements allow us to terminate for cause. Termination for cause provisions in our distribution agreements are triggered by events including, among others, the counterparty’s breach of contract, insolvency or bankruptcy.

Management of Our Distributors

In our form agreement with distributors, distributors are required to provide rolling three-month demand forecasts and monthly sales reports. Based on our sales experience, our sales department reviews distributors’ inventory-to-sales ratios on a monthly basis.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any significant accumulation of excess inventory in our distribution network, any cannibalization among distributors, sub-distributors, system integrators, installers and EPCs, or any predatory pricing practices. We maintain internal pricing and channel management measures to monitor and address such activities where identified. The measures to monitor our customers to avoid cannibalization and predatory pricing include the following: (i) establish pricing and distribution channel management guidance for regional markets, and adjust such channels when necessary to ensure healthy and effective distribution management; (ii) adjust purchase prices and delay (or cut) supplies to relevant customers if such activities are identified; (iii) conduct specifications review for products to be sold across regions; and (iv) decline to provide warranties on the relevant products.

Relationship with Our Distributors

All of our existing distributors are independent third parties. None of the existing distributors are owned by our former employees. None of our Directors or Shareholders has any equity interest in any of our distributors. None of our distributors or their beneficial owners has any past or present relationship outside the scope of distribution arrangements, including, without limitation, employment or financing relationship with our Company or our Directors or Shareholders during the Track Record Period. In addition, our Directors believe, after due inquiries, that none of our distributors or their beneficial owners has any family relationship with our Directors and Shareholders or trust relationship with our Company or our Directors or Shareholders during the Track Record Period.

Pricing Strategies

We price our products for external sales based on a number of factors, including costs of raw materials and production, prevailing market conditions and specification of products. Our pricing is also affected by the global and domestic economic environment, demand for our products and market competition in the energy storage system products and PV inverters. Our pricing strategy also takes into consideration brand positioning and stabilizing product prices throughout their life cycles. During the Track Record Period, we typically offer retrospective volume rebate discounts ranging from 0.5% to 8% to certain customers when their purchases reach an agreed threshold. Rebate discount on goods sold are accounted for as variable consideration. We use an expected value approach to estimate variable consideration based on our current and future performance expectations and all information that is reasonably available. At the time of the sale of products, provisions for rebate discounts are accounted for as reductions in revenue in the same period, and the accruals for such rebate discounts are presented under other payables and accruals in our consolidated financial statements. The rebates are usually settled in the

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next year. In 2023, 2024 and 2025, we incurred rebate discounts in the amounts of RMB36.6 million, RMB28.9 million and RMB47.8 million, respectively, payable to 70, 58 and 79 customers, respectively. The revenues attributable to such customers in 2023, 2024 and 2025 were RMB1,706.7 million, RMB674.4 million and RMB1,804.1 million, respectively. The granting of such rebate discounts is an industry norm, according to Frost & Sullivan, and to the extent that such rebate discounts were granted by our PRC subsidiaries, such arrangement complied with the applicable rules and regulations of the PRC as advised by our PRC Legal Adviser.

Marketing and Service Support

We sell our products to domestic and overseas markets through our global sales network. We acquire customers primarily through field visits by our sales personnel and regular business interactions with existing customers. We maintain overseas subsidiaries which take on marketing, sales and customer service roles as well as warehousing responsibilities in their respective regions. Our in-country presence allows us to compete with other players by providing localized marketing, and fast shipping where we have local warehouses. As of the Latest Practicable Date, our overseas sales and service team consists of 326 employees, who conduct marketing activities, maintain client relationships, sign contracts with customers, execute contractual terms and provide customer services. To establish our brand image in markets where we operate or aim to expand, we actively participate in sustainable energy industry exhibitions, take part in sustainable energy conferences, maintain a profile on online business-to-business platforms, and carry out online marketing initiatives.

We provide service support to our end users through our subsidiaries and dedicated sales and customer support teams with a combination of online and offline support, including customer hotlines, mobile apps and onsite support. For example, if our system integrators/installers/EPCs encounter any issue with our devices or systems, our Growatt OSS would offer quick customer support service. Growatt OSS scans the operating status of installed inverters connected to the ShineServer in real time. When Growatt OSS detects a device failure, it will report the issue to our service team, including our service engineers, system integrators, installers, EPCs and distributors. The service team will then be able to handle most reported issues remotely by online reconfiguration or by over-the-air update. End users could also request services and review their usage data on the ShinePhone app when needed. Furthermore, our end users can call our customer hotlines for immediate help or directly reach out to installers for any issues they experience while using our products.

We also provide technical training to our system integrators, installers, EPCs and distributors regarding PV technologies, installation, monitoring and troubleshooting. We also organize online and in-person training programs, such as the ShineElite training series, for our system integrators, installers, EPCs and distributors in various markets.

We have developed and deployed AI-empowered customer service agents that feature a comprehensive architecture from inquiry response to problem resolution. See “—Our Solutions—AI-empowered Energy Management Systems—AI-empowered customer service agents” for details.

CUSTOMERS

Our customers are primarily system integrators, installers, EPCs and distributors. These customers predominantly serve residential and C&I end users globally, which consequently serve as our end customers. Our five largest customers purchased from us in the amount of RMB892.3 million, RMB580.8 million and RMB1,238.1 million in 2023, 2024 and 2025, representing 16.6%, 12.9% and 23.6% of our total revenues, respectively. Revenues from our largest customer in 2023, 2024 and 2025 amounted to 6.6%, 3.9% and 13.0% of our total revenues, respectively.

We incurred some expenses paid to our customers, primarily those in connection with the after-sales services which our customers provide for the end users. Such expenses paid to our major customers were RMB1.2 million, nil and RMB0.2 million in 2023, 2024 and 2025. Therefore, some of our top customers were also our suppliers during the Track Record Period. As advised by Frost & Sullivan, such overlapping customer-supplier relationships are consistent with industry practice in the energy storage industry, where market participants may simultaneously act as customers and suppliers due to the diversified nature of

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their operations and supply chain arrangements. Negotiations of the terms of our sales to and purchases from these companies were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from these companies were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis. The revenues from these companies as a percentage of our total revenues were 9.1%, nil and 16.2% in 2023, 2024 and 2025, respectively.

To the best knowledge of our Directors, none of our other Directors or any person who owned 5% or more of the issued share capital of our Company during the Track Record Period and up to the Latest Practicable Date or any of their respective associates has any interest in any of our five largest customers during the Track Record Period.

The following tables set forth details of our top five customers during the Track Record Period:

Year Ended December 31, 2023						
Rank	Customers	Background and principal business	Years of business relationship	Revenue from the customer (RMB in thousands)	Revenue from the customer as a percentage of our total revenue (%)	Nature of revenue
1 . . .	Customer A ⁽¹⁾	A system integrator headquartered in Italy providing PV inverters and energy storage system products	14	354,786	6.6	Sale of energy storage system products and PV inverters
2 . . .	Customer B ⁽²⁾	A system integrator headquartered in Germany providing PV inverters and energy storage system products	5	146,754	2.7	Sale of energy storage system products and PV inverters
3 . . .	Customer C ⁽³⁾	A system integrator headquartered in the Netherlands providing PV inverters and energy storage system products	8	137,366	2.6	Sale of energy storage system products and PV inverters
4 . . .	Customer D ⁽⁴⁾	A system integrator headquartered in China providing PV inverters and energy storage system products	7	134,148	2.5	Sale of energy storage system products and PV inverters
5 . . .	Customer E ⁽⁵⁾	A system integrator headquartered in Sweden providing PV inverters and energy storage system products	4	119,225	2.2	Sale of energy storage system products and PV inverters

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Year Ended December 31, 2024

Rank	Customers	Background and principal business	Years of business relationship	Revenue from the customer (RMB in thousands)	Revenue from the customer as a percentage of our total revenue (%)	Nature of revenue
1 . . .	Customer A	A system integrator headquartered in Italy providing PV inverters and energy storage system products	14	175,725	3.9	Sale of energy storage system products and PV inverters
2 . . .	Customer F ⁽⁶⁾	A system integrator headquartered in the United Arab Emirates providing PV inverters and energy storage system products	4	129,157	2.9	Sale of energy storage system products and PV inverters
3 . . .	Customer G ⁽⁷⁾	A system integrator headquartered in Germany providing PV inverters and energy storage system products	4	100,224	2.2	Sale of energy storage system products and PV inverters
4 . . .	Customer H ⁽⁸⁾	A system integrator headquartered in Brazil providing PV inverters and energy storage system products	4	92,967	2.1	Sale of energy storage system products and PV inverters
5 . . .	Customer C	A system integrator headquartered in the Netherlands providing PV inverters and energy storage system products	8	82,752	1.8	Sale of energy storage system products and PV inverters

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Year Ended December 31, 2025

Rank	Customers	Background and principal business	Years of business relationship	Revenue from the customer (RMB in thousands)	Revenue from the customer as a percentage of our total revenue (%)	Nature of revenue
1 . . .	Customer I ⁽⁹⁾	A system integrator headquartered in the United States providing PV inverters and energy storage system products	3	678,813	13.0	Sale of energy storage system products and PV inverters
2 . . .	Customer J ⁽¹⁰⁾	A system integrator headquartered in Australia providing PV inverters and energy storage system products	8	169,718	3.2	Sale of energy storage system products and PV inverters
3 . . .	Customer A	A system integrator headquartered in Italy providing PV inverters and energy storage system products	14	168,501	3.2	Sale of energy storage system products and PV inverters
4 . . .	Customer K ⁽¹¹⁾	A system integrator headquartered in Germany providing PV inverters and energy storage system products	2	129,755	2.5	Sale of energy storage system products and PV inverters
5 . . .	Customer C	A system integrator headquartered in the Netherlands providing PV inverters and energy storage system products	8	91,297	1.7	Sale of energy storage system products and PV inverters

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Notes:

- (1) Customer A is a private company established in Italy in 2009 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer A was also one of our suppliers, from which we purchased after-sales services.
- (2) Customer B is a private company established in Germany in 2008 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer B was not a supplier of ours.
- (3) Customer C is a private company established in the Netherlands in 2009 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer C was not a supplier of ours.
- (4) Customer D is a subsidiary of a company established in the PRC in 2018 and listed on the Shanghai Stock Exchange, and is principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer D was also one of our suppliers, from which we purchased after-sales services.
- (5) Customer E is a private company established in Sweden in 2012 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer E was not a supplier of ours.
- (6) Customer F is a private company established in the United Arab Emirates in 2012, principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer F was not a supplier of ours.
- (7) Customer G is a private company established in Germany in 2015 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer G was not a supplier of ours.
- (8) Customer H is a private company established in Brazil in 2018 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer H was not a supplier of ours.
- (9) Customer I is a private company established in the United States in 2023 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer I was also one of our suppliers, from which we purchased after-sales services.
- (10) Customer J is a private company established in Australia in 2010 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer J was also one of our suppliers.
- (11) Customer K is a private company established in Germany in 2022 and principally engaged in the integration and sale of PV inverters and energy storage system products. During the Track Record Period, Customer K was not a supplier of ours.

We focus on the manufacturing and sales of energy storage system products and PV inverters, while our customers mainly focus on the installation and integration services, which involves the utilization of our products. Therefore, our business does not compete with that of our customers. To the best knowledge of our Directors, we are not aware of our partners who had utilized our products to develop their own products that could compete with our products. We do not utilize our customers’ products to develop our own products and to compete with them, and we were not involved in any litigation or complaint from our customers or partners alleging our misuse of their products during the Track Record Period and up to the Latest Practicable Date.

We continue to expand our presence in overseas markets, including North America. Trade tensions between the United States and China, such as the increase in tariffs, may impair our ability to carry out our business. Furthermore, as of the Latest Practicable Date, trade of energy storage system products and PV inverters had not been subject to any trade restrictions between the United States and China. As our products do not involve sensitive technologies or functions and are unlikely to raise national interest concerns, we do not expect that any trade restrictions would be imposed on our products in the near future. In light of the foregoing, the Directors are of the view that the trade tensions between the United States and China would not have a material impact on the Company’s business operations. We are not subject to any levies during the Track Record Period and up to the Latest Practicable Date.

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RESEARCH AND DEVELOPMENT

Research and Development Prowess

As of the Latest Practicable Date, our R&D and technical personnel consisted of 809 professionals. The R&D and technical personnel works closely with our consumer-facing business units to develop products that meet and anticipate market demands. Before initiating any new projects, we analyze the technological feasibility, human resources, cost and pricing, research timeline, environmental considerations and production capacity. During the Track Record Period, our research and development expenses were RMB440.3 million, RMB339.2 million and RMB298.4 million for 2023, 2024 and 2025, respectively.

To provide support for our long-term, comprehensive growth, we have established three R&D centers in Shenzhen, Xi'an and Huizhou in China, each focusing on different aspects of product development and technological advancement:

- Shenzhen – Our core R&D headquarters and the central hub of our global R&D system, responsible for developing our full portfolio of energy storage system products and PV inverters and leading our overall R&D strategy.
- Xi'an – Focuses primarily on energy storage technologies, including the development of C&I energy storage system products, advanced control algorithms and platform-level technologies.
- Huizhou – Focuses on the development of on-grid inverters and accessories, as well as the development and implementation of advanced manufacturing technologies.

With an R&D platform integrated with both our market and production functions for over a decade, we have successfully developed 51 invention patents, 190 utility patents and 42 design patents as of the Latest Practicable Date and are able to quickly adapt to market trends and offer tailored products to energy users in countries or regions where we operate. As of the Latest Practicable Date, we also had 59 pending patent applications, including 34 invention patents and 25 utility patents.

Key Technologies

Our technology platform centers on power electronics, energy conversion and digital control technologies, lithium battery management technologies, and AI-empowered energy management technologies. We have engineered a highly versatile underlying software platform framework that features universal compatibility across our diversified product portfolio. Through the standardized software architectures, we compress our time-to-market for new solutions while maximizing R&D resource allocation. We have developed full-stack R&D capabilities from underlying architecture to end applications. In particular, our core technologies include:

- *Power electronics, energy conversion and digital control technologies.* By adopting wide-bandgap power semiconductor devices and applying our proprietary semiconductor technologies and thermal management technologies, we apply the miniaturization and lightweight design to our products lowering the levelized cost for end users. For example, our flagship 50kW and 150kW C&I inverters feature a high power density: 50kW in 38kg; and 150kW in 84kg, which are among the highest power densities available in the PV inverter market, according to Frost & Sullivan. Additionally, we have successfully commercialized grid-forming technologies within small-to-medium scale energy storage and microgrid systems, enhancing system stabilization in weak-grid environments and cementing our technical leadership. Our digital control technologies support the efficient operations of our PV inverters by enhancing maximum power point tracking efficiency and improving power generation performance under varying grid conditions.

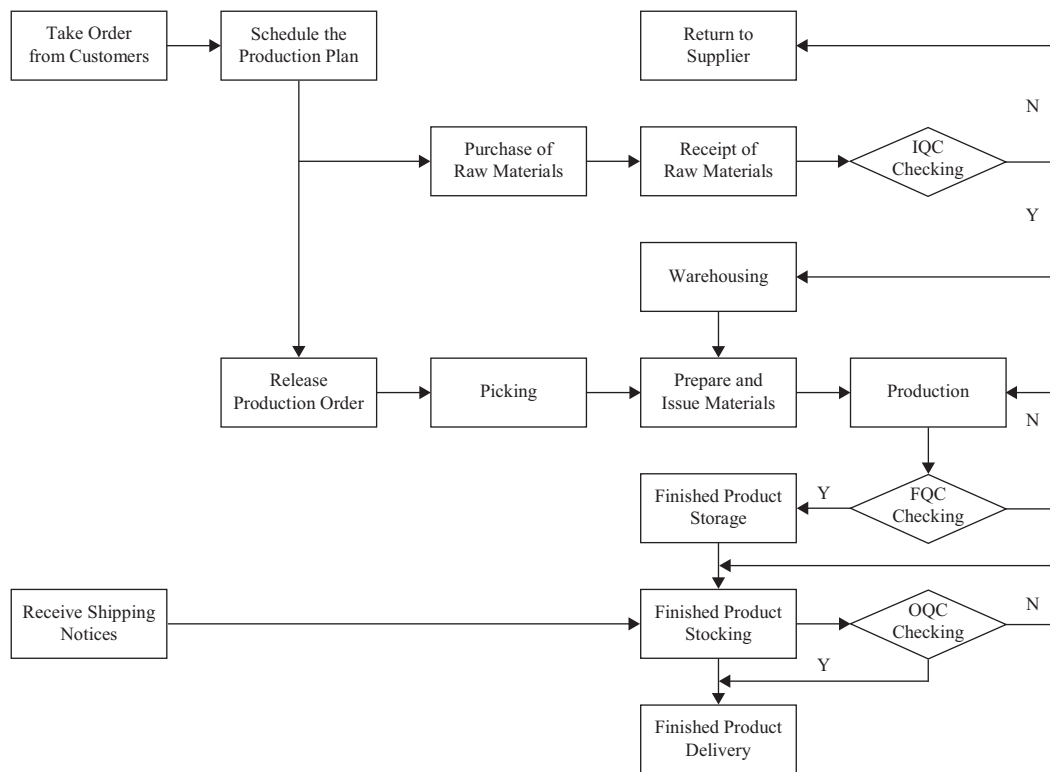
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- *AI-empowered energy management technologies.* We have developed AI-empowered energy management systems built upon an integrated cloud-edge-device + AI architecture. Our proprietary cloud platform serves as the centralized hub for AI-based deep learning and optimization and dynamic and bespoke energy management strategy formulations. Our AI-empowered energy management system seamlessly integrates disparate functional units, including energy generation, storage, and consumption, into a highly coordinated, autonomous ecosystem, bringing enhanced economic returns for end users. Built upon our unified semantic model and unified micro-module platform, we have developed three user interfaces to address varying demands across installation, operations and maintenance. Our unified semantic model enables different applications to interface with and adapt to our full suite of products by streamlining system integration. Our unified micro-module platform enhances the adaptability and compatibility of our technology stack across these diverse user interfaces. Our three user interfaces are: (i) our Growatt OSS for system integrators, installers and EPCs; (ii) our ShinePhone app for end users; and (iii) our ShineTools app for installers. Through these user interfaces, we effectively enhance operational efficiency for system integrators, installers, and EPCs, and strengthening customer stickiness among end users, thereby fostering closer engagement between us and our customers and end users.
- *Lithium battery management technologies.* We develop our battery using LFP battery cells together with battery management technologies supported by our proprietary algorithms and battery balancing technologies to enhance measurement accuracy, battery performance and operational safety. By applying model-based design and AI technologies, we have developed an intelligent BMS platform with proactive safety warning capabilities, enhancing the safety and cycle life of lithium battery systems. We deploy remote SOH monitoring, long-term SOH trend prediction, remaining useful life estimation and comprehensive health reporting, extending operational battery lifespan and elevating systemic safety. We have achieved the improvement of SOC precision of approximately 15% under normal conditions and over 35% improvement in SOC precision under extreme high and low temperature conditions, resulting in enhanced overall battery performance. Our battery management system also incorporates cloud-based monitoring, battery health diagnostics and data analysis to support battery performance optimization and life cycle management.

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PRODUCTION AND QUALITY CONTROL

Production Facility



As illustrated above, the production process begins with taking orders from customers and scheduling the production plan based on the expected delivery dates recorded in the ERP system. Production orders are then released and raw materials are purchased. Upon receipt of raw materials, IQC checking is conducted before the materials are warehoused. Materials are then picked, prepared and issued for production. After production is completed, FQC checking is conducted and qualified products are placed in finished product storage, while unqualified products are returned to the production process or repaired as appropriate. Upon receipt of shipping notices, finished products are stocked and subject to OQC checking prior to finished product delivery. On average, it typically takes seven to ten days from scheduling the production plan to finished product stocking.

We have deployed AI-empowered production planning and scheduling systems to enhance our manufacturing efficiency and responsiveness. Our AI-based system automates order commitment by calculating delivery lead times based on product model availability and demand forecasts, and performs advanced production scheduling that optimizes across multiple dimensions, including customer priority, production line capacity and loading, and material supply constraints such as component availability and supplier status. In addition, in the near future, we plan to deploy AI-driven material planning tools to automate inventory replenishment and material scheduling decisions based on material category, lead time and supply risk assessment, further strengthening our supply chain resilience and production continuity.

We conduct our manufacturing operations primarily at our own production plants in Huizhou, China and Hai Phong, Vietnam. These production plants enable us to optimize logistics efficiency and global delivery capability.

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- *Huizhou plant.* Our Huizhou plant is our major manufacturing facility and primarily manufactures energy storage system products, PV inverters and other components. Our Huizhou plant is equipped with 12 SMT lines, 10 DIP lines and 30 assembly lines.
- *Vietnam plant.* We also operate an overseas manufacturing facility in Hai Phong, Vietnam, which primarily manufactures PV inverters. Our Vietnam plant is equipped with two SMT lines, two DIP lines and five assembly lines.

The table below sets forth a summary of our annual production capacity for our production lines in terms of design production capacity and utilization rate for our products for the years indicated. We have generally maintained high utilization rates during the Track Record Period.

	Year Ended December 31,								
	2023			2024			2025		
	Design Production Capacity	Actual Production Volume	Utilization Rate	Design Production Capacity	Actual Production Volume	Utilization Rate	Design Production Capacity	Actual Production Volume	Utilization Rate
	(in thousands units)	(in thousands units)	%	(in thousands units)	(in thousands units)	%	(in thousands units)	(in thousands units)	%
Huizhou Plant									
Battery	359	211	58.9	359	200	55.9	700	434	62.0
Inverters	1,200	705	58.8	1,200	893	74.5	1,000	720	72.0
Others ⁽¹⁾	1,000	750	75.0	1,000	786	78.6	1,350	1,105	81.8
Vietnam Plant									
Battery	51	*	0.1	51	*	0.1	80	41	51.3
Inverters	120	3	2.9	120	7	5.9	120	82	68.7
Others ⁽¹⁾	20	*	2.0	20	—	—	20	3	14.0

Notes:

(1) Primarily include inductors, cables and sheet metal components, accessories, gateways and other ancillary products

* Less than 0.5

During the Track Record Period, the fluctuations in our utilization rates of our Huizhou plant were generally in line with the fluctuations of our revenue. The low utilization rates of our Vietnam Plant in 2023 and 2024 were primarily attributable to its status as a newly established manufacturing facility and the gradual ramp-up of production activities following commencement of operations. As production scale and customer demand increased, the utilization rates of the Vietnam plant significantly improved in 2025.

Equipment Maintenance

We own all of our production machineries and equipment. We regularly monitor and upgrade our production machineries and equipment with an aim to increase our overall production capacity and efficiency. The average expected useful life and replacement cycle of our major production machineries and equipment is approximately five to ten years based on our internal amortization and depreciation policies. As of the Latest Practicable Date, the average age of our major production machineries and equipment was approximately eight years.

As our production process requires high-quality output to meet customer requirements, we have implemented a maintenance system for our facilities and equipment, including scheduled downtimes for maintenance and repairs and regular inspections. Our maintenance team is well established with professionals to provide maintenance service. Our maintenance system helps us continue to maintain operational efficiency and high-quality control standards as well as operate our production lines at optimal levels. As a result, we did not experience any material or prolonged interruptions to our production process due to equipment or machinery failure during the Track Record Period.

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Five-step Full-cycle Quality Control Process

We hold ourselves to comprehensive and strict engineering and quality control standards. We have obtained ISO 9001 quality control system accreditation, conducting quality control checks through the entire production process from designing to manufacturing. Leveraging our technological capabilities, we have designed and implemented rigorous and systematized processes throughout all the key steps of development and manufacturing operations, summarized in a holistic, five-step framework below:

- *Product design.* Product design forms the foundation of our product quality. Our product development personnel conduct integrated design work covering hardware circuitry, software systems and structural design. Our product designs undergo multiple rounds of verification and testing to ensure that they meet applicable technical specifications and quality standards.
- *Components procurement.* We implement strict supplier selection and component testing procedures to ensure the quality of key raw materials and components used in our products. For certain core components, such as semiconductors, capacitors, relays and sensors, we typically cooperate with established international brands. Components are subject to testing and inspection before being used in production.
- *Test engineering.* We conduct engineering tests throughout the product development process to verify product functionality and performance. Our testing procedures are designed to evaluate product performance under various operating conditions and identify potential defects during development. We have established an automated testing framework covering the entire testing process, supported by intelligent testing equipment, automated data collection systems and program-based testing scripts. This framework reduces reliance on manual testing, improves testing efficiency and enhances the consistency and reliability of testing results.
- *Reliability assessment.* We perform reliability tests designed to evaluate the durability and stability of our products under different environmental and operating conditions. These tests are intended to ensure that our products can maintain stable performance during long-term operation.
- *Production and manufacturing.* Quality control checks are carried out at key stages of our manufacturing process. Our production lines are equipped with automated testing and inspection equipment, and finished products undergo multiple rounds of testing before shipment. We also maintain traceability systems that allow us to track key components and finished products throughout the manufacturing process.

After Sales Services and Warranty

We provide service support to our end users through our subsidiaries and dedicated sales and customer support teams with a combination of online and offline support.

We provide product warranties for our products, with warranty periods varying by product category. For details of warranties, see “—Sales, Marketing and Distribution—Sales Channels—System integrators/Installers/EPCs.” When customers report product defects, they are required to provide details of the affected products, including product model, serial number and defect description. Based on our assessment and negotiation with the customer, we may repair or replace defective products in accordance with our warranty policies. We incurred warranty costs of RMB298.7 million, RMB286.4 million and RMB204.0 million in 2023, 2024 and 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, we did not, due to material product quality issues, (i) receive fines, product recall orders or other penalties from the PRC government or other regulatory bodies or (ii) receive any products return requests or complaints from our customers that have a material adverse effect on our business, financial conditions and results of operations. During the Track Record Period and up to the Latest Practicable Date, we are not aware of any material damage to property, injury or fatal accident due to product defects that would adversely affect our business operation.

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Outsourced Manufacturing

We primarily conduct manufacturing in-house at our production facilities. However, we outsource a portion of the production of printed circuit board assemblies, or PCBA, to qualified third-party manufacturers. Outsourcing of PCBA production is a common industry practice among manufacturers of energy storage system products and PV inverters, according to Frost & Sullivan. During the Track Record Period, we engaged eight independent third-party manufacturers to provide outsourced PCBA production services, including two located in Huizhou and one located in Shenzhen. Approximately 62% of our PCBA production was outsourced to these third-party manufacturers due to the high utilization of our in-house PCBA production lines. As of the Latest Practicable Date, we had 12 in-house PCBA production lines at our Huizhou plant. We primarily outsource non-core and non-confidential PCBA production processes.

We maintain quality control procedures over outsourced production and conduct inspections on outsourced components before they are used in our products to ensure that they meet our technical specifications and quality standards. Our agreements with the third-party manufacturers generally specify product specifications, prices, quantities and delivery schedules. We typically make payments within the month following delivery of the goods. The manufacturers are responsible for replacing defective products within an agreed replacement period and providing repair services in accordance with the relevant contractual arrangements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material lawsuit, dispute, misconduct or non-compliance incident in relation to our cooperation with these third-party manufacturers.

Logistical Capability

We partner with international logistics companies to transport our products to customers or our overseas subsidiaries. Our logistics service providers are responsible for arranging the transportation of our products based on our shipping orders. Generally, the salient terms of our logistics service agreements include:

- *Term.* The initial term is generally one to two year(s) and is typically automatically renewed for successive one-year periods.
- *Pricing.* Logistics service providers agree to provide shipping services for our products at agreed rates. The cost of each shipment is determined based on the specifications of the relevant shipping order, including the nature of the goods, the mode of transportation and the destination.
- *Payment.* We typically settle shipping fees by the end of the month following the shipment of the goods.
- *Liability.* Logistics service providers are generally responsible for damage to goods caused by their own acts or negligence and are not responsible for damage resulting from our fault or from the inherent nature of the goods.
- *Termination.* Certain agreements allow either party to terminate the agreement upon prior written notice.

Our subsidiaries in major overseas markets generally maintain warehousing capabilities, which help improve the flexibility and efficiency of product delivery to customers.

BUSINESS

SUPPLIERS AND RAW MATERIALS

Our Suppliers

Most of our raw material suppliers are based in China. We carefully select our suppliers to secure principal raw materials used in our production process and require them to satisfy certain evaluation and assessment criteria. Before engaging a new supplier, our procurement department evaluates various aspects of the supplier, including its ability to meet our production requirements, production capacity and technical capability. We formulate procurement plans based on our production needs and expected business growth. We maintain a list of qualified suppliers and generally procure raw materials from such suppliers to ensure stable supply and consistent quality. We closely monitor the quality of raw materials provided by our suppliers and conduct inspection and testing procedures on incoming materials to ensure compliance with our quality standards. Our quality control procedures cover the entire process from procurement to inspection and testing of raw materials. See “—Production and Quality Control—Five-step Full-cycle Quality Control Process” in this section. We have developed stable relationships with our key suppliers over the years. As of the Latest Practicable Date, our top five suppliers during the Track Record Period had collaborated with us for approximately ten years on average. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material lawsuit, dispute, misconduct or non-compliance incident in relation to our cooperation with suppliers.

The principal businesses of our five largest suppliers during the Track Record Period include manufacturing of inductive devices, semiconductor chips, batteries, sheet metal and circuit boards, and architectural engineering. We believe that we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. We do not believe that we have concentration risk in terms of suppliers. Purchases from our five largest suppliers in 2023, 2024 and 2025 together accounted for 24.3%, 23.0% and 21.7% of our total purchases for 2023, 2024 and 2025, respectively. Purchases from our largest supplier in each year during the Track Record Period accounted for 6.2%, 7.3% and 7.6% of our total purchases for 2023, 2024 and 2025, respectively. To the best knowledge of our Directors, none of our other Directors or any person who owned 5% or more of the issued share capital of our Company during the Track Record Period and up to the Latest Practicable Date or any of their respective associates has any interest in any of our five largest suppliers during the Track Record Period. The salient terms of our raw materials supply agreements generally include the following:

- *Term.* The term of our agreements with raw material suppliers is typically within one year, which is consistent with industry practice according to Frost & Sullivan. We generally do not enter into long-term supply agreements with raw material suppliers, except for certain critical raw materials.
- *Termination.* We generally have the right to terminate the agreements under certain circumstances, such as if the supplier becomes bankrupt or loses the necessary permits or qualifications required for its operations.
- *Subcontracting.* Suppliers are generally prohibited from subcontracting their obligations under the agreements without our prior written consent.
- *Confidentiality.* Our agreements with suppliers typically include confidentiality provisions to protect our commercial and technical information.
- *Purchase and sale.* Raw material purchases are generally conducted on a purchase order basis. Each purchase order specifies the material type, unit price, quality and quantity requirements, delivery schedule and other relevant terms.
- *Warranty and quality.* The warranty period of raw materials generally ranges from approximately five to six months, depending on the nature of the materials. Raw materials that fail to meet our quality standards may be returned to the supplier for repair or replacement, and suppliers are generally responsible for losses arising from defective materials.
- *Payment.* Payment terms vary depending on factors such as the order size. Suppliers typically grant us credit terms of 90 days after the invoice date, and we generally settle our trade payables by bank acceptance notes.

BUSINESS

Delivery charges are typically borne by our suppliers. The majority of our suppliers are located in China, and the majority of our raw material purchases are denominated in RMB. Our supply agreements are legally binding and there has been no material breaches during the Track Record Period.

To ensure a stable supply of certain critical raw materials, we have entered into a long-term supply agreement with one core supplier. The salient terms of such long-term supply agreement generally include the following:

- *Terms.* The terms of the long-term supply agreement is five years.
- *Payment and capacity commitment.* We agree to place purchase orders for quantities and prices specified in the agreement. If we fail to purchase the agreed quantities, we may be required to pay for the agreed quantities that are not purchased, provided that the supplier has made such products available for purchase. In return, the supplier agrees to reserve certain production capacity and maintain agreed pricing during the term of the agreement. We may also be required to make certain non-refundable payments to secure such reserved production capacity.
- *Limitation of liability.* The supplier’s liability for breach of the agreement is subject to contractual limitations specified in the agreement. Neither party is generally liable for special, incidental or consequential damages.
- *Warranty.* The supplier generally provides a warranty period of approximately two years for the products and warrants that the products will be free from material defects and conform to agreed specifications during the warranty period.

The following tables set forth details of our top five suppliers during the Track Record Period.

For the year ended December 31, 2023

Rank	Suppliers	Background and principal business	Years of business relationship	Type of services/ materials supplied	Typical credit period	Typical method of settlement	Purchase amount from the supplier (RMB in thousands)	Purchase amount from the supplier as a percentage of our total purchase amount (%)
1 . .	Supplier A ⁽¹⁾	A company headquartered in China supplying batteries	7	Batteries	30 days	Bank acceptance notes	254,392	6.2
2 . .	Supplier B ⁽²⁾	A company headquartered in China supplying inductive equipment	10	Inductive equipment	30 days	50% by bank acceptance notes and 50% by bank transfer	227,824	5.6
3 . .	Supplier C ⁽³⁾	A company headquartered in Taiwan supplying semiconductor chips	14	Semiconductor chips	30 days	Bank transfer/bank acceptance notes	195,681	4.8
4 . .	Supplier D ⁽⁴⁾	A group of companies headquartered in China supplying sheet metal and heat dissipation components	16	Sheet metal and heat dissipation components	90 days	Bank acceptance notes	179,285	4.4

BUSINESS

For the year ended December 31, 2023

Rank	Suppliers	Background and principal business	Years of business relationship	Type of services/ materials supplied	Typical credit period	Typical method of settlement	Purchase amount from the supplier (RMB in thousands)	Purchase amount from the supplier as a percentage of our total purchase amount (%)
5	Supplier E ⁽⁵⁾	A company headquartered in China supplying batteries	9	Batteries	Before end of month	Bank acceptance notes	135,595	3.3

For the year ended December 31, 2024

Rank	Suppliers	Background and principal business	Years of business relationship	Type of services/ materials supplied	Typical credit period	Typical method of settlement	Purchase amount from the supplier (RMB in thousands)	Purchase amount from the supplier as a percentage of our total purchase amount (%)
1	Supplier D	A group of companies headquartered in China supplying sheet metal and heat dissipation components	16	Sheet metal and heat dissipation components	60 days	Bank acceptance notes	221,384	7.3
2	Supplier B	A company headquartered in China supplying inductive equipment	10	Inductive equipment	30 days	50% by bank acceptance notes and 50% by bank transfer	158,449	5.2
3	Supplier E	A company headquartered in China supplying batteries	9	Batteries	Before end of month	Bank acceptance notes	129,986	4.3
4	Supplier C	A company headquartered in Taiwan supplying semiconductor chips	14	Semiconductor chips	30 days	Bank transfer/bank acceptance notes	102,489	3.4
5	Supplier A	A company headquartered in China supplying batteries	7	Batteries	30 days	Bank acceptance notes	84,377	2.8

BUSINESS

For the year ended December 31, 2025

Rank	Suppliers	Background and principal business	Years of business relationship	Type of services/ materials supplied	Typical credit period	Typical method of settlement	Purchase amount from the supplier (RMB in thousands)	Purchase amount from the supplier as a percentage of our total purchase amount (%)
1 . .	Supplier D	A group of companies headquartered in China supplying sheet metal and heat dissipation components	16	Sheet metal and heat dissipation components	60 days	Bank acceptance notes	301,167	7.6
2 . .	Supplier E	A company headquartered in China supplying batteries	9	Batteries	Before end of month	Bank acceptance notes	220,019	5.6
3 . .	Supplier B	A company headquartered in China supplying inductive equipment	10	Inductive equipment	30 days	50% bank acceptance notes and 50% by bank transfer	124,275	3.2
4 . .	Supplier C	A company headquartered in Taiwan supplying semiconductor chips	14	Semiconductor chips	30 days	Bank transfer/bank acceptance notes	111,915	2.8
5 . .	Supplier F ⁽⁶⁾	A company headquartered in China supplying batteries	1	Batteries	Prepayment	Bank acceptance notes/bank transfer	97,838	2.5

Notes:

- (1) Supplier A is a company listed on the Hong Kong Stock Exchange, established on October 25, 2017 and principally engaged in the research, development and sale of lithium-ion batteries, with a registered capital of RMB2,277 million.
- (2) Supplier B is a private company established in the PRC on July 29, 2014 and principally engaged in the production and sale of electronic components, hardware products and metal products, with a registered capital of RMB6 million.
- (3) Supplier C is a private company established in Hong Kong in April 1996 and principally engaged in the distribution of semiconductor components and electronic components, with a registered capital of HK\$564 million.
- (4) Supplier D is a group of companies established in the PRC on August 10, 2010 and principally engaged in the production and sale of sheet metal and heat dissipation components, with a registered capital of RMB60 million.
- (5) Supplier E is a subsidiary of a company listed on Shenzhen Stock Exchange, established on July 4, 2012 and principally engaged in the manufacture and sale of batteries, with a registered capital of RMB1,303 million.
- (6) Supplier F is a private company established in the PRC on August 6, 2021 and principally engaged in the research, development, production and sale of new energy storage batteries and power batteries, with a registered capital of RMB4,877 million.

BUSINESS

Raw Materials

The principal raw materials used in the production of our products include (i) battery cells, (ii) power semiconductors, and (iii) others.

- *Battery cells.* We source battery cells from third-party manufacturers in China and have maintained business relationships with most of them for more than one year. We typically maintain multiple suppliers to ensure supply stability and allow us to monitor supplier performance. The price of battery cells may fluctuate from time to time depending on market conditions and technological developments. Although we manufacture battery in-house, the battery cells used in such packs are supplied by third-party manufacturers and we do not plan to manufacture battery cells ourselves.
- *Power semiconductors.* Prices of power semiconductors generally depend on market supply and demand and technological developments. We maintain stable relationships with our suppliers of power semiconductors. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material disruption to our business due to shortages or delays in the supply of power semiconductors.
- *Others.* Others mainly include integrated circuits, inductors and capacitors.

Our suppliers of raw materials are mainly located in China. Therefore, the trade tensions between the United States and China, such as increase in tariffs, are unlikely to impair our ability to procure raw materials. As of the Latest Practicable Date, there had been no restrictions in China and the United States that materially and adversely affect the procurement of our raw materials, and thus our business operations would not be materially impacted.

We generally adopt a demand-driven procurement model under which suppliers deliver raw materials directly to our production facilities upon our purchase orders. We had not experienced any shortage or delay in supply of raw materials or quality issues with our raw materials during the Track Record Period and up to the Latest Practicable Date that materially affected our operations. In addition, our established relationships with suppliers ensure steady and quality raw material supply as well as effective cost control to minimize raw material prices.

INVENTORY

We have implemented various measures to manage our inventory with a view to maintaining optimal inventory levels and reducing inventory obsolescence risks. In particular, we maintain reasonable in-house inventories of certain key components, including microchips, battery and other key materials, to mitigate potential short-term supply chain disruptions. We maintain appropriate inventory levels and continuously improve our inventory management controls. Our AI-enabled inventory management system provides real-time information on inventory levels and enables our management to monitor inventory data and respond to changes in market demand.

Our inventory management system helps support efficient production planning, improve inventory turnover and maintain appropriate inventory levels. Our procurement department regularly monitors key inventory indicators, including inventory levels, inventory aging, inventory composition and inventory turnover rates. We also conduct periodic physical inventory counts to ensure the accuracy of inventory records. Inventory management is subject to regular monitoring by our supply chain management team, and inventory-related indicators form part of the key performance indicators of relevant management personnel.

Through a localized inventory approach, we have significantly shortened our lead time, which substantially improves our competitiveness. In our well-established markets such as Europe and Americas, we respond quickly to local market demands through our local warehouses. As of December 31, 2025, we had 17 local warehouses in 14 countries and regions around the world, which shorten the lead time from one to two months to two to seven working days.

BUSINESS

INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our success and competitiveness. We rely on a combination of patent, copyright and trademark law, trade secret protection and confidentiality agreements with employees to protect our intellectual property rights. As of the Latest Practicable Date, we have registered 283 patents, 99 trademarks, 211 software copyrights, seven copyrights and 427 domain names globally.

Our patents cover a variety of proprietary technologies we have developed in-house relating to areas primarily including DC to AC conversion, inverter structural design and power system monitoring and management. Our employees are required to sign employment contracts containing provisions which prohibits the disclosure of any of our proprietary technologies and business secrets. Furthermore, we generally seek patent protection on any new inventions, product improvements or technologies we develop. We seek to preserve our patent and other intellectual property rights against third-party misappropriation, through there is no assurance of success of such act of preservation. See “Risk Factors—Risks Relating to Our Business and Industry—If we fail to protect, or incur significant costs in defending our intellectual property, trade secrets and other proprietary rights, our business, results of operations and competitive position could be materially harmed” in this document. During the Track Record Period and as of the Latest Practicable Date, we were not aware of any material dispute arising from, violations of infringement of our patents, trademarks and intellectual property rights. See “Appendix IV—Statutory and General Information—B. Further information about our business—2. Intellectual property rights” in this document.

DATA SECURITY

We ensure the utmost data security and privacy of our end users by encrypting communication between ShinePhone and data infrastructure in line with internationally recognized standards. We strive to strictly abide by data security laws of different jurisdictions and maintain localized data storage centers in the respective jurisdictions. Information including user information and inverter monitor information on Growatt OSS and ShineServer is regularly backed up to our local server in case data restoration is needed. We have also implemented firewalls for our cloud-based and local servers to enhance network security. During the Track Record Period and up to the Latest Practicable Date, we have not been notified by any PRC regulatory authority that our operations involve the processing of important data or core data. Personal information of PRC users collected and generated during the operations of our PRC subsidiaries is generally stored within the PRC and is not shared with our overseas subsidiaries except as permitted or required under applicable laws and regulations. We had not been notified by any PRC regulatory department that we might involve the processing of important data or core data, and personal information of PRC users collected and generated during the operation of our PRC subsidiaries is in principle stored within the PRC and will not be shared with our overseas subsidiaries.

As advised by our PRC Legal Adviser, we comply, in all material respects, with applicable laws and regulations relating to personal information and data security, including the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) and the Cyber Security Law of the People’s Republic of China (《中華人民共和國網絡安全法》). We have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to maintain and protect users’ personal information as well as the integrity, continuous operation, redundancy and security of all IT systems in connection with our businesses, and there have been no major breaches, violations, outages or unauthorized uses of or accesses to our IT systems.

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COMPETITION

We operate in a highly competitive market for energy storage system products, PV inverters and AI-empowered energy management systems. We compete with a broad range of market participants, including established inverter manufacturers, energy storage solution providers and other power electronics companies. We also face competition from new market entrants, including certain low-cost manufacturers that may compete on pricing. We primarily compete based on a number of factors, including product performance and functionality, compatibility and interoperability, reliability and product quality, technological innovation, cost competitiveness and pricing, customer service and technical support, as well as sales and distribution capabilities. The energy storage and PV inverter industries are characterized by technological expertise, product certification requirements, customer relationships and global service capabilities. We believe our technological capabilities, product portfolio, global distribution network and service capabilities position us well to compete in our target markets. For further details regarding the competitive landscape of the industries in which we operate, see “Industry Overview—Competitive Landscape Analysis of Global Energy Storage Industry” and “Industry Overview—Competitive Landscape Analysis of Global PV Inverter Industry” in this document.

LICENSES AND QUALIFICATIONS

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to obtain various licenses and regulatory approvals to operate our business. See “Regulations” in this document for details about the regulations that apply to us. During the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licenses that are material to our business operations from the relevant government authorities, including, among others, the Certificates of the Customs of the PRC for the Declaration Enterprises (報關單位備案證明) held by our relevant PRC operating subsidiaries and the investment registration certificate and export processing enterprise registration held by our Vietnam subsidiary in connection with its manufacturing operations in Vietnam. Certain of our licenses are valid for a fixed period and subject to renewal upon expiry, while others, including the Certificates of the Customs of the PRC for the Declaration Enterprises, are valid indefinitely and are not subject to periodic renewal. Our Directors do not expect any impediment in the renewal of our licenses.

BRANDING AND AWARDS

During the Track Record Period, we have received from the relevant authorities and organizations in recognition of our business and capabilities. For example, in 2025, our APX HV US Battery received the “Best in Show for the Residential Category” award from Solar Power World.

In addition, in 2025, we received six Top PV Brand awards from EUPD Research in recognition of our high brand awareness across the world, including Europe (Germany), the Americas (Brazil and Mexico), Asia Pacific (Australia and Pakistan), and the Middle East and Africa.

OCCUPATIONAL HEALTH AND SAFETY

We regard occupational health and safety as an important part of our corporate responsibilities. We are subject to PRC laws and regulations relating to labor protection and workplace safety, including the PRC Labor Law (《中華人民共和國勞動法》) and the PRC Work Safety Law (《中華人民共和國安全生產法》). We have implemented occupational health and safety policies and procedures at our production facilities, including safety training programs, safety management measures and regular inspections, to maintain safe working conditions. We also provide safety training to our employees and require them to comply with our internal safety policies and operational procedures. Since our inception and during the Track Record Period, we have not experienced any material work-related accidents or injuries that materially affected our operations, and we have been in compliance with the applicable PRC labor and safety laws and regulations in all material respects.

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ENVIRONMENT, SOCIAL AND GOVERNANCE

We face various environmental risks in connection with our manufacturing operations including the production, storage and transportation of our products including battery, such as air pollution, greenhouse gas emission, wastewater disposal and noise. The exhaust gas is primarily produced in the welding and painting processes during the production of our products; the sewage is primarily generated from our employees’ daily lives and our dining services; the hazardous waste is primarily produced from disposed oil drums and cleaning cloth generated in the production of our products and the disposed active carbon generated during the exhaust gas management. We recognize the importance of environmental protection and sustainability and aim to operate and develop our business in an environmentally responsible manner. We have adopted various internal environmental policies, including the Plan to Continuously Decrease Greenhouse Gas Emission and the Guidelines for Safe Production of Energy Storage Packages and Products, to reduce the environmental impact of our operations. In particular, we monitor and manage exhaust gas emissions, wastewater discharge and hazardous waste generated from our manufacturing processes, and implement appropriate treatment and disposal measures in accordance with applicable environmental protection requirements. For example, exhaust gas generated during production and storage processes is collected and treated through exhaust gas treatment equipment, wastewater is properly treated before discharge, and hazardous waste is stored and disposed of by qualified third-party service providers. In addition, we have established policies to improve resource efficiency and reduce environmental impact, including minimizing emissions and waste, promoting recycling of resources such as energy and water, and managing environmental responsibility risks of our suppliers, and we implement these measures in our operations, including the production, storage and transportation of batteries. We follow the ISO 14001 Standard for environmentally friendly management and practices and obtained the relevant certifications. We constantly monitor and control solid waste, wastewater, and noise in our production. We place an emphasis on environmental protection and strive to conduct our R&D activities on an environmentally friendly basis and use environmentally-friendly technologies and products. In 2023, 2024 and 2025, we have incurred costs of approximately RMB3.3 million, RMB1.8 million and RMB3.0 million, respectively, for compliance with environmental obligations under laws and regulations. We will continue to devote time and efforts to ESG initiatives in the future.

We monitor the following metrics to assess and manage the environmental and climate related risks arising from our business and manufacturing operations:

Resource consumption

The following table sets forth our total resource consumption during the Track Record Period:

	Year Ended December 31,		
	2023	2024	2025
Electricity consumption (<i>kWh in millions</i>)	29.81	31.38	30.25
Water consumption ⁽¹⁾ (<i>ton</i>)	243,183	186,396	168,916

Note:

- (1) During the Track Record Period, our manufacturing operations were conducted primarily at our production plants in Huizhou, China and Hai Phong, Vietnam. Our water consumption decreased during the Track Record Period primarily due to the installation of water-saving facilities and enhanced water recycling measures at our manufacturing plants.

The following table sets forth our resource consumption per unit of production volume during the Track Record Period:

	Year Ended December 31,		
	2023	2024	2025
Electricity consumption ⁽¹⁾ (<i>kWh/MW</i>)	1,883.53	2,173.60	2,133.08
Water consumption ⁽²⁾ (<i>ton/MW</i>)	15.37	12.91	11.91

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Notes:

- (1) During the Track Record Period, our electricity consumption per unit of production volume increased in 2024 primarily due to the operation of three production facilities at our Huizhou plant, as compared to one production facility in 2023, resulting in higher electricity consumption for common-area and ancillary facilities, and decreased in 2025 primarily due to consolidation of our production activities into a single production facility at our Huizhou plant.
- (2) During the Track Record Period, our water consumption per unit of production volume generally decreased primarily due to the following reasons: (i) the installation of energy storage and PV energy generation projects in our manufacturing plants; (ii) the adoption of energy-saving central air conditioners in our manufacturing plants; (iii) we monitor the water consumption of our manufacturing plants, installed low flow valves and encourage water saving.

Pollutant management

The following table sets forth our total pollutant discharge during the Track Record Period:

	Year Ended December 31,		
	2023	2024	2025
Exhaust gas discharge ⁽¹⁾ (ton)	0	0	0
Sewage discharge ⁽²⁾ (ton)	0	0	0
Hazardous waste discharge (ton)	43.06	59.56	51.39

Notes:

- (1) During the Track Record Period, our exhaust gas discharge remained at zero primarily as a result of the upgrade of exhaust gas purification equipment achieving compliant emissions.
- (2) During the Track Record Period, our sewage discharge remained at zero as all sewage was treated through the municipal sewage treatment system.

The following table sets forth our hazardous waste discharge per unit of production volume during the Track Record Period:

	Year Ended December 31,		
	2023	2024	2025
Hazardous waste discharge ⁽¹⁾ (kg/MW)	2.72	4.13	3.62

Note:

- (1) Our hazardous waste discharge per unit of production volume increased from 2.72 kg/MW in 2023 to 4.13 kg/MW in 2024, primarily due to increased hazardous waste generated during our wastewater treatment process as a result of aging equipment and the upgrade of our wastewater treatment facilities. Our hazardous waste discharge per unit of production volume decreased from 4.13 kg/MW in 2024 to 3.62 kg/MW in 2025, primarily due to the implementation of wastewater treatment improvement measures, which enhanced treatment efficiency and reduced the amount of pollutants entering hazardous waste treatment facilities.

Our Directors believe that during the Track Record Period and up to the Latest Practicable Date, our Group had conformed to the pollutant discharge permit and registration, as applicable, and had not breached any limit as set forth therein. As advised by our PRC Legal Adviser, no record of administrative penalties against us during the Track Record Period and up to the Latest Practicable Date was found in relation to any violation of the limit for exhaust gas, sewage and hazardous waste discharge in the PRC.

We have adopted a series of comprehensive and effective measures and targets to identify, assess, manage and reduce ESG-related impact. For example, we have adopted the *Plan to Continuously Decrease Greenhouse Gas Emission* to monitor and manage our emission of greenhouse gas. We regularly monitor our exhaust gas, wastewater and solid waste discharges. We aim to eliminate waste gas emissions entirely by 2026 and maintain zero emissions through 2028. We also aim to reduce solid waste discharge by 20%,

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30% and 50% each year in the next three years. We have adopted the Procedures to *Identify and Assess Environmental Factors* to identify and control the environmental risks in our working spaces. We have adopted the *Guidelines for Safe Production of Energy Storage Packages and Products* to control the risks associated with the production, storage and transportation of batteries. Specifically, our battery will be stored in an environment with controlled temperature and moisture, and free from erosive chemicals. During transportation, the battery will be handled with care to avoid pressure and collision. We have adopted the following measures to reduce the use of resources and to mitigate the environmental impact from our business and operations: (i) electricity consumption. We monitor the electricity consumption on our manufacturing plants and continue to increase the use of solar energy; (ii) water consumption. We monitor the water consumption on our manufacturing plants, installed low flow valves and encourage water conservation; (iii) exhaust gas discharge. We monitor the exhaust gas discharge and continue to improve the capacity of our exhaust gas treatment equipment (e.g. ultra violet photolysis and active carbon machine); (iv) sewage discharge. We monitor the sewage discharge and all sewage is treated through the municipal sewage treatment system before discharge; and (v) hazardous waste discharge. We monitor the hazardous waste discharge and plan to reduce such discharge through (a) upgrading and replacing our pre-painting treatment processes, (b) reducing the use of chemical reagents in our production processes, and (c) improving the classification and sorting of waste materials.

Furthermore, in terms of social matters, we have adopted various internal policies relating to employee recruitment, compensation and training, equal opportunities and workplace safety, prevention of child labor and forced labor, management of supplier social responsibility risks and product liability risks, and anti-corruption compliance. We conduct periodic internal reviews to ensure compliance with these policies and applicable laws and regulations.

To the best knowledge of our Directors, we were not aware of any material non-compliance of the relevant laws and regulations and our own policies relating to the environmental, social and governance requirements during the Track Record Period and up to the Latest Practicable Date. Moreover, to the best knowledge of our Directors, we were in compliance with the applicable international standards, including those mentioned in the previous paragraph, in relation to product safety, labor, working environment and condition of our factories in the PRC during the Track Record Period and up to the Latest Practicable Date. Going forward, we will continue to ensure our compliance of such requirements to avoid any negative impact on our business, financial conditions, results of operations and public reputation. For information regarding establishing a safe workplace, please see the paragraph headed “—Occupational Health and Safety” in this section.

EMPLOYEES

We had a total of 4,877 full-time employees as of the Latest Practicable Date. The following table sets forth the breakdown of our full-time employees as of the Latest Practicable Date by function:

Function	Number of Employees	Percentage (%)
R&D and Technical Personnel	809	16.59
Sales and Service	531	10.88
Manufacturing	3,267	66.99
General Administration	270	5.54
Total	4,877	100.0

As of the Latest Practicable Date, we had 4,167, 373 and 337 employees in China, Vietnam and other markets, respectively.

BUSINESS

Our success depends to a significant extent upon our ability to attract, retain and motivate qualified personnel, and our personnel are selected through a rigorous process. We recruit graduates from colleges and universities. We also recruit employees through various other channels, including postings on job recruitment websites. From time to time, we employ senior technical and managerial personnel through executive search firms. As of the Latest Practicable Date, approximately 72.30% of our employees (excluding manufacturing employees) held bachelor or higher degrees. A number of our employees have overseas education and industry experience. We provide continuous in-house and onsite training to our employees.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any strike, labor dispute or other labor disturbances which have materially and adversely interrupted our operation. We have established a labor union and we consider relations with our employees to be good.

Social Insurance and Housing Provident Fund

According to applicable PRC laws and regulations, we are required to make contributions to the housing provident fund for our employees. During the Track Record Period, we failed to make contributions to the social insurance and housing provident funds in full amount as required by the relevant PRC laws and regulations. This non-compliance incident occurred primarily because of: (i) inadvertent oversight of the relevant PRC laws and regulations; and (ii) inconsistent interpretation by local authorities in the PRC of the relevant laws. Our Directors confirm that the estimated total amount of insufficient contributions to social insurance and housing provident fund required to be made by the PRC subsidiaries during the Track Record Period was approximately RMB181.0 million, which had not been paid as of the Latest Practicable Date. Subsequent to the Track Record Period and up to the Latest Practicable Date, the outstanding amount of contributions of social insurance and housing provident fund to be made by such PRC subsidiaries as of the Latest Practicable Date was RMB26.0 million.

Our PRC Legal Adviser has advised us that, under PRC laws and regulations, we might be subject to late fees and fines for not making social insurance contributions in full amount in a timely manner. If any competent government authority is of the view that the social insurance payments we made for our employees do not satisfy the requirements under relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day. If we fail to pay the unpaid amount or the late fee, we may be subject to a fine ranging between one to three times of the total unpaid amount of the social insurance contribution. Our PRC Legal Adviser has also advised us that, in the event that we fail to pay the housing provident fund in full amount, the housing provident fund administrative center will order us to pay the amount within a prescribed time limit. If we fail to do so upon the expiration of the above-mentioned time limit, further application will be made to the People’s Court for compulsory enforcement.

Our PRC Legal Adviser is of the opinion that the risk of us being fined is remote provided that we shall pay the social insurance and housing provident funds in full amount in accordance with the relevant laws and regulations going forward immediately after we receive notices to rectify such non-compliance from the relevant PRC authorities. As advised by our PRC Legal Adviser, PRC laws do not provide for penalties in relation to insufficient contributions to the housing provident fund. If each of our PRC subsidiaries had been ordered to rectify the insufficient contributions during the Track Record Period to social insurance within the time period specified by the administrative authority but it had failed to do so, the maximum penalties that might have been imposed on us in that regard would be RMB431.7 million, which is three times of the total unpaid amount of social insurance contributions as of the end of the Track Record Period.

Having considered the foregoing and the advice of our PRC Legal Adviser, our Directors believe that such non-compliance is not material and would not have a material adverse effect on our business, results of operations, financial condition or the [REDACTED], as (i) we had not been subject to any administrative penalties, employee complaints or labor disputes in connection with such non-compliance during the Track Record Period and up to the Latest Practicable Date, (ii) we had not received any

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notification from the relevant PRC authorities requiring payment of any shortfalls, overdue charges or penalties, and (iii) the risk of material penalties is remote. We will make any outstanding contributions in accordance with applicable PRC laws and regulations and any requirements of the relevant authorities.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned properties with a total gross floor area of approximately 144,000 square meters for self-use in the PRC. In particular, we own our manufacturing facility in Huizhou, China with the premise occupying approximately 60,000 square meters in lot area and approximately 139,000 square meters in floor area.

Additionally, in August 2022, we acquired a parcel of land in Shenzhen, China with a site area of approximately 29,000 square meters. We have constructed our headquarters on this site with functions across R&D, manufacturing, sales and marketing and administration, with an aggregate gross floor area of approximately 123,000 square meters. As of the Latest Practicable Date, the relevant completion acceptance procedures were still in progress with the competent governmental authorities for this headquarters.

According to Chapter 5 of the Listing Rules and Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land and buildings, because none of our properties had a carrying amount of 15% or more of our consolidated total assets as of December 31, 2025.

Leased Properties

Leased Properties in China

As of the Latest Practicable Date, we leased 18 properties with a total gross floor area of approximately 134,000 square meters mainly for our R&D, supply chain support, sales operations and employee housing in China.

Leased Properties outside China

As of the Latest Practicable Date, we leased 31 properties from independent third parties with an aggregate gross floor area of approximately 48,000 square meters for our business operations overseas. We leased a facility with a total floor area of approximately 17,000 square meters in Vietnam for our Vietnam plant. The other overseas leased properties are for office use or inventory storage. Our leases for our properties outside China generally have a term ranging from one year to five years. Our Directors confirm that, to the best of their knowledge, the leased properties outside China had been in compliance in all material respects with the relevant laws and regulations.

INSURANCE

We maintain adequate insurance policies to safeguard against risks and unexpected events. We have purchased property all-risks insurance and property damage insurance. In accordance with relevant PRC laws and regulations, we also purchased pension, medical, unemployment, work injury, and maternity insurance for our employees. In addition, as of the Latest Practicable Date, we purchased insurance coverage for all of our employees as required by local law and regulations.

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Furthermore, we have product liability insurance coverage in the United States, which covers, among other things, compensation for property damages and personal injuries caused by the use of our products. See “Risk Factors—Risks Relating to Our Business and Industry—We have limited insurance coverage, which could expose us to significant costs.”

Our Directors believe that our insurance policies are adequate and consistent with the industry practice. During the Track Record Period and up to the Latest Practicable Date, we had not received any material insurance claims against us.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established risk management and internal control systems that we believe are appropriate for our business operations, and we continue to review and enhance these systems as our business develops. To monitor the implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted, and will continue to adopt, the following measures:

- we have established an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of three members, all of whom are independent non-executive Directors, namely Mr. Fung, Edwin, Mr. Liu Xiaofeng and Mr. Jiang Weibo. Mr. Fung, Edwin serves as chairperson of the committee. See “Directors and Senior Management—Corporate governance—Audit committee” for further details;
- we have adopted policies to ensure compliance with the Listing Rules, including those relating to conflict of interest management, connected transactions and information disclosure; and
- we will continue to organize training sessions for our Directors and senior management regarding the requirements of the Listing Rules and their duties as directors of companies [REDACTED] in Hong Kong.

In addition, as part of our risk management measures, we have implemented policies and procedures to prevent corruption, bribery and money laundering and to ensure compliance with applicable international sanctions laws. We require our employees, particularly those involved in procurement, distribution and sales functions, to comply with our internal compliance policies. We also communicate our anti-bribery, anti-corruption and sanctions compliance requirements to relevant stakeholders, including customers and suppliers. We have implemented customer due diligence procedures to identify potential risks in dealing with counterparties. Our internal control and audit department oversees compliance matters and conducts periodic reviews of the implementation of our anti-bribery and anti-corruption policies. In addition, our sales contracts include provisions requiring counterparties to comply with applicable international sanctions laws and not to take any action that would cause them or us to violate such sanctions.

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We have also appointed Guotai Junan Capital Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to Directors’ duties and corporate governance matters.

HEDGING

During the Track Record Period, we entered into foreign currency forward contracts and foreign currency option contracts with banks to mitigate the currency risk arising from certain of our receivables denominated in U.S. dollars and euro. See “Financial Information—Discussion of Certain Selected Items from Consolidated Statements of Financial Position—Financial Liabilities at FVTPL” and Note 29 to the Accountants’ Report in Appendix I for details. We do not enter into hedging transactions for speculative purposes.

As of December 31, 2023, 2024 and 2025, we had financial liabilities in foreign currency forward contracts and foreign currency option contracts amounted to nil, RMB2.1 million and RMB21.2 million, respectively. In a typical foreign currency forward contract, one party agrees to buy from another party a certain amount of foreign currencies on a specific future date at a predetermined foreign exchange rate, in order to reduce the level of risks arising from foreign exchange fluctuations. See “Risk Factors—Risks Relating to Our Business and Industry—We are exposed to market risk from changes in foreign currency exchange rates which could materially and negatively impact our profitability” in this document.